

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT STAFF REPORT

Board Meeting Date: November 4, 2025

DATE: October 14, 2025

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

FROM: Cindy Vance, Chief Fiscal Officer

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THROUGH: Richard Edwards, Fire Chief

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SUBJECT: Recommendation to approve a Truckee Meadows Fire Protection District Ending

Fund Balance Board Policy (P405.0B), establishing 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. The Board Policy sets the District's goal 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 (All Commission

Districts). FOR POSSIBLE ACTION

SUMMARY

This item is to establish a 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 through a district policy.

PREVIOUS ACTION

May 20, 2025, the Board of Fire Commissioners approved the District's Fiscal Year 2025-2026 budget.

BACKGROUND

This item is to approve a Board Policy establishing an ending fund balance 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.

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 agency's 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 necessary for the District to pay expenses until the first Property Tax distribution of the new fiscal year.

In addition, the District recognizes that the major wildfire risk season is during the Summer to early Fall. The District maintains a segregated Emergency Fund to support additional costs of an emergency event occurring within the District. However, assistance to out-of-District agencies requires additional financial resources to be able to provide staff and equipment to assist those other jurisdictions. Not only does this type of assistance provide needed assistance to other agencies, it also provides training to our staff and generates revenue for equipment replacement. The District may need the support to be reciprocated. The major wildfire risk season is during the Summer to early Fall; therefore, financial obligations may be greater during the first months of the Fiscal Year. To be able to provide the out-of-District assistance, staff recommends a maximum fund balance of 20%.

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

If the General fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance the following year, but not longer than within a five-year planning period. The restoration plan may recommend suspension of financial policies deemed necessary to increase the Fund Balance to a projection above 17%.

If the Policy is a Board Policy, the District will request approval from the Board of Fire Commissioners for suspension of that Policy. The suspended policy will be reviewed during the annual budget preparation and the annual fiscal year end. Any suspended Board Policy will be brought back to the Board of Fire Commissioners, no less than annually, for either reinstatement or renewal of the suspension.

Should the unassigned fund balance of the general fund ever exceed the maximum (20%) range, the District will consider such fund balance surpluses and, at the discretion of the Board, those surpluses may be transferred to another fund. Any suspended Board Policies would take priority for reinstatement. The decision as to any amount to be allocated to another fund would be based upon the needs of the District and the current economic conditions. After the re-instatement of any suspended policies, any additional fund balance surplus will be considered one-time funds to be used to reduce existing liabilities or make one-time purchases, such as vehicles and equipment.

A stable budgeted ending fund balance is essential to address any unexpected fluctuations in expenditures or revenues. The CFO will present updated operating financial reports to the Board of Fire Commissioners as a whole during regularly scheduled meetings.

FISCAL IMPACT

There is no direct fiscal impact with the approval of this policy. However, if a separate Board policy is suspended in relation to this policy, it will have a fiscal impact and that fiscal impact will be presented to the Board of Fire Commissioners during the request to suspend any policy.

RECOMMENDATION

Staff recommends the Board approve a Truckee Meadows Fire Protection District Ending Fund Balance Board Policy (P405.0B).

POSSIBLE MOTION

Should the Board agree with the staff's recommendation, a possible motion could be:

"I move to approve Truckee Meadows Fire Protection District's Ending Fund Balance Board Policy (P405.0B), establishing 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. This Board Policy sets the District's goal 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."