

Fund Balance

1207.1 PURPOSE

1. Implement the District's policy for establishing and maintaining adequate fund balances across the spectrum of District operations.
2. Identify District operations and functions for which fund balances should be established and maintained, considering risks to the operation from unexpected events and the availability of other resources to address such events, and the volatility of expenditures and revenues of the operation.
3. Establish a procedure for reviewing fund balances and for making any necessary changes to the fund balances. Funding the Fund Balance accounts should be an integral part of the development of the final budget for the upcoming fiscal year.
4. Establish anticipated expenses, target reserve levels and the methodology for calculating reserve levels. Anticipated expenses and target reserve funding levels shall be established at the Finance Committee each calendar year, prior to the adoption of the Final Budget.

1207.2 DEFINITIONS

- Assigned fund balance — A fund balance that is earmarked for an intended use. The intent is established by the Board of Directors. (Fund balances designated by the Board for Equipment, Apparatus, and/or Facility Replacements would be Assigned fund balances)
- Committed fund balance— A fund balance incorporating limitations in its use as determined and defined by the Board of Directors; to be reported as committed, amounts cannot be used for any other purpose unless the Board of Directors takes action to remove or change the commitment. (An Emergency Fund would be a committed fund balance)
- Restricted fund balance— A fund that has externally enforceable limitations on the use of the fund balance such as creditors, grantors, or laws regulating the use of the funds. (Mitigation fund balances would be restricted fund balances.)
- Unassigned fund balance—amounts that are available for any purpose; these amounts are reported only in the general fund.

1207.3 FUND DESCRIPTIONS

- Equipment Replacement Fund: An "Assigned" fund for the purpose of providing funds for the replacement of tools and equipment utilized in the delivery of emergency services. This fund incorporates, but is not limited to, the following items: self-contained breathing apparatus, mobile data terminals, extrication equipment, thermal imaging cameras, and cardiac monitors.
- Apparatus Replacement Fund: An "Assigned" fund for the purpose of providing funds for the replacement of response apparatus and support vehicles.

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- Facility Capital Improvement Fund: An "Assigned" fund for the purpose of funding capital improvement projects to repair, upgrade, and replace the District's fixed facilities.
- Retiree Health Benefits Fund: An "Assigned" fund for the purpose of providing funds for the payment of future retiree health benefits costs as identified in the District's actuarial reports.
- Mitigation Fund: A "Restricted Fund" that maintains all Mitigation Funds separate from operational funds and meets the mandatory funding restrictions.
- Emergency Fund: A "Committed" fund providing the District with contingency funding only in the following situations:
 - When actual District revenue is 15% or more below expected District revenue, or,
 - When a state of emergency is declared by the District Board or when a state of emergency is declared by the County of Sonoma for an area that includes any area within District boundaries.
- Unassigned Fund Balance: An "Unassigned" fund for the purpose of providing funding for items not defined in other assigned fund balances.

1207.4 POLICY

The Board of Directors shall be responsible for establishing and managing all District fund accounts and balances. The fund accounts shall be established by the Board of Directors through adoption of this policy and codified by passage of a resolution.

Changes to existing fund balances, establishing of new fund accounts and balances, and authorization for expenditures from fund balances shall require action by the Board of Directors.

The balances of each Fund shall be reviewed by the Board of Director's Finance Committee each year. Any recommended changes to fund balances for the upcoming fiscal year shall be presented to the full Board of Directors as an action item.

The fiscal year Final Adopted Budget shall reflect the Reserve Fund balances established by the Board of Directors.

1207.5 RESERVE FUND FUNDING LEVELS

- Equipment Replacement Fund: This fund incorporates, but is not limited to, the following items: self-contained breathing apparatus, mobile data terminals, extrication equipment, thermal image cameras and cardiac monitors. Fund balance requirements shall be based upon the Equipment Replacement Plan and within the available funding.
- Apparatus Replacement Fund: The Finance Committee shall review the Apparatus Replacement Schedule each fiscal year. A minimum contribution methodology is adopted of contributing 90% of the apparatus portion of reimbursements received from Federal and State Disaster Grants, CalOES California Fire Assistance Agreement,

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Assistance by Hire, and the County of Sonoma Prepositioning agreements. identify the proper funding level for this fund within the available funding.

- Facilities Capital Improvement Fund: This fund shall designate funding for the enhancement, repair, upgrade, and replacement of the District's fixed facilities pursuant to the Facility Condition Assessment Report, within the available funding.
- Retiree Health Benefits Fund: The Finance Committee shall annually review the amount of outstanding retiree health benefits costs as identified in the District's actuarial reports to establish the fund level. Minimum contribution levels are determined by the actuarial. The Finance Committee can recommend higher level of contributions when funding is available. The District shall utilize the California Employer's Retiree Benefit Trust (CERBT) for the Retiree Health Benefit Fund.
- Mitigation Fund: The Mitigation Fund balance is determined by the amount of mitigation fees collected by the District.
- Emergency Fund: This fund shall remain funded in accordance with the requirements set forth in Board of Directors Resolution 2021-21. Per Resolution 2021-21, the funding levels are set utilizing the following formula: $[(\text{Salaries and Benefits}) + (\text{Services and Supplies}) + (\text{Debt Service Principal}) + (\text{Debt Service Interest})] * 1/6]$

1207.6 FUND EXPENDITURES AND REPLENISHMENT

Fund balances shall be reviewed by the Board of Director's Finance Committee annually to prepare recommendations of fund balance levels as part of the Final Budget adoption by the full Board of Directors.

All Fund designations, expenditures or transfers of funds shall be approved by the Board of Directors by the passage of a resolution.

1207.7 ATTACHMENT

[See attachment: 2022-02 Amending District Fund Bal. Policy.pdf](#)

Attachments

2022-02 Amending District Fund Bal. Policy.pdf

Resolution No.2022-02
Dated: February 15, 2022

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SONOMA COUNTY FIRE DISTRICT, OF SONOMA COUNTY, STATE OF CALIFORNIA,
AMENDING THE DISTRICT FUND BALANCE POLICY, ESTABLISH AN EMERGENCY
AMBULANCE SERVICE FUND, AND INCREASE FUNDING OF
THE APPARATUS REPLACEMENT FUND AND EQUIPMENT REPLACEMENT FUND**

WHEREAS, on August 31, 2021, the Board of Directors of the Sonoma County Fire District ("District") approved and adopted District Resolution 2021-21, which established a District Fund Balance Policy and initial fund designations; and

WHEREAS, the District Fund Balance Policy requires that all fund designations, expenditures or transfers of funds be approval by a Resolution of the District Board of Directors; and;

WHEREAS, based on the recommendation of the District Fire Chief, the District desires to establish an Emergency Ambulance Service Fund as an additional designated fund under the District Fund Balance Policy; and

WHEREAS, as set forth in the District mid-year budget amendments for the 2021-2022 Fiscal Year Budget, the District intends to fund the Emergency Ambulance Service Fund with an initial funding level of \$900,000.00; and

WHEREAS, as further set forth in the District mid-year budget amendments for the 2021-2022 Fiscal Year Budget, the District intends to increase funding of the Apparatus Replacement fund in the amount of \$500,000.00; and to increase funding of the Apparatus Replacement fund in the amount of \$80,000.00.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Sonoma County Fire District amends the District Fund Balance Policy to establish and initially fund a District Emergency Ambulance Service Fund in the amount of \$900,000.00.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of the Sonoma County Fire District increases funding of the Apparatus Replacement fund in the amount of \$500,000.00.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of the Sonoma County Fire District increases funding of the Equipment Replacement fund in the amount of \$80,000.00.

THE FOREGOING RESOLUTION was introduced by Director Hamann, who moved its adoption, seconded by Director Treanor, and adopted by the following vote:

President Klick aye, Vice President Tognozzi aye; Director Briare aye
Director Hamann aye; Director So absent; Director Treanor aye
Director Weaver aye

AYES 6 NOES 0 ABSENT/NOT VOTING 1

WHEREUPON, the President declared the foregoing resolution adopted and **SO ORDERED**

Attested:

Signature: 
Kathy Washington- Secretary of the Board