

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of June 14, 2023

To: Board of Directors

From: Jason Weber, Fire Chief
Dan Mahoney, Interim Deputy Chief
Jeff Zuba, Finance Director

Subject: Approve Resolution 23-10 Adopting General Fund Reserve Policy

RECOMMENDATION:

That the Board considers the adoption of the resolution 23-10 approving the General Fund Reserve Policy.

DISCUSSION/ANALYSIS:

The Government Finance Officers Association (GFOA), recommends, at a minimum, that general-purpose governments, regardless of size, maintain an unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or general fund operating expenses, although the level of the reserve should also consider a jurisdiction's unique circumstances or risk levels. Staff's research found that for joint power authority, the average reserve policy is between 5% and 10%.

The purpose of this policy is to establish a target minimum level of designated reserves in the General Fund to:

- Reduce the risk of financial impacts resulting from a natural disaster or other catastrophic event;
- Respond to challenges of a changing economic environment, including prolonged downturns in the local, state, or national economy; and
- Demonstrate continued prudent fiscal management and creditworthiness.

The Department currently carries a General Fund reserve of 19% of operating expenditures, which includes transfers to other funds. As of June 30, 2022, this reserve amount was approximately \$2.6 million.

FISCAL IMPACT:

Approving this policy has no immediate fiscal impact. If approved, the policy would restrict spending in relation to maintaining the 10% General Fund reserves.

Encl.: Resolution 23-10 Adopting General Fund Reserve Policy – **Attachment #1**