

**BEFORE THE BOARD OF DIRECTORS
OF THE
APTOS/LA SELVA FIRE PROTECTION DISTRICT**

RESOLUTION NO. 05-19

On the motion of Director Scawlow
Duly seconded by Director Darico

the following resolution is hereby adopted:

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
APTOS/LA SELVA FIRE PROTECTION DISTRICT
ESTABLISHING GENERAL FINANCIAL POLICIES**

WHEREAS, one of the most important responsibilities of the Board of Directors is the prudent and judicious management of public funds; and,

WHEREAS, it is the intent of the Board of Directors that certain principles be employed when managing public funds;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the Aptos/La Selva Fire Protection District that the General Financial Policies are established to see that the District's finances are managed in a manner which will (1) continue to provide for the delivery of quality services, (2) maintain and enhance service delivery as the community grows, (3) guarantee a balanced budget annually assuring that the District is always living within its means, and (4) establish reserves and designations necessary to meet known and unknown future obligations.

A. GENERAL POLICIES

- The District will manage its financial resources in a conservative manner.
- The District will maintain sound financial practices in accordance with State law and direct its financial resources toward meeting the District's long-term goals.
- The District will maintain accounting practices and systems in conformance with generally accepted accounting principles.

B. REVENUE POLICIES

- The District will aggressively pursue revenue collection and auditing to assure that moneys due the District are accurately received in a timely manner.
- The District will work proactively to monitor legislation that may impact the District financially.
- The District will maintain and further develop methods to track major revenue sources and evaluate financial trends.
- The District will impose fees when appropriate; will adopt a Fee Policy which establishes desired levels of cost recovery and determines the minimum frequency of fee reviews; and, will set the fees and charges at a level that fully supports the total direct and indirect cost of the activity, including administrative overhead and depreciation, and in accordance with the District's Fee Policy.
- The District will prepare quarterly financial reports for review by the District Board of Directors and the general public to provide information on the status of the District's financial condition.
- The District will establish methods to maximize the accuracy of revenue forecasts.
- The District will seek Federal and State grants and reimbursements for mandated costs whenever possible.

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C. RESERVE POLICIES

- The District may establish specific reserves or designations which include but are not limited to the following:
 - Depreciation and replacement of vehicles and major equipment
 - Major maintenance and renovations of buildings.
 - Cash flow purposes.
 - Economic uncertainties
 - Other post-employment benefits "OPEB" – Actuarially Determined Contribution (ADC)

D. FUND BALANCE POLICIES

- The District will establish and maintain fund balances to ensure adequate financial resources to protect against unforeseen events such as revenue fluctuations, unanticipated expenditures and similar circumstances.
- The District will establish a procedure for reviewing fund balances and making necessary changes to achieve the desired level of funding by establishing anticipated expenses, target reserve levels, and methodology for calculating reserve levels.
- The District will properly classify the District's fund balances per Government Accounting Standards Board (GASB) Statement No. 54; Fund Balance Reporting and Governmental Fund Type Definitions which classifies fund balances based on the purpose for which the specified amounts can be spent. Beginning with the most restrictive constraints, fund balance amounts will be reported in the following categories:
 - Nonspendable fund balance - amounts that are not in a spendable form or are legally or contractually required to be maintained intact (e.g., prepaid items and deposits on file with other agencies)
 - Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation (e.g., grants, donations or funds held in a trust).
 - Committed fund balance - amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors, through ordinance or resolution.
 - Assigned fund balance - amounts intended to be used by the District for specific purposes. Intent is expressed by the Board Directors or by a designee to whom the governing body delegates the authority.
- The District will 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 of Directors.
- The District's Reserve Fund Designations and Funding Levels are as follows:
 - Capital Outlay Fund: An "Assigned" fund for the purpose of funding acquisitions, replacements, or improvements of capital assets. Capital outlay is defined as a tangible or intangible fixed asset with a value over \$5,000 that has an initial useful life extending beyond one year. Fund balance requirements shall be based on the Capital Improvement Plan (CIP).
 - Emergency Reserve Fund: An "Assigned" fund for the purpose of providing funds to stabilize the District services from budgetary shortfalls and mitigate effects of an economic downturn resulting in unforeseen changes in revenue

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and expenditures. The funding level shall be at a minimum of two (2) months of budgeted operating expenditures.

- Minimum Fund Balance: It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at a minimum of three (3) months of budgeted operating expenditures to provide adequate cash flow and avoid short term borrowing in the subsequent fiscal year.
- The District will address Reserve Fund Expenditures and Replenishment by the following:
 - The Fire Chief or designee 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.
 - All expenditures or transfers between reserve funds shall be approved by the Board of Directors unless pre-designated; the Fire Chief or designee can approve such transactions. For example if Emergency Reserve Fund falls below two (2) months, then a transfer from unassigned fund balance may be required to replenish the fund.
 - If the unassigned minimum 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. Should the unassigned minimum fund balance ever exceed the minimum range, the District will consider such fund balance surpluses for one-time expenditures that are non-recurring in nature which will not require additional expense outlays for maintenance, additional staffing or other recurring expenditures.

E. BUDGETING POLICIES

- The operating budget will be prepared to fund current year expenditures with current year revenue. However, surplus fund balances may be used to increase reserves, fund capital improvement projects, or be carried forward to fund future years' operating budgets when necessary to stabilize services and fund capital outlay.
- The budget will state the objectives of the operating programs, and identify the service and resources being provided to accomplish the specified objectives.
- The budget will reflect support for the work force through providing negotiated benefits, training, work environment enhancements, and timely equipment maintenance and replacement.
- The District will prepare a five-year forecast each year.
- The District will annually update replacement and maintenance financing plans, and incorporate them into the budget and forecast.

F. DEBT POLICIES

- The District will limit long-term borrowing to capital projects that cannot be financed from current revenues.
- When capital projects are financed, the District will amortize the debt within a period not to exceed the expected useful life of the project.
- The District will use short-term borrowing only to support temporary cash flow needs.

BE IT FURTHER RESOLVED that Resolution 15-03 is hereby rescinded.

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PASSED AND ADOPTED by the Board of Directors of the Aptos/La Selva Fire Protection District, County of Santa Cruz, State of California, this 11th day of April 2019, by the following vote:

AYES: Durbro, Foster, Lucciosi, Scandron
NOES:
ABSENT: Spisale
ABSTAIN:



President of the Board of Directors

ATTEST:


Secretary to the Board