
Reserve Funds

219.1 PURPOSE

- (a) To document the District's approach to establishing and maintaining adequate fund balances across the spectrum of District operations.
- (b) 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.
- (c) 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 preliminary budget for the upcoming fiscal year.
- (d) 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 February Finance Committee meeting of each calendar year.
- (e) Any modification to this policy shall be done in accordance with the provisions of Board of Directors Resolution 2015-11.

219.2 DEFINITIONS

Assigned - A fund balance that is earmarked for an intended use. The intent is established by the Board of Directors.

Committed - A fund balance incorporating limitations in its use as determined and defined by the Board of Directors. The "Rainy Day Fund" shall reside in this category.

Non-Spendable - A fund that is non-spendable due to constraints placed on the funds in this category such as committed loans or liens.

Restricted - 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.

Unassigned - Encompasses all fund balances left after considering the other four categories. Use is less restrained in this fund category.

219.3 FUND DESCRIPTIONS

- (a) **Rainy Day Fund Reserve (9308-6810)**: A "Committed" fund providing the District with contingency funding only in the following situations, pursuant to Board of Directors Resolution 2013-7:
 - (a) When actual District revenue is 15% or more below expected District revenue,
or,

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- (b) When a state of emergency is declared by the District Board or when a state of emergency is declared by the County of Marin for an area that includes any area within District boundaries.
- (b) **Unemployment Insurance Reserve (9308-6983):** An “Assigned” fund established to provide for the costs associated with being self-insured for unemployment compensation. Unemployment costs to the District are very low.
- (c) **Apparatus Replacement Reserve (9308-6984):** An “Assigned” fund for the purpose of providing funds for the replacement of response apparatus and support vehicles.
- (d) **Equipment Replacement Reserve (9308-6989):** 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: hose and fittings, ladders, self-contained breathing apparatus, radios, mobile data terminals, and training props.
- (e) **Workers Compensation Insurance Reserve (9308-6992):** An “Assigned” fund for the purpose of providing funding for worker’s compensation pre-existing claims.
- (f) **Retiree Health Benefits Reserve (9308-6993):** 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 and in accordance with existing collective bargaining agreements with represented labor groups.
- (g) **Debt Sinking Reserve (9308-6995):** An “Assigned” fund for the purpose of providing funds for the payment of loan principal on unpaid apparatus lease purchase payments.
- (h) **Compensated Absences Reserve (9308-6999):** An “Assigned” fund for the purpose of providing funds for the payment to employees for unused sick leave, vacation, and other leaves as defined in collective bargaining agreements with represented labor groups.
- (i) **Ground Emergency Medical Transportation (GEMT) Reserve (9308-6994):** An “Assigned” fund for the purpose of providing the required Intergovernmental Fund Transfer (IGT) funding amount as required for participation in the Ground Emergency Medical Transportation (GEMT) program.
- (j) **Facility Capital Improvement Reserve (9308-6985):** An “Assigned” fund for the purpose of funding capital improvement projects to repair, upgrade, and replace the District’s fixed facilities pursuant to the District’s Facility Condition Assessments Report.
- (k) **EMS Reserve Fund (9308-6981):** An “Assigned” fund for the purpose of providing funding for short-term and long-term EMS initiatives and equipment purchases.
- (l) **Personal Protective Equipment Reserve (9308-6996):** An “Assigned” fund for the purpose of funding replacement of personal protective equipment such as structural firefighting PPE, wildland firefighting PPE, hazmat PPE, water rescue PPE, and medical PPE.
- (m) **Information Technology Reserve Fund (9308-6986):** An “Assigned” fund for the purpose of providing funding for replacement of Information Technology. Hardware

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and software, such as, but not limited to computer applications, servers, telephone equipment, network infrastructure, etc.

- (n) **Retirement Unfunded Liability Reserve (9308-6987):** An "Assigned" fund for paying down the Unfunded Actuarial Liability for retirement. Currently set at 10% of UAL amount.
- (o) **Unassigned Fund Balance:** An "Unassigned" fund for the purpose of providing funding for items not defined in other assigned fund balances.

219.4 POLICY

- (a) The Board of Directors shall be responsible for the establishing and management of all District fund accounts and balances. The Reserve fund accounts shall be established by the Board of Directors through adoption of this policy and codified by passage of a resolution.
- (b) 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.
- (c) The balances of each Reserve Fund shall be reviewed by the Board of Director's Finance Committee in February of each calendar 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.
- (d) The fiscal year budget shall reflect the Reserve Fund balances established by the Board of Directors.

219.5 RESERVE FUND FUNDING LEVELS

- (a) **Rainy Day Fund Reserve (9308-6810):** This fund shall remain funded in accordance with the requirements set forth in Board of Directors Resolution 2016-1. The funding levels are set utilizing the following formula: $[(\text{Salaries and Benefits}) + (\text{Services and Supplies}) + (\text{Debt Service Principal}) + (\text{Debt Service Interest})] * 1/6]$
- (b) **Unemployment Insurance Reserve (9308-6938):** The District is self-insured for unemployment insurance. This fund is for the purpose of reimbursing the State of California for payment of unemployment benefits paid to former District employees.
- (c) **Apparatus Replacement Reserve (9308-6984):** This fund shall incorporate funds necessary to adhere to Policy 704, "Vehicle Replacement Plan". The Finance Committee shall review the fleet replacement schedule every February and identify the proper funding level for this fund.
- (d) **Equipment Replacement Reserve (9308-6989):** This fund incorporates, but is not limited to, the following items: hose and fittings, ladders, self-contained breathing apparatus, radios, mobile data terminals, and training props. Fund balance requirements shall be based upon the Equipment Replacement Plan.
- (e) **Worker's Compensation Insurance Reserve (9308-6983):** This fund shall have a fund balance equivalent to the total value of pre-existing worker's compensation claims

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as determined by the District's worker's compensation insurance agent and actuarial studies.

- (f) **Retiree Health Benefits Reserve (9308-6993):** The balance of this fund shall be determined by the amount of outstanding retiree health benefits costs as identified in the District's actuarial reports and in accordance with existing collective bargaining agreements.
- (g) **Debt Sinking Reserve (9308-6995):** The balance of this fund shall provide for the ongoing payment of loan principal on unpaid apparatus lease purchase, and facility loan, payments which shall be determined by the Finance Committee.
- (h) **Compensated Absences Reserve (9308-6999):** This fund shall be used for payment to employees for unused sick leave, vacation, and other leaves as defined in collective bargaining agreements. The funding level shall be determined by the Finance Director based upon year end balances.
- (i) **Ground Emergency Medical Transportation (GEMT) Reserve (9308-6994):** Funds in this account shall provide the required Intergovernmental Fund Transfer (IGT) funding amount as required for participation in the Ground Emergency Medical Transportation (GEMT) program.
- (j) **Facilities Capital Improvement Reserve (9308-6985):** This fund shall incorporate funds necessary for the enhancement, repair, upgrade, and replacement of the District's fixed facilities pursuant to the Facility Condition Assessment Report.
- (k) **EMS Reserve Fund (9308-6981):** Funds in this account shall be used to fund short-term and long-term EMS initiatives and to purchase EMS capital equipment replacements and upgrades as identified in the Strategic Plan. Examples may include new EMS related community risk reduction programs and capital EMS equipment purchases such as new cardiac monitors or gurneys.
- (l) **Personal Protective Equipment Reserve (9308-6996):** Funds in this account shall be used for the purchase and/or replacement of personal protective equipment. Includes: Structure and wildland PPE, hazmat PPE, water rescue PPE. Replacement periods shall be based upon existing policy, National Fire Protection Association (NFPA) recommendations, manufacturer recommendations, and needs based upon current conditions.
- (m) **Information Technology Reserve Fund (9308-6986):** This fund shall incorporate funds for replacement of Information Technology as identified in the Strategic Plan. Hardware and software, such as, but not limited to computer applications, servers, telephone equipment, network infrastructure, etc.
- (n) **Retirement Unfunded Liability Reserve (9308-6987):** This reserve shall be used to allocate funds towards paying down a portion of the unfunded retirement as identified in the annual Marin County Employees Retirement Association (MCERA) actuarial valuation report.
- (o) **Unassigned Funds:** Funds not assigned to another reserve fund account shall reside in the "Unassigned Fund" account. This amount shall be determined by the Finance Committee.

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219.6 RESERVE FUND EXPENDITURES AND REPLENISHMENT

- (a) Fund balances shall be reviewed by the Board of Director's Finance Committee at the February meeting of the Committee.
- (b) All expenditures or transfers of Reserve Fund money shall be approved by the Board of Directors.