



CHELAN FIRE AND RESCUE

REVENUE RESERVES Standard Operating Guideline 103

Division: Administration

SOG - 103	REVIEWED: 11-25-2019	ISSUED BY: Chief Donnell
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REFERENCE: None

1.0 POLICY:

- 1.1 **Policy 103: Revenue Reserves:** It shall be the policy of Chelan Fire and Rescue to have sufficient reserve revenues to cover contingent expenses, meet seasonal cash flow shortfalls and upgrade or maintain the Fire District's credit rating.

2.0 SCOPE

- 2.1 This Standard Operating Guideline applies to the Revenue Reserves of the Fire District.

3.0 DEFINITIONS

- 3.1 **Revenue Reserves:** Those funds set aside by the Fire District to meet the requirement of Policy 103 as noted above.
- 3.2 **Designated Funds:** These are the funds maintained in the Investment Reserve account.
- 3.3 **Undesignated Funds:** These are the uncommitted funds that are in the General Fund or Capital Fund.

4.0 GENERAL

- 4.1 To protect the financial condition of the Fire District, the Fire District shall maintain at least 25% of the average annual expenditures from the last two approved budgets between the designated and undesignated fund balances in all accounts.
- 4.2 If designated and undesignated funds are used to resolve a contingency, including but not limited to those listed in section 4.2, and the Reserve Fund Balances fall below 25%, then the Fire District shall rebuild the balance within a period not to exceed three fiscal years.

- 4.3 Use of revenue from the Revenue Reserves account shall be approved by a motion of the Board of Fire Commissioners.
- 4.4 The following are examples of contingents that the Revenue Reserves might be used for, as approved by the Board of Fire Commissioners, but are not limited to:
- 4.5 **Natural Disasters;** Provide available funds to cover:
- Overtime staffing costs, casual labor;
 - Temporary facilities for personnel and equipment;
 - Food and equipment for extended emergency operations lasting 14 days.
- 4.6 **Insurance Contingency;** Provide available funds to cover:
- Deductibles;
 - Non-insured loss;
 - Loss greater than insurance coverage;
 - Fines and uninsured litigation costs;
 - Supplemental attorney and consultant fees, court cost, penalties and judgments outside of the insurance coverage.
- 4.7 **Operation Cost;** Provide available funds to cover:
- Failure to pass a regular property tax levy lid that creates a short fall in the General Fund;
 - Legislative actions to limit revenues to the extent practically possible.

5.0 GUIDELINES

- 5.1 The Fire Chief during a regular or special meeting of the Board of Fire Commissioners shall present a request/proposal for funds from the Revenue Reserves.
- 5.2 Board of Fire Commissioners shall review the request/proposal and if approved, pass a motion specifying the amount of Revenue Reserves to be transferred to the General Fund or Capital Fund.
- 5.3 If the transfer of funds reduces the designated and/undesigned revenue reserves to less than 25% of the average expenditures of the last two approved budgets, the Fire Chief shall draft a financial plan to rebuild the Revenue Reserves over the next three fiscal years.
- 5.4 The Board of Fire Commissioners shall review and approve the plan.

6.0 APPENDIX

- 6.1 None