

**CONSOLIDATED FIRE AGENCIES
POLICIES OF THE BOARD OF DIRECTORS**

POLICY: BP 4.002

TITLE: Operations and General Reserves Funds Policy

ADOPTED: [4.29.2021]

REVISED: [11.29.2021]

Description and Purpose of CONFIRE Funds

CONFIRE maintains one operating fund and three separate reserve funds each with a different purpose.

A. General Operating Fund (5008) – Unassigned

This is the primary fund utilized for CONFIRE’s core mission for administrative and operational tasks for the joint powers authority which are not reported in any other Fund. This Fund is used for the general day to day expenditures for the Agency such as: Salaries and Benefits, Services and Supplies, Facility Charges, Training and Travel Expenses, and Other Debt Expenditures. Revenue is generated through the approved budget cycle and billed out on a quarterly basis to all Contract Members and Members of CONFIRE JPA. The fund balance is made up of the difference between the Revenue minus the Expenditures or appropriations spent in a year. CONFIRE maintains an Unassigned Fund Balance of ten percent of the operational budget, to be utilized for any unforeseen expenditures throughout the budget year.

B. Equipment Reserve Fund (5009) - Assigned/Committed

This fund is to ensure CONFIRE Information Services (IS) and the agencies it supports build and retain sufficient funds to procure updated information technology related equipment, software and services on a programmed basis. All agencies (members and contract) are assessed a CONFIRE (infrastructure) equipment replacement amount each year based on the projected replacement cost for inventoried equipment. Similarly, agencies that receive full information services from CONFIRE are annually assessed for ‘agency’ equipment replacement. This ensures adequate funds are in place to pay for equipment refreshes as well as new (non-replacement) equipment when needed.

C. General Reserve Fund (5010) – Unassigned/Assigned

The general reserves are used to provide emergency or contingency funding for CONFIRE operations (5008) if the need arises due to lack of payment, catastrophe or other unforeseen

fiscal circumstances. Capital purchases or projects (CIP) may also be made from this Fund with appropriate budget approval.

It shall be the policy of CONFIRE to build and retain a level of cash in the General Reserve Fund to cover one quarter (25%) of the annual operating costs (5008).

Carrying an excess of the 25% contingency recommended in the General Reserves is appropriate as long it can be demonstrated that in so doing CONFIRE is building toward a significant known or projected capital expenditure (building replacement, Computer-Aid Dispatch (CAD) software replacement, etc.) as identified in the Planning process and approved by the Administrative Committee.

D. Employee Term Benefit Fund (5011) - Assigned

This fund is maintained to cover the liability of CONFIRE employee leave accruals as determined by an annual actuary. New Member fees shall be deposited into this fund.

It shall be the policy of CONFIRE to fully fund this reserve fund each year.
(Additional analysis to be done to determine pension liability and determine proposed funding levels)

E. CAD to CAD Fund (5019) – Assigned

The special revenue fund is restricted to spend on the implementation and operational tasks of CONFIRE'S regional computer aided dispatch CAD to CAD system. The funding sources can be funded from grants or through contracted agencies or partners involved with the CAD to CAD system. The revenue generated supports this project which is restricted for the CAD system's ability to interface emergency communications between agencies. The project revenue and expenditures are separate from CONFIRE'S operational funding sources. This fund is specifically for this major capital project.

Mid-Year Analysis

As part of the annual CONFIRE budget process an on-going analysis of current year expenditures and revenue will be conducted and reported to the Administrative Chiefs and Board of Directors. If, at the mid-year timeframe (Jan/Feb) there is an expected Operating Fund balance developing in the current year budget the Chiefs may decide that certain planned capital expenditures recommended for the following fiscal year be moved into the current fiscal year. The Administrative Chiefs may also elect to apply a portion of the projected fund balance to their final quarter billing of the year or may apply it to offset revenue in the following fiscal year.

Distribution of Year End Operating Fund Balance

CONFIRE's Operating Fund (5008) is established through an annual planning and budget process that results in a fiscal year budget adopted by the CONFIRE Board of Directors. Once approved, the Administrative Committee is charged with expending the funds in support of the priorities established in the budget process and by applicable Polices. The Administrative Committee

delegates the day to day operations of CONFIRE and the managing and monitoring of the budget to the Director who reports those activities to the Administrative Committee on a monthly basis.

At the close of the fiscal year an independent audit is performed which may result in the determination of an Operating Fund balance. This report is presented to the Board of Directors at a late fall (Nov/Dec) meeting. At this time the Director may recommend a portion of the Operating Fund balance be carried into the current fiscal year to augment operating costs or purchase planned or unexpected capital items. Any balance beyond what is approved for expenditure in the current fiscal year shall be distributed to either or both the General Reserve Fund (5010) or the Employee Term Benefit Fund (5011).

The priority for the distribution of Operating Fund is as follows:

- F. General Reserves - Contingency (25% goal min)
- G. General Reserves - (CIP) Earmarked for specified project/purchase
- H. General Reserves – Unfunded Actuarial Accrued Liability (UAAL)
- I. Term Benefit Fund - Per Board adopted funding goal

Authorization for Administrative Committee to Expend Reserve Funds

Because of the frequency of the Board of Directors meetings, a policy is needed to clearly define the uses of the reserve funds and allow the Administrative Committee the flexibility to approve a fund transfer from the reserves on an emergency basis. This action would be reported to the Chairperson and Vice-Chairperson of the Board of Directors within seven days and ratified at the next scheduled Board of Directors meeting. Some possible reasons for authorizing a cash transfer from reserves would be if cash is needed to continue daily operations as a result of:

- Agency payments are not received in a timely manner.
- A critical, unbudgeted expenditure depletes operations funds (5008) cash account.
- Fees/expense as a result of a legal action.
- A disaster results in emergency expenditures that deplete operations funds cash account and/or approved expenditure allocations from the Equipment Reserve Fund (5009) or General Reserve Fund (5010).
- Unbudgeted (approved) grant expenditures.

The recommended limit on the amount the Administrative committee could authorize on an emergency basis would be equal to one (1) month's operating budget.