



## WADING RIVER FIRE DISTRICT BOARD OF FIRE COMMISSIONERS

### *3.14 Fire District Reserve Fund Balance Policy*

I. **PURPOSE OF POLICY.** The purpose of this reserve fund policy is to provide the Board of Fire Commissioners with guidance related to the use and management of the District's reserve fund.

II. **PURPOSE OF RESERVE FUND.** The Board of Fire Commissioners recognizes the desirability and benefits of accumulating reserve funds to meet the future needs of the District. The reserve funds have been established to allow the District to save for significant capital expenditures such as, but not limited to, infrastructure, building renovations, building component replacements, and equipment, apparatus and vehicle purchases.

Some of the recognized benefits of establishing the reserve funds would be to

- provide a degree of financial stability to the district by reducing reliance on indebtedness to finance capital expenditures, and
- allow for proper planning for significant capital expenditures which should stabilize tax rates for district property owners.

The District has established two (2) reserve funds namely a Capital Reserve Fund for Equipment and a Capital Reserve Fund for Building and Grounds. Both Funds were created in accordance with the provisions of Sec 6(g) of the General Municipal Law.

### III. **MANAGEMENT AND RESERVE FUND PLANNING.**

- 1) The Board of Fire Commissioners will review and update the reserve funds, in detail, annually. This will typically be done as a part of the normal budget preparation process. During this review process it is expected that the Board will consider the following:
  - a. Expected expenditures from the reserve funds based upon existing permissive referendums not yet expended.
  - b. Additional expenditures expected to be paid for from the reserve funds considering the nature, amount and timing of those expenditures.

- c. Sources of funding of the reserve funds. This would typically be an amount allocated from the annual budget to be transferred to each reserve fund. The annual amount to be allocated to the reserve funds should take into account the amounts expected to be expended from the reserve funds as well as the impact on the annual tax levy.
  - d. The Board of Fire Commissioners has adopted a Fund Balance Policy to provide guidance and a methodology to determine a reasonable unassigned general fund balance that should be maintained by the District to provide for any unforeseen expenditures. This analysis should be done annually, typically as a part of the budget preparation process. If that review determines that there is an excess unassigned general fund balance the Board, at its discretion, may decide to transfer some of the unassigned general fund balance to the reserve funds. The decision as to any amount to be allocated to the reserve funds would be based upon the reserve fund analysis, the needs of the District and the impact on the annual tax levy.
- 2) Reserve fund planning should be for a period that covers no less than 2 years subsequent to the current year.
  - 3) Reserve fund balances will always be maintained in a separate account with any interest or investment gains earned on the reserve fund account being retained in that specific reserve fund.
  - 4) Transfers of annual budget allocations to the reserve accounts will be done as early in the fiscal year as is practical but no later than December 31 of the current budget year. The timing of the transfer will be done at the discretion of the District Treasurer with consideration given to the timing of tax collections and the cash flow needs of the general operating account.
  - 5) The capital reserve spending plan should be updated any time the Board determines that significant expenditures will be made from either of the reserve funds that had not been previously planned for during the budget process.
  - 6) The District Treasurer is directed to maintain separate accounting records for the reserve funds and to prepare a Capital Reserve report as part of the Treasurer's financial reporting. Such report should include the amount of cash available in the reserve fund accounts, outstanding permissive referendum amounts, as well as any other information that may be relevant for the prudent management of the District's reserve fund accounts.
  - 7) It is expected that the Board of Fire Commissioners will manage the reserve funds in accordance with all applicable state and local laws as well other District policies.

The Board of Fire Commissioners will be mindful of reasonable balances to be maintained in the reserve account based upon realistic expected capital expenditures. The reserve fund will not be used for “parking” funds for undetermined future uses.

Adopted by the Wading River Fire District Board of Fire Commissioners on Monday, 09/14/20.

Chairman James Meier	)	
Vice Chairman Michael Harrigan	)	
Commissioner John McManus	)	AYES
Commissioner Kevin McQueeney	)	
Commissioner Joe Moreno	)	