*DRAFT – REQUIRES BOARD APPROVAL*

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**SLEEPY HOLLOW FIRE PROTECTION DISTRICT**

**RESOLUTION NO. 2024-\_**

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**RESOLUTION OF THE SLEEPY HOLLOW FIRE PROTECTION DISTRICT REVISING PREVIOUSLY ADOPTED FUND BALANCE POLICY**

**FOR THE CLASSIFICATION OF FUND BALANCES AS REQUIRED BY GASB 54 AND ADOPTION OF FUND BALANCE POLICY**

WHEREAS, the District wishes to adhere to the reporting requirements as set forth by the Governmental Accounting Standards Board ("GASB") Statement 54 Fund Reporting and Governmental Fund Type Definitions; and

WHEREAS, to provide adequate funding to meet the District's short-term and long-term plans, to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated expenditures, and to strengthen the financial stability of the District against present and future uncertainties in an ever-changing environment, the District Board of Directors at its June 13, 2016 Regular Meeting adopted a resolution for the Classification of Fund Balances as Required by GASB 54 and Adoption of the Fund Balance Policy identifying the following three classes of funds to be established and designated:

* An *Underfunded Pension Liability Fund* to meet underfunded pension and other post-employment benefit liabilities of the Ross Valley Fire Department Joint Powers Authority (“JPA”) should such liabilities be calculated by CalPERS for the JPA members individually (rather than for the JPA as a whole as is CalPERS’ practice);

* A *Firewise* Program Fund to implement recommendations contained in the Wildfire Hazard & Wildland Risk Mitigation Assessment upon its completion; and
* An *Operational Reserve Fund* to ensure that the District has sufficient working capital on hand to meet the District’s needs.

WHEREAS, at each Regular Meeting of the Board of Directors a Financial and Operations Report is presented at which cash levels are discussed, and target levels are discussed during the annual budget process, including the designations of cash reserves; and

WHEREAS, the District has considered the Fund Balance Policy which outlines the policy and procedures enacted to accurately categorize and report fund balance in the General Fund; and

WHEREAS, the District will categorize according to the following components: Non-spendable including, but not limited to, inventory and prepaid); Restricted (external restrictions); Committed (imposed by resolution); Assigned (general intent for specific use); and Unassigned (residual); and

WHEREAS, the District is committed to maintain a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unexpected expenditures; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Sleepy Hollow Fire Protection District hereby adopts the following policy:

**FUND BALANCE POLICY**

This Fund Balance Policy establishes the procedures for reporting fund balances in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls. It also allows the District to assign funds for future anticipated expenditures.

The District will have, in reserve, funds that the District intends to use for specific purposes. The district has Assigned and Unassigned reserve funds in place.

Fund balance measures the net financial resources available to finance expenditures of future periods. There are five separate components of the fund balance, each of which identifies the extent to which the district is bound to honor constraints on the specific purposes for which the amounts can be spent. The five available types of fund balance are:

* Non-spendable fund balance (inherently non-spendable)
* Restricted fund balance (externally enforceable limitations on use)
* Committed fund balance (self-imposed limitations on use)
* Assigned fund balance (limitation resulting from intended use)
* Unassigned fund balance (residual net resources)

**Assigned Fund Balance**

Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the District Board of Directors.

Vehicle/Equipment Replacement: The purpose of the fund is to provide for the orderly and timely replacement of the District vehicle(s) and emergency equipment including, but not limited to, fire pumps. A vehicle and equipment replacement schedule shall be prepared by the District or its designee.

General Fund Reserve: It is a goal of the District to maintain a General Fund reserve of not less than \_\_\_\_\_\_\_\_\_\_ percent (\_\_%) of the projected operating expenses for each fiscal year. These reserves are intended to be used in the event of a financial shortfall and for the purpose of providing sufficient working capital. Should the General Fund reserve fall below \_\_\_\_\_\_\_\_\_\_\_ percent (\_\_%), the District shall implement measures to restore the reserve percentage to \_\_\_\_\_\_\_\_\_\_\_ (\_\_%).

**Unassigned Fund Balance**

These are residual positive net resources of the General fund in excess of what can be properly classified in an Assigned fund.

For purposes of fund balance classification, when multiple categories of fund balance are available for expenditure, funds are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly, the unassigned fund balance.

PASSED AND ADOPTED at a Regular Meeting of the Board of Directors of the Sleepy Hollow Fire Protection District held in said District on the at a Regular Meeting on the 21st day of June 2024 by the following vote:

AYES: Directors RICHARD SHORTALL, THOMAS FINN, and SHARON ADAMS

NOES: None

ABSENT: None

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Richard C. Shortall, Jr., Director/President

ATTEST

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Thomas J. Finn, Director/Secretary