
Operations and General Reserve Funds Policy

Description and Purpose of CONFIRE Funds

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

- **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 most 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 five to ten percent of the operational budget, to be utilized for any unforeseen expenditures throughout the budget year.

- **Equipment Reserve Fund (5009) - Assigned/Committed**

This fund is to ensure CONFIRE Management Information Services (MIS) and the agencies it supports build and retain sufficient funds to procure updated information technology related equipment, software and services on a programmed basis. CONFIRE infrastructure equipment for all member and contract agencies are assessed each year based on the projected replacement cost and years of service for inventoried equipment. Similarly, agencies that receive full information services from CONFIRE (Colton, Redlands, Rialto) 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.

- **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 CONFIRE is building toward a significant known or projected capital expenditure such as for building replacement, new Computer-Aid Dispatch (CAD) software replacement etc. as identified in the Planning Process and approved by the Administrative Committee.

- **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 along with pension liabilities.

- **Employee Term Benefit Fund (5011) – Assigned (continued)**

It shall be the policy of CONFIRE to fully fund this reserve fund each year for leave accruals. Along with future analysis to determine pension liability and determine proposed funding levels for employee's benefit liabilities.

- **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 support this project which is restricted for the CAD systems ability to host a interface enabling emergency communication center. The project revenue and expenditures are separate from CONFIRE'S operational funding sources and are specific for to this major capital project CAD to CAD system.

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 during the mid-year timeframe (Nov/Dec) there is an expected Operating Fund balance developing from the prior year funds into the current year fund balance, the Chiefs may decide through the Budget planning process certain capital expenditures recommendation be moved forward into the current fiscal year. The Administrative Chiefs has the option to apply a portion of the projected prior year fund balance, to offset CONFIRE's agency current fiscal year revenue. This could be process against the agencies final quarter billing for the 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 CONFIRE policies. The Administrative Committee delegates the day-to-day operations of the agency, managing and monitoring of the budget to the CONFIRE Director. Director 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) or CAD to CAD (5019).

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

- General Reserves - Contingency (25% minimum of Current Year Budget)
- General Reserves - (CIP) Earmarked for specified project/purchase
- Term Benefit Fund – Employee Benefits absences liability and Board proposed projection of Unfunded Actuarial Accrued Liability (UAAL)
- Special Revenue Fund – Restricted for CAD to CAD Project



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 of the Board of Directors 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 such 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 Fun (5010).
- Approved grant expenditures (Unbudgeted).

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