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Fire/EMS Department Fund Balance Policy

Purpose

The purpose of this policy is to establish guidelines for maintaining an appropriate undesignated fund balance in the Fire/EMS operating account and to outline the use of any excess funds in support of stable financial operations and long-term capital needs.

Undesignated Fund Balance Requirement

The Fire/EMS operating account shall maintain an undesignated fund balance equal to **20 percent of annual operating expenditures**. This level is intended to ensure financial stability, support cash flow needs, and provide a buffer for unforeseen emergencies or revenue fluctuations.

Use of Excess Fund Balance

If the undesignated fund balance exceeds the 20 percent requirement at year-end, the excess funds may be used for the following purposes:

- 1. Reduction of the General Fund Transfer**

Excess funds may be applied to reduce the amount of general fund support required for Fire/EMS operations in the subsequent budget year.

- 2. Transfer to the Capital Fund**

Excess funds may be transferred to the Fire/EMS capital fund to support future capital purchases, equipment replacement, facility needs, or other long-term capital investments.

Administration and Review

The Fire/EMS chief and/or designee, in coordination with the Finance Director and/or designee, will monitor fund balance levels annually and recommend actions consistent with this policy during budget development. This policy will be reviewed periodically and updated as necessary to ensure continued financial stability and alignment with broader municipal financial policies.