Crescent Fire Protection District
Reserve Guidelines Policy

Effective Date: November 10, 2025
Approved By: Crescent Fire Protection District Board of Directors
Applies To: All District operations and financial management

Purpose

This policy sets guidelines for keeping and using reserve funds to make sure the Crescent Fire Protection District (CFPD) can maintain services, handle emergencies, replace equipment, and stay financially stable over the long term.

Policy Statement

The Board of Directors believes that keeping healthy financial reserves is key to responsible management. These reserves help the District stay stable during emergencies or unexpected costs and support long-term planning.

Goals of Reserves

1. Provide money for emergencies and unexpected needs.
2. Keep budgets stable when revenues or expenses change.
3. Support long-term replacement of equipment, buildings, and vehicles.
4. Follow state and professional financial standards.
5. Maintain transparency and public trust.

Types of Reserves

1. Operating Reserve

- **Purpose:** To maintain service levels and cover unplanned expenses.
- **Target:** 15–25% of annual operating costs.

2. Capital Replacement Reserve

- **Purpose:** To fund replacement or repairs of vehicles, equipment, and facilities.
- **Target:** Based on the District's 10-year Capital Improvement Plan (CIP).

3. Emergency or Disaster Reserve

- **Purpose:** To provide funds for immediate response and recovery after a major event.
- **Target:** 3–6 months of operating costs or an amount equal to a large emergency deployment.

4. Equipment / SCBA / Vehicle Reserve

- **Purpose:** To save for large equipment or fleet purchases.
- **Target:** Based on equipment replacement schedules and lifecycle costs.

5. Assigned or Committed Reserves

- **Purpose:** To hold funds the Board sets aside for specific uses such as grants, cost recovery, or shared projects with the City of Crescent City.

Reserve Management

- The Fire Chief will review and report reserve levels to the Board at least once a year.
- The Board must approve any transfers into or out of reserves.
- Reserves can be replenished using budget allocations, one-time revenues, or year-end savings.
- If any reserve falls below its target, staff will create a plan to restore it.

Review and Reporting

- This policy will be reviewed each year during the budget process.
- Any updates or changes will be presented to the Board for approval.
- The District will include reserve levels in its annual budget and financial statements.

References

- CSDA *Special District Reserve Guidelines* (2013)
- GFOA *Best Practice: Appropriate Level of Unrestricted Fund Balance*
- GASB Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*