

SARATOGA FIRE DISTRICT

RESERVE POLICY

PURPOSE

The Saratoga Fire District (the District) shall maintain reserve funds necessary for maintaining the District's credit worthiness and for adequately providing for:

- Funding capital replacement
- Economic uncertainties and other financial hardships
- Local disasters or catastrophic events
- Debt obligations
- Cash flow requirements

POLICY

Operating Reserves

The minimum amount of operating reserves will equal to twelve months of operating expenses not including the cost of fire prevention services.

Building Maintenance Reserves

The purpose of this reserve is to set aside funds each year in order to pay for building maintenance projects in future years.

Debt Service Reserves

The purpose of this reserve is to accumulate funds to pay the building lease by February 1, 2023 saving the District over \$214,000.00 in interest.

PROCEDURE FOR USING RESERVE FUNDS

Operating Reserves

Operating reserves can be used at any time to meet cash flow requirements of District operations.

Building Maintenance Reserves

The Board of Directors will authorize use of building maintenance reserves during the budget process. These reserves are also available for unplanned (unbudgeted) capital replacement/maintenance. Authorization for the use of reserves for unplanned capital replacement/maintenance will be given at a regular District Board meeting.

PROCEDURE FOR MONITORING RESERVE LEVELS

Changes in the reserve levels will be determined by the Board of Commissioners upon the occurrence of the following events:

- Board of Commissioners deliberation of the annual budget; or,
- When a major change in conditions threatens the established reserve levels

FUNDS AVAILABLE:

County Funds: General Fund – running funds
 Equipment maintenance fund - \$176,825.90

Bridge Bank: General Fund - \$200,000.00 (old loan CD)

Bank of the West: General Fund - \$135,470.66 (old lease payment)