



Awards for Excellence

IN GOVERNMENT FINANCE

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Government Finance Officers Association's (GFOA) Awards for Excellence in Government Finance recognize innovative programs and contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

2019 Winner for Exceptionally Well Implemented GFOA Best Practice:



**WEST METRO FIRE PROTECTION DISTRICT,
LAKEWOOD, COLORADO**
Fund Balance Guidelines for the General Fund

West Metro Fire Protection District needed a well-thought-out plan to ensure its financial sustainability. The district addressed the situation by creating a plan to revise its comprehensive fund balance policy and its approach to analyzing reserves, based on risk factors that are specific to the district's economic and financial situation. The district considered general standards for how much money should be maintained and growth of the current fund reserve, creating a policy and risk analysis to identify target reserve levels, appropriate capital/committed projects, and contingency levels for paying expenditures until the property tax revenue collection cycle begins the following year. Through this process, the district gained a new knowledge base and established a strong foundation for future obligations.

The policy the district developed for governing the level of unrestricted fund balance in the general fund included the following goals and structure:

- The predictability of revenues and the volatility of expenditures.
- The perceived exposure to significant one-time outlays.
- The potential drain on general fund resources from other funds as well as the availability of resources in other funds.
- Liquidity.
- Commitments and assignments.



GFOA BEST PRACTICE:
Fund Balance Guidelines for the General Fund

GFOA recommends that governments establish a formal policy for the level of unrestricted fund balance that should be maintained in the general fund for generally accepted accounting practice and budgetary purposes. The guideline should articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period. In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish the fund balance if it falls below the prescribed level.

