



KENSINGTON FIRE PROTECTION DISTRICT

DATE: August 27, 2024
TO: Finance Committee
RE: FY 2024-2025 Final Budget
SUBMITTED BY: Mary A. Morris-Mayorga, Consultant

Recommended Action

This item is provided for review, discussion, and for any staff direction prior to presenting to the Board of Directors.

Background

The District currently has reserves designated for the El Cerrito Fire Services Contract and Rolling Stock. At the June 19th Board of Directors meeting, evaluation of reserves to ensure adequate funding for Rolling Stock along with any other recommendations was referred to the Finance Committee.

The existing reserve schedule for the Rolling Stock is provided to evaluate whether sufficient. Fund balance and forecast schedules are provided to show available funding (prior to any budget adjustments). Reserve for building maintenance has been discussed as one possibility.

Fiscal Impact

Reserves are currently established and budgeted for El Cerrito Fire Services Contract and Rolling Stock. Any changes or additions would be incorporated into the budget for approval by the Board of Directors.

Attachments: Forecast, Fund Balance, and Reserves Schedules
Policy 1170 Fund Balance and Reserves

Fund Balance Projection

	<u>Revenue</u>	<u>Expenditures</u>	<u>Transfers In/ (Transfers</u>	<u>Other Financing</u>	<u>Change in Fund Balance</u>	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
<u>FY 2021-22</u>							
General Fund	5,285,728	4,379,134	400,000	-	1,306,594	5,176,904	6,483,498
Special Tax Fund	200,962	2,211	(400,000)	-	(201,249)	409,440	208,191
Capital Fund	<u>4,906</u>	<u>514,583</u>	-	-	<u>(509,677)</u>	<u>3,821,952</u>	<u>3,312,275</u>
Total	5,491,596	4,895,928	-	-	595,668	9,408,296	10,003,964
<u>FY 2022-23</u>							
General Fund	5,396,655	4,609,995	205,828	-	992,487	6,483,498	7,475,985
Special Tax Fund	200,437	-	(408,628)	-	(208,191)	208,191	-
Capital Fund	-	<u>2,221,222</u>	<u>202,800</u>	<u>1,926,120</u>	<u>(92,302)</u>	<u>3,312,275</u>	<u>3,219,973</u>
Total	5,597,092	6,831,217	-	1,926,120	691,994	10,003,964	10,695,958
<u>FY 2023-24</u>							
General Fund - Operating	5,781,658	4,994,130	(5,604,745)	-	(4,817,216)	7,475,985	2,658,769
General Fund - El Cerrito	-	-	2,112,261	-	2,112,261	-	2,112,261
General Fund - PSB	-	3,525,995	3,525,995	-	-	-	-
Special Tax Fund	201,000	-	(201,000)	-	-	-	-
Capital Fund - PSB/Rolling Stock	-	<u>2,355,098</u>	<u>167,489</u>	-	<u>(2,187,609)</u>	<u>3,219,973</u>	<u>1,032,364</u>
Total	5,982,658	10,875,223	-	-	(4,892,564)	10,695,958	5,803,394
<u>FY 2024-25 (Budget)</u>							
General Fund	6,014,187	5,763,520	(18,348)	(141,570)	64,113	2,658,769	2,722,882
General Fund - El Cerrito	-	-	-	-	26,635	2,112,261	2,138,896
Special Tax Fund	201,000	-	(201,000)	-	-	-	-
Capital Fund-Rolling Stock	-	-	<u>219,348</u>	-	<u>219,348</u>	<u>1,032,364</u>	<u>1,251,712</u>
Total	6,215,187	5,763,520	-	(141,570)	310,096	5,803,394	6,113,490
<u>FY 2025-26 (Projected)</u>							
General Fund	6,255,312	5,481,515	(27,122)	(141,525)	370,892	2,722,882	3,093,774
General Fund - El Cerrito	-	-	-	-	234,259	2,138,896	2,373,155
Special Tax Fund	201,000	-	(201,000)	-	-	-	-
Capital Fund-Rolling Stock	-	-	<u>228,122</u>	-	<u>228,122</u>	<u>1,251,712</u>	<u>1,479,834</u>
Total	6,456,312	5,481,515	-	(141,525)	833,273	6,113,490	6,946,763
<u>FY 2026-27 (Projected)</u>							
General Fund	6,526,495	5,880,661	(36,247)	(141,478)	281,457	3,093,774	3,375,231
General Fund - El Cerrito	-	-	-	-	186,652	2,373,155	2,559,807
Special Tax Fund	201,000	-	(201,000)	-	-	-	-
Capital Fund-Rolling Stock	-	-	<u>237,247</u>	-	<u>237,247</u>	<u>1,479,834</u>	<u>1,717,081</u>
Total	6,727,495	5,880,661	-	(141,478)	705,356	6,946,763	7,652,119
<u>FY 2027-28 (Projected)</u>							
General Fund	6,802,055	6,303,334	(45,737)	(141,428)	109,971	3,375,231	3,485,202
General Fund - El Cerrito	-	-	-	-	201,585	2,559,807	2,761,392
Special Tax Fund	201,000	-	(201,000)	-	-	-	-
Capital Fund-Rolling Stock	-	-	<u>246,737</u>	-	<u>246,737</u>	<u>1,717,081</u>	<u>1,963,818</u>
Total	7,003,055	6,303,334	-	(141,428)	558,293	7,652,119	8,210,412
<u>FY 2028-29 (Projected)</u>							
General Fund	7,081,607	6,767,062	(55,607)	(141,377)	(100,150)	3,485,202	3,385,052
General Fund - El Cerrito	-	-	-	-	217,711	2,761,392	2,979,103
Special Tax Fund	201,000	-	(201,000)	-	-	-	-
Capital Fund-Rolling Stock	-	-	<u>256,607</u>	-	<u>256,607</u>	<u>1,963,818</u>	<u>2,220,425</u>
Total	7,282,607	6,767,062	-	(141,377)	374,168	8,210,412	8,584,580

KENSINGTON FIRE PROTECTION DISTRICT
FIVE YEAR FINANCIAL FORECAST - Line Item Detail

June 4, 2024

	FY 2024-25 Budget	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
BEGINNING BALANCE					
GENERAL FUND/SPECIAL REVENUE FUND	2,658,769	2,722,882	3,556,155	4,261,511	4,819,804
GENERAL FUND/EL CERRITO CONTRACT RESERVE	2,112,261	2,138,896	2,138,896	2,138,896	2,138,896
CAPITAL/ROLLING STOCK FUND BALANCE	1,032,364	1,251,712	1,251,712	1,251,712	1,251,712
TOTAL	5,803,394	6,113,490	6,946,763	7,652,119	8,210,412
REVENUE					
TOTAL REVENUE	\$ 6,215,187	\$ 6,456,312	\$ 6,727,495	\$ 7,003,055	\$ 7,282,607
EXPENDITURES					
TOTAL OPERATING EXPENDITURES	\$ 5,063,520	\$ 5,481,515	\$ 5,880,661	\$ 6,303,334	\$ 6,767,062
NET OPERATING SURPLUS/(SHORTFALL)	\$ 1,151,666	\$ 974,797	\$ 846,834	\$ 699,721	\$ 515,545
CAPITAL EXPENDITURES					
Rolling Stock Set-aside <i>(Transfer from General Fund to Capital Fund)</i>					
Equipment and Furniture	-	-	-	-	-
PSB - Temporary Facilities	-	-	-	-	-
PSB Renovation	700,000	-	-	-	-
Total Capital Expenditures	\$ 700,000	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE*	\$ 141,570	\$ 141,525	\$ 141,478	\$ 141,428	\$ 141,377
RESERVES					
Rolling Stock Set-aside <i>(Transfer from General Fund to Capital Fund)</i>	219,348	228,122	237,247	246,737	256,607
El Cerrito Contract Reserve	26,635	234,259	186,652	201,585	217,711
	-	-	-	-	-
	-	-	-	-	-
Total Reserve Funding	\$ 245,983	\$ 462,381	\$ 423,899	\$ 448,322	\$ 474,318
TOTAL EXPENDITURES AND RESERVES FUNDING	\$ 6,151,074	\$ 6,085,421	\$ 6,446,038	\$ 6,893,084	\$ 7,382,758
CHANGE IN FUND BALANCE	\$ 310,096	\$ 833,273	\$ 705,356	\$ 558,293	\$ 374,168
ENDING FUND BALANCE					
GENERAL FUND/SPECIAL REVENUE FUND	2,722,882	3,556,155	4,261,511	4,819,804	5,193,972
GENERAL FUND/EL CERRITO CONTRACT RESERVE	2,138,896	2,138,896	2,138,896	2,138,896	2,138,896
CAPITAL/ROLLING STOCK FUND BALANCE	1,251,712	1,251,712	1,251,712	1,251,712	1,251,712
TOTAL	6,113,490	6,946,763	7,652,119	8,210,412	8,584,580

NET OPERATING SURPLUS/(SHORTFALL)	\$ 1,151,666	\$ 974,797	\$ 846,834	\$ 699,721	\$ 515,545
PSB Renovation	700,000	-	-	-	-
Rolling Stock Set-aside (Transfer from General Fund to Capital Fund)	219,348	228,122	237,247	246,737	256,607
El Cerrito Contract Reserve	26,635	234,259	186,652	201,585	217,711
DEBT SERVICE*	141,570	141,525	141,478	141,428	141,377
Net Change in General Fund Balance	\$ 64,113	\$ 370,892	\$ 281,457	\$ 109,971	\$ (100,150)

Rolling Stock Reserve

Fiscal Year Ending	Command				Command Rolling Stock				Command Rolling Stock			
	Type I	Type III	Vehicle	Total	Type I	Type III	Vehicle	Outlays	Type I	Type III	Vehicle	Reserve
2021								\$0	\$440,730	\$0	\$26,363	\$467,094
2022	\$99,000	\$86,500	\$9,500	\$195,000				\$0	\$539,730	\$86,500	\$35,863	\$662,094
2023	\$102,960	\$89,960	\$9,880	\$202,800				\$0	\$642,690	\$176,460	\$45,743	\$864,894
2024	\$107,078	\$93,558	\$10,275	\$210,912				\$0	\$749,769	\$270,018	\$56,019	\$1,075,806
2025	\$111,362	\$97,301	\$10,686	\$219,348				\$0	\$861,130	\$367,319	\$66,705	\$1,295,154
2026	\$115,816	\$101,193	\$11,114	\$228,122				\$0	\$976,946	\$468,512	\$77,818	\$1,523,277
2027	\$120,449	\$105,240	\$11,558	\$237,247				\$0	\$1,097,395	\$573,752	\$89,377	\$1,760,524
2028	\$125,267	\$109,450	\$12,021	\$246,737			\$97,430	\$97,430	\$1,222,662	\$683,202	\$3,968	\$1,909,832
2029	\$130,277	\$113,828	\$12,501	\$256,607				\$0	\$1,352,939	\$797,031	\$16,469	\$2,166,438
2030	\$135,488	\$118,381	\$13,001	\$266,871				\$0	\$1,488,427	\$915,412	\$29,470	\$2,433,309
2031	\$140,908	\$123,116	\$13,521	\$277,546	\$1,622,575			\$1,622,575	\$6,760	\$1,038,528	\$42,992	\$1,088,280



KENSINGTON FIRE PROTECTION DISTRICT POLICY MANUAL

Policy Number	1170
Policy Title	Fund Balance and Reserves
Last Revision Date	12/20/2023, 05/01/2018

1170.00 Purpose: The District shall maintain funds as designated by this Fund Balance and Reserves Policy. Having an adequate financial reserve is critical to the successful and stable short- and long-term operation of the district. An adequate reserve ensures that the district will at all times have sufficient funding available to meet its operating and capital needs. The ability of the district to maintain reserve funds is a critical factor in providing reliable service and ensuring overall financial strength. This policy establishes a hierarchy of fund balance expenditures in conformance with Governmental Accounting Standards Board guidelines, reporting of fund balance classifications, and prudent reserve funding to achieve the following goals:

- a) Maintain operational sustainability in periods of economic uncertainty.
- b) Fund designated projects/programs or other special uses not otherwise funded by grants or requiring additional monetary support;
- c) Fund replacement and major repairs for the District's physical assets; and
- d) Fund capital improvements.

1170.01 Definitions: The two components of this policy, Fund Balance and Reserves, are often used interchangeably; however, are different due to the inclusion of non-cash accounts in fund balance (e.g. accounts receivable, prepaid, inventory).

Fund Balance – the difference between assets and liabilities

Reserve – the cash reserve balance for each designated fund or account

The District shall account for fund balance as required by Governmental Accounting Standards Board Statement No. 54 among these classes: non-spendable, restricted, committed, assigned and unassigned.

Assigned - A fund balance that is earmarked for intended use. The intent is established by the Board of Directors.

Committed - A fund balance incorporating limitations in its use as determined and defined by the Board of Directors. This is typically the El Cerrito Contract reserve in operating funds. For capital funds, this is the Public Safety Building renovation and Rolling Stock reserve.

Non-Spendable - A fund that is non-spendable due to constraints placed on the funds in this category such as committed loans or liens. At fiscal year-end, this amount is typically prepaid expenses for the upcoming fiscal year (i.e. annual memberships).

Restricted - A fund that has externally enforceable limitations on the use of the fund balance such as creditors, grantors, or laws regulating the use of the funds (e.g. bond proceeds, transportation funds).

Unassigned - Encompasses all fund balances left after considering the other four categories. Use is less restrained in this fund category.

1170.20 Policy: The Board of Directors shall be responsible for the establishment and management of all District reserves which will be reported within fund balance as referenced above.

- a) The Reserve fund accounts shall be established by the Board of Directors through adoption of this policy and codified by passage of a resolution.
- b) Changes to existing fund balances, establishment of new fund accounts and balances, and authorization for expenditures from fund balances shall require action by the Board of Directors.
- c) The balances of each Reserve Fund shall be reviewed by the Board of Director's Finance Committee as part of the budget each year. Any recommended changes to reserves for the upcoming fiscal year shall be presented to the full Board of Directors as an action item.

The following reserves reflect those which have been established by the Board of Directors and include the use of funds:

- a) El Cerrito Contract Reserve: This reserve account funds fire protection services provided by the City of El Cerrito for a period of 12 months; however, in May 2022 a contract amendment reduced the requirement to a period of 6 months in recognition of the public safety building renovation. Use of this fund is to pay for contract fire protection services in the event operating funds are not sufficient to cover (i.e. in advance of property tax installments).
- b) Vehicle Replacements (Type I, Type III, and Command Vehicles): This reserve account funds vehicle replacements and is funded annually as part of the budget from operating funds. Use of this fund will be authorized through vehicle purchases included in the budget and approved by the Board of Directors.
- c) Building Maintenance: After completion of the public safety building renovation, this reserve account will fund future maintenance needs. Use of this fund will be authorized as part of the budget when operating funds are not sufficient to cover maintenance.
- d) Building Improvements/Renovation: This reserve account funds the public safety building renovation and is anticipated to be depleted by the end of Fiscal Year 2024 or the end of the project. Use of this fund will be authorized as part of the project budget.
- e) Such other amounts as the Board shall deem prudent.

1170.03 Reserve funds need not be segregated from other funds or accounts of the District and are pooled for investment purposes.