

2012



Budget Biz

Quarter 1 (January – March), Issue 1



Welcome to the first issue of the quarterly budget report for the Loveland Fire Rescue Authority (LFRA). This report is designed to provide information related to fiscal accountability. It is available on the website and accessible to anyone that is interested. It is designed to assist the LFRA Board with monitoring the budget status for all resources that assist with delivering service to the citizens of the City of Loveland and the Loveland Rural Fire Protection District.

There are four sections of the report: LFRA Budget Status, Other Resources, Fire Authority Transition Highlights, and In the Works. The Budget Status section will highlight the budget status for revenues and expenditures for the Fire Authority Fund. The expenditures will be presented by program and account category at the department level. Each of these financial presentations will include variance explanations when the current % the total budget is significantly different from the percentage of the year. There are resources outside of the Fire Authority Fund that are critical to our service delivery mission. The Other Resources section is devoted to highlighting the status of budgets that are outside of the Fire Authority Fund but critical to our mission. The next section of the report for the first year will highlight transition initiatives for consideration to shape how the organization functionality into the future. After the first year of the report, this section will evolve into providing status on the various processes used to develop long term and short term operational and capital planning. The final section of the report is intended to highlight significant financial transactions or strategies that the department is working on to advance the strategic plan and deliver cost effective services.

Quarter 1 at 25% of 2012

- ◆ Revenues in the Fire Authority Fund are at 18.96% of the annual budget
- ◆ Expenditures in the Fire Authority Fund are at 20.67% of the annual budget
- ◆ The Engine replacement is currently expected to be \$42,000 under budget
- ◆ Station 6 Expansion design process is complete and 13% of the current budget has been expended.
- ◆ None of the FEMA Assistance to Firefighters Grant for breathing apparatus and defibrillators has been spent

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Through commitment, compassion and courage, the mission of the Loveland Fire Rescue Authority (LFRA) is to protect life and property.

2012

LFRA Budget Status

Loveland Fire and Rescue Budget Revenue Report Quarter Ending 3/31/2012

Segments/Accounts	Total Budget	YTD Rev	Total Variance	Total % Uncollected	Total % Collected
223 : Community Safety					
Building Permits (1)	\$44,000.00	\$0.00	\$44,000.00	100.00	0.00
Contractor Licenses	3,500.00	2,250.00	1,250.00	35.71	64.29
Fire Permit & Inspection	25,000.00	15,493.46	9,506.54	38.03	61.97
Firework Stand Review	15,000.00	0.00	15,000.00	100.00	0.00
Special Events	35,000.00	8,690.00	26,310.00	75.17	24.83
Rural Fire Inspection Fee	3,500.00	775.00	2,725.00	77.86	22.14
Miscellaneous	0.00	75.00	-75.00	0.00	-
SubTotal 223 : Community Safety	\$126,000.00	\$27,283.46	\$98,716.54	78.35	21.65
224 : Station Operations					
Academy Training	0.00	1,200.00	-1,200.00	0.00	-
SubTotal 224 : Station Operations	\$0.00	\$1,200.00	-\$1,200.00	0.00	-
227 : Administration					
Federal Grants	130,830.00	14,122.81	116,707.19	89.21	10.79
Rural Fire - Fire Pension (2)	21,940.00	0.00	21,940.00	100.00	0.00
Contribution - Rural Fire District	1,482,840.00	176,600.00	1,306,240.00	88.09	11.91
Other Agency Deployment	30,000.00	1,485.15	28,514.85	95.05	4.95
Hazmat Billing	8,000.00	0.00	8,000.00	100.00	0.00
Contribution - Loveland	6,755,180.00	1,401,412.00	5,353,768.00	79.25	20.75
SubTotal 227 : Administration	\$8,428,790.00	\$1,593,619.96	\$6,835,170.04	81.09	18.91
Grand Total :	\$8,554,790.00	\$1,622,103.42	\$6,932,686.58	81.04	18.96

Variance Explanation

(1) Building Permits

- ◆ Building permit revenue appears to be going into the Fire Permit and Inspection account. A correction is in progress. Just over \$14,000 has been moved to this account.

(2) Rural Fire – Fire Pension

- ◆ This is an error in budgeting. The pension contribution was incorporated into the calculation for the 18% net expenditures required from the Loveland Rural Fire Protection District in the Intergovernmental agreement. No additional revenue will be recorded in this account.

Loveland Fire Rescue Authority
Authorized Spending Report
Quarter Ending 03/31/2012, 25% of the Year

Segments	Total Budget	YTD Exp	YTD Enc	Total Available	Total % Available	Total % Spent
22 : Fire						
223 : Community Safety						
0000 : Community Safety	\$740,910.00	\$160,487.18	\$0.00	\$580,422.82	78.34	21.66
SubTotal 223 : Community Safety	\$740,910.00	\$160,487.18	\$0.00	\$580,422.82	78.34	21.66
224 : Station Operations						
0000 : General Operations	6,014,015.00	1,212,412.54	0.00	4,801,602.46	79.84	20.16
1605 : Training (1)	82,020.00	21,797.18	0.00	60,222.82	73.43	26.58
1631 : Station 1	21,400.00	2,552.87	0.00	18,847.13	88.07	11.93
1632 : Station 2	7,555.00	1,475.51	0.00	6,079.49	80.47	19.53
1633 : Station 3	7,870.00	565.40	0.00	7,304.60	92.82	7.18
1635 : Station 5	7,070.00	597.05	0.00	6,472.95	91.56	8.44
1636 : Station 6	8,560.00	1,005.90	0.00	7,554.10	88.25	11.75
SubTotal 224 : Station Operations	\$6,148,490.00	\$1,240,406.45	\$0.00	\$4,908,083.55	79.83	20.17
225 : Technical Response and Systems						
1603 : Special Operations	54,090.00	2,526.44	0.00	51,563.56	95.33	4.67
1604 : Wild Land	27,435.00	0.00	0.00	27,435.00	100.00	0.00
1607 : EMS	25,760.00	821.67	0.00	24,938.33	96.81	3.19
1608 : Fire SWAT (2)	4,000.00	1,147.33	0.00	2,852.67	71.32	28.68
1620 : ARFF	2,100.00	0.00	0.00	2,100.00	100.00	0.00
SubTotal 225 : Technical Response and Systems	\$113,385.00	\$4,495.44	\$0.00	\$108,889.56	96.04	3.96
226 : Equipment Maint & Replacement						
1641 : Communications/Telephone	138,740.00	5,730.35	0.00	133,009.65	95.87	4.13
1642 : Hose (3)	16,000.00	0.00	4,050.20	11,949.80	74.69	25.31
1643 : Ladders/Small Engine	8,500.00	903.31	0.00	7,596.69	89.37	10.63
1644 : SCBA	36,140.00	2,146.29	0.00	33,993.71	94.06	5.94
1645 : Thermal Imaging (3)	13,000.00	0.00	10,674.00	2,326.00	17.89	82.11
1646 : Computer Equipment	19,830.00	0.00	0.00	19,830.00	100.00	0.00
1647 : Vehicles and Apparatus	345,570.00	68,498.37	0.00	277,071.63	80.18	19.82
SubTotal 226 : Equipment Maint & Replacement	\$577,780.00	\$77,278.32	\$14,724.20	\$485,777.48	84.08	15.92
227 : Administration						
1601 : Administration	974,225.00	270,462.84	0.00	703,762.16	72.24	27.76
SubTotal 227 : Administration	\$974,225.00	\$270,462.84	\$0.00	\$703,762.16	72.24	27.76
Grand Total :	\$8,554,790.00	\$1,753,130.23	\$14,724.20	\$6,786,935.57	79.34	20.67



Variance Explanation

(1) Training

- ◆ Annual fee for the Front Range Consortium paid at the beginning of the year for \$5,000. A computer and projection equipment was purchased to operate Blue Card simulations \$5,225. The Wildland Academy at Aims Community College in January cost \$2,691 for 13 people.

(2) Fire SWAT

- ◆ Several small purchases of tools and equipment

(3) Equipment Maintenance and Replacement

- ◆ An order for hose replacements was placed.
- ◆ An order for thermal imaging equipment has been placed.

Loveland Fire Rescue Authority
Authorized Spending Report by Account Class
 Quarter Ending 03/31/2012, 25% of the Year

Segments	Total Budget	YTD Exp	YTD Enc	Total Available	Total % Available	Total % Spent
Personal Services	\$6,600,640.00	\$1,310,801.58	\$0.00	\$5,289,838.42	80.14	19.86
Supplies	247,410.00	18,481.57	0.00	228,928.43	92.53	7.47
Purchased Services (1)	1,549,800.00	423,847.08	650.00	1,125,302.92	72.61	27.39
Capital Outlay	156,940.00	0.00	14,074.20	142,865.80	91.03	8.97
Grand Total:	\$8,554,790.00	\$1,753,130.23	\$14,724.20	\$6,786,935.57	79.34	20.67

Variance Explanation

(1) Purchased Services

- ◆ An extra month of administrative expenses has been charged at \$65,719; therefore, April will not be charged.



Other Resources

Other Funds:

City Capital Replacement Fund

Engine Replacement:

2012 Adopted Budget	\$515,000
Expenditures and Encumbrances to Date	<u>472,904</u>
2012 Remaining Budget	<u>\$42,096</u>

Fire Capital Expansion Fee Fund:

Station 6 Expansion:

2012 Adopted Budget	\$767,320
Expenditures and Encumbrances to Date	<u>98,150</u>
2012 Remaining Budget	<u>\$669,170</u>

Note: The Second Reading on an additional appropriation for \$162,650 will be heard at the City Council meeting on May 1

City General Fund for SCBA and AED FEMA Assistance to Firefighters Grant:

March 2012

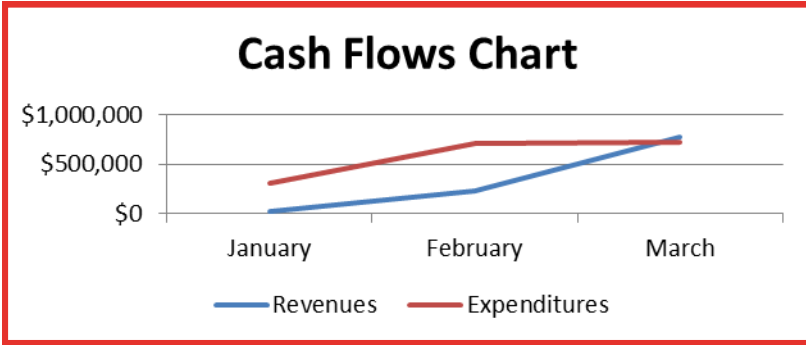
Appropriation:	\$554,570
Expenditures to Date:	
AED's	0
Repair and Mtn AED's	0
SCBA's	<u>0</u>
2012 Remaining Budget	<u>\$554,570</u>

Note: Expecting delivery on SCBA's late May

Fire Authority Transition Highlights

Cash Flow of the Fire Authority Fund

The IGA that established LFRA indicated that expenditures would be reimbursed monthly and the intent was that each organization would hold reserves required by their own organization's fund balances policies to cover proportional shares of the expenditures for the Fire Authority. The City's policy for instance is to retain a minimum of 15% of expenditures for things like unexpected opportunities and economic downturns.



Through the first quarter of the year, as you can see in the Cash Flows graph, the City has essentially been floating negative cash flows. Procedurally the City's share can be processed in the same month as the expenditures. However, the Rural District's share lags because the Rural District Board must approve expenditures before the check can be issued. If the City's Finance Department can close the month and the Fire Authority issues the invoice by the first Wednesday night of the month when the Rural District Board meets the lag is only about a week. If the approval doesn't occur at that meeting then the invoice approval

would wait until the next month. Also federal grants are generally reimbursement based and there is a minor lag in the cash flows. The federal share of the radio replacement grant is just over \$682,000. Given the current procedures the City would be "floating" the cash flows in the Fire Authority Fund between the time that the purchase is made and the reimbursement is received in from the federal government. I believe our experience has been up to two weeks after the reimbursement is submitted. We will have the operational partners advance a month of expenditures to resolve operational cash flows. But that won't resolve the federal government reimbursement lag. It should be recognized that this is a unique occurrence and generally you don't build policies and procedures around the unique.

Rules and Regulations

The LFRA Board approved the first provision of the rules and regulations document in April when it approved the Execution of Certain Agreements giving the Fire Chief parameters for agreements he could sign administratively with disclosure in the Chief's report. There are three other provisions that need to be drafted: Budget adoption and amendment policies and procedures, records retention schedule, and the annual audit.

Revision of the City's Capital Improvement Plan

The process for revising the City of Loveland's capital improvement plan was outlined at the April meeting and is provided in the table below.

Proposed Date in 2012	Process Steps as Distributed by the City's Budget Office 3/30/12
April 4	Capital Project Forms Distributed
April 20	Forms Due back to Budget
May 8	Management Team Priority Setting for Capital Projects
Month of June	City Manager Decisions and Draft Capital Improvement Plan
July 30	Draft Capital Improvement Plan Completed
August 14	City Council Study Session on the Capital Improvement Plan
September 11	City Council Study Session on the 2013 Proposed Budget
October 2	Public Hearing and First Reading of 2013 Proposed Budget
October 16	Second Reading and Adoption of the 2013 Proposed Budget

Discussions will be necessary regarding the funding of the construction of Stations 2 and 10. Based on the current plan the Fire Capital Expansion Fee Fund is not expected to retain a positive fund balance in 2013 and 2016.

In the Works

- **\$526,616 additional funding for equipment replacement, overtime, and Station 6 expansion in the process of approval from 2011 budget savings and capital expansion fees** – May 1 City Council will hear the second reading on the ordinance. None of this money is subject to 82/18 split with the Rural District. The Rural District Board will consider approval on May 2. The LFRA board will consider resolution to approve an appropriation ordinance May 10. Full detail on these requests was presented to the LFRA Board on March 15, agenda item 5.
- **\$853,357 FEMA Assistance to Firefighters Grant awarded for radio replacements** – 20% match of \$170,671 plus \$49,300 for programming and installation requested from City of Loveland reserve designated for fire purposes. The first reading of ordinance will be heard by City Council May 1 and second reading on May 15. LFRA Board will consider a resolution on May 10. The Rural District Board will consider approval on May 2.
- **Self-Contained Breathing Apparatus** units are on order and expected to be delivered and “issued” late May, also funded with a federal reimbursement grant. **Automated External Defibrillators** are expected to be purchased by fall.
- The **engine replacement** is expected by May or June.
- The **expansion of Station 6** is expected to break ground by June.
- The **Strategic Plan** is expected to be complete by May or June.
- **Equipment inventories** have been completed and five year budgets proposed. These requests will be tabulated and decisions will be made to retain the budget within the Basic Services Model projections for recommendation to the LFRA Board.
- Firefighter sweat equity made the **Positive Pressure Attack prop** and the **Blue Card Command Training Simulator** possible.