



**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STAFF REPORT**

Board Meeting Date: June 1, 2021

DATE: May 17, 2021
TO: Truckee Meadows Fire Protection District Board of Fire Commissioners
FROM: Cindy Vance, Chief Fiscal Officer
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THROUGH: Charles A. Moore, Fire Chief
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SUBJECT: Recommendation to approve Truckee Meadows Fire Protection District Resolution TM12-2021 to augment the district's Fiscal Year 2020-21 General Fund in the amount of \$3,000,000 and Truckee Meadows Fire Protection District Resolution TM13-2021 to augment the district's Fiscal Year 2020-21 Emergency Fund in the amount of \$700,000 and direct the District to make the appropriate budget adjustments. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

Recommendation to approve Truckee Meadows Fire Protection District Resolution TM12-2021 to augment the district's Fiscal Year 2020-21 (FY 20/21) General Fund in the amount of \$3,000,000 and Truckee Meadows Fire Protection District Resolution TM13-2021 to augment the district's FY 20/21 Emergency Fund in the amount of \$700,000 and direct the District to make the appropriate budget adjustments.

PREVIOUS ACTION

May 19, 2020, the Board of Fire Commissioners approved the FY 20/21 budget.

December 15, 2020, the Board of Fire Commissioners accepted the Truckee Meadows Fire Protection District's Audited Financial Statements for the Fiscal Year ended June 30, 2020 as presented and approved the re-appropriation of \$4,302,608.56 from the fiscal year 2020 budget, consisting of \$133,940.72 in the General Fund and \$4,168,667.84 in the Capital Projects Fund for purchase order encumbrances committed in Fiscal Year 2020-21.

January 5, 2021, the Board of Fire Commissioners approved unfreezing one (1) District Support Specialist position and one (1) Fire Captain position assigned to training and to approve a District Staffing Plan that includes 51 Firefighter Paramedic positions, including three (3) grant-funded positions, and to approve creating one (1) additional Firefighter/Paramedic position, and approved the augmentation the General Fund Salaries and Employee Benefit Expense Accounts from the District's General Fund Contingency Account in the amount of \$115,000.

February 2, 2021, the Board of Fire Commissioners approved Truckee Meadows Fire Protection District Resolution TM03-2021 to augment the district's FY 20/21 General Fund in the amount of \$541,425 and Truckee Meadows Fire Protection District Resolution TM04-2021 to augment the district's FY 20/21 Capital Projects Fund in the amount of \$813,800.

BACKGROUND

General Fund

In most years there is a difference between the actual audited ending fund balance of one fiscal year and the budgeted beginning fund balance of the subsequent fiscal year, which is excess beginning fund balance, also known as “carryover.” This “carryover” amount is available for one-time purposes such as unanticipated capital expenses or other increases needed for anticipated cost overruns.

During the FY 20/21 budget preparation, the COVID-19 pandemic was in its infancy and the District budgeted very conservatively in reaction to the pandemic. As the fiscal year progressed, the District did not see the revenue decline that was anticipated. However, The District did see extra expenses in relation to the pandemic, including coverage for exposed personnel, COVID testing and vaccination PODS (portions not reimbursable by FEMA), and ambulance services. Since the District's revenues were above budget and beginning actual fund balance was much higher than budgeted, the District determined that it was in the best interest of the public to meet the growing needs and request augmentation, if necessary, in the future.

The District also entered into agreements with FEMA, Nevada Energy, and Nevada Division of Forestry for additional services that would be reimbursed. Included in this augmentation is a “true-up” of the budget to match total estimated reimbursable expenses with revenues.

The District's budgeted beginning fund balance for the General fund is \$8,495,919, and the actual Beginning fund balance is \$11,475,006 for a difference of \$2,979,087. The District used a portion of this difference to re-appropriate purchase order encumbrances committed in Fiscal Year 2019-20 (FY 19/20) and for additional expenditures during the February 2021 augmentation for a total amount of \$510,441. The remaining carryover amount of \$2,468,646 is available for budget augmentation for one-time expenditures or unbudgeted expenditures.

Additionally, the District entered into agreements which generated additional revenues previously unbudgeted that may be used to augment the current year budget.

The District continued to grow the Fuels Program under agreements with NV Energy and Nevada Department of Forestry (NDF). The District had included reimbursements under this program in the FY 20/21 budget for 7 employees. The program has grown to 17 employees and additional equipment purchased. Budgeted revenues and expenses for this program were projected at \$437,345 but have now grown to over \$2.4 million. The total difference of \$2,703,000 requires an augmentation to match revenues to expenses.

During FY 20/21, the District began collecting fees for plan reviews and inspections. The District budgeted a conservative estimate of \$21,000 in charges for services revenues. In February 2021, the District augmented the General Fund budget by \$60,000 for costs received in

excess of the budget, for a current budget of \$81,000. As of May 2021, the District has collected over \$169,000 in fees, already \$88,000 over budget that is available for augmentation.

During FY 20/21, the District began collecting insurance reimbursements for medical services. The District budgeted a conservative estimate of \$27,500 in reimbursement and charges for service revenues. As of May 2021, the District has collected over \$133,500 in fees, already \$106,000 over budget that is available for augmentation.

The District requests approval of resolutions directing staff to make the necessary budget adjustments for estimated expenses pursuant to NRS 354.598005 and Nevada Administrative Code 354.410 which authorizes budgetary augmentations. Available resources for a year-end budget augmentation are:

- An opening balance which is larger than anticipated;
- Revenues in excess of those budgeted;
- Revenues generated from previously unbudgeted sources; or
- An unappropriated ending balance of a fund for capital projects

It is recommended that a portion of the carryover from FY 19/20, additional revenues earned, and the Contingency Account be available for FY 20/21 for the following unbudgeted funding requirements:

Reallocation of Contingency Account

Expenditures

Contingency account	(\$505,000)
Employee Salaries and Wages	\$339,000
Employee Benefits	<u>\$166,000</u>

Net Amount 0

Additional Sources

Beginning Fund Balance Reallocated (of \$2,468,646) available:

Beginning Fund Balance	\$149,000
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Revenues:

Intergovernmental – Federal Grant Revenues	\$79,000
Charges for Service – Medical Billing	\$106,000
Charges for Service – Fire Prevention Fees	\$88,000
Charges for Service – Fuels Program	\$893,000
Miscellaneous: - Reimbursements Fuels Program	<u>\$1,180,000</u>

Total Additional Sources \$2,495,000

Expenditures:

Employee Salaries and Wages	\$845,000
Employee Benefits	\$470,000
Service & Supplies	\$285,000
Capital Outlay	<u>\$895,000</u>
Total Expenditures	<u>\$2,495,000</u>

Net Amount 0

Emergency Fund

The District included a conservative budget for the FY 20/21 Emergency Fund. The Fund was budgeted with \$300,000 in revenues and \$1,482,950 in expenses. In normal years, this type of budgeting has been sufficient to cover emergency event response expenditures. However, FY 20/21 saw extreme wildfire events and a global pandemic. As of May 2021, the District's expenditures are over \$1,800,000, most of which are reimbursable under the Wildfire Protection Plan or other programs. The District Currently has receivables of \$700,000 in excess of budget outstanding. This excess revenue may be used to offset increased expenses.

The District requests approval of resolutions directing staff to make the necessary budget adjustments for estimated expenses pursuant to NRS 354.598005 and Nevada Administrative Code 354.410 which authorizes budgetary augmentations. Available resources for a year-end budget augmentation are:

- Revenues in excess of those budgeted;

It is recommended that additional revenues earned for FY 20/21 for the following unbudgeted funding requirements:

Emergency Fund

Additional Sources

Revenues:

Miscellaneous: - Reimbursements	\$700,000
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Expenditures:

Employee Salaries	<u>\$700,000</u>
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Net Amount	0
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FISCAL IMPACT

If approved, the augmentation will result in an increase in appropriations for the General Fund of \$3,000,000 and an increase in appropriations for the Emergency Fund of \$700,000.

RECOMMENDATION

It is recommended that the Board approve Truckee Meadows Fire Protection District Resolution TM12-2021 to augment the district's FY 20/21 General Fund in the amount of \$3,000,000 and Truckee Meadows Fire Protection District Resolution TM13-2021 to augment the district's FY 20/21 Emergency Fund in the amount of \$700,000 and direct the District to make the appropriate budget adjustments.

POSSIBLE MOTION

Should the Board agree with the staff's recommendation, a possible motion could be:

"I move to approve Truckee Meadows Fire Protection District Resolution TM12-2021 to augment the district's FY 20/21 General Fund in the amount of \$3,000,000 and Truckee Meadows Fire Protection District Resolution TM13-2021 to augment the district's FY 20/21 Emergency Fund in the amount of \$700,000 and direct the District to make the appropriate budget adjustments."