

**RODEO-HERCULES FIRE PROTECTION DISTRICT****MEMORANDUM**

**TO:** Board of Directors, RODEO-HERCULES FIRE PROTECTION DISTRICT  
**FROM:** Rebecca Ramirez, INTERIM FIRE CHIEF  
**DATE:** February 14<sup>th</sup>, 2024  
**RE:** Mid-Year Budget Report for FY 2023-24

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The attached reports summarize the Fire District's financial position through the first two quarters/mid-year, ending December 31, 2023. Substantive information from the County financial ledger is illustrated in the Fire District Chart of Accounts. This report is created by Fire District staff with the support and assistance of the Board appointed third party independent advisor from Strategic Advisory Services.

**BACKGROUND:**

The Fire District Board of Directors adopts the current year budget on or before the September 30<sup>th</sup> deadline. Throughout the fiscal year, the staff develops quarterly budget analysis reports for the Fire District Board of Directors. The purpose of the budget report is to provide an overview of the Fire District's financial condition and forecast trends which may necessitate adjustments.

**MID YEAR RESULTS:**

To date, the Fire District's approach to revenue projections are exceeding estimates. While most expenditure variations are within normal limits the line items for salary, retirement, legal fees, and utilities are tracking much higher than expected.

**EXPENDITURE ANALYSIS (AS OF DECEMBER 31, 2023):**

Salary and benefits through December 31<sup>st</sup> are approximately 54% expended, which is 4% overspent. The line items for personnel salaries and retirement contributions are higher than expected. In the long run, the District will face a structural deficit that is an imbalance between revenue and expenditures.

Permanent Salaries are presently 52.8% expended, which is 2.8% over projections. After a deep dive analysis it appears this overage is primarily due to a clerical error which occurred during initial preliminary budget preparation causing 11 months of salary to be included in the budget instead of 12 months. Approximately \$241,000 should have been included.

The second area of concern is retirement contribution. Retirement contributions are based upon dollar figures provided to the District by CCCERA. Generally speaking, this expenditure is not within the District's ability to control. The actual monthly contributions have well exceeded the

budgeted amount. As of December 31, 2023, the retirement contributions are presently 55.1% expended, which exceeds the budgeted amount. If we run this line item at the current rate, we will be short by approximately \$263,194. The costs were based on a December 31, 2022 valuation and since that time the assumptions have changed. CCCERA has recognized the issue that fluctuations have caused in many districts and are proposing a different method for smoothing the spikes.

The workers compensation line item is fully paid for the year making it appear overspent at 100%. There could be a minor true up invoice at the end of the fiscal year based on historical information.

Overtime expenses for backfill are about 53.1% expended, which is in line with expectations. Strike Team reimbursements continue to positively off set expenditures.

Supplies and services are 41.35% expended and are tracking well. Some large expenses such as apparatus lease and insurance costs are fully expended for the year and/or have expected reimbursement which will balance over the year.

Legal expenses are currently 80% expended (\$50,000 budgeted, \$40,062 spent) It is anticipated that by June 30<sup>th</sup>, legal expenses will be more than 100% expended.

Utilities are approximately 79% expended (\$41,495 budgeted, \$32,901 spent) It is anticipated that by June 30<sup>th</sup>, utility expenses will be more than 100% expended.

#### Capital

As of December 31<sup>st</sup>, the district had not yet incurred any capital outlay. Capital projects including the bathrooms and the alerting systems are well underway, but invoices were not paid within the reporting period. Due to a variety of factors (City of Hercules offset, possible grant award), the capital budget is expected to be well underspent by the end of the FY.

See Expenses Table on Page 3.

#### **REVENUE ANALYSIS:**

Property Tax is the primary source of revenue for the General Fund. Property taxes stand at approximately 99% received. Total revenue at the end of the year will exceed the budgeted amount. The Fire District is on track to receive its anticipated secured property tax revenue for fiscal year 2023-24. The Fire District expects nominal additional revenues from the County Assessor's office between now and the end of the budget year. If present trends continue the revenues are expected to be higher than anticipated by the fiscal year end. The increased revenue is expected to be approximately \$152,694

See Revenue Table on Page 4.

## OPTIONS

Each budget has its own unique challenges, but the common trend in each year's budget process is to ensure that the District exercises fiscal responsibility with taxpayer dollars and does so with a long range outlook beyond a single budget year horizon. Therefore, the Board has two options under these circumstances.

There are a several ways to manage the expected deficit, two of which are described below:

1. The Board could choose to make a mid-year adjustment by transferring approved unspent capital funds in the amount of \$195,000 to account for a portion of the expected deficit. Additionally, \$339,194 amount could be transferred from the fund balance to bridge the remaining gap. Additionally, the Fire Chief would implement reasonable cost savings that do not impact operations, firefighter, and civilian safety. If this option is chosen staff would return in March with an amended budget and corresponding resolution.
2. The Board could choose to make no adjustment and allow the fund balance to be drawn down on an as needed basis as the salary and retirement line deficits occur in real time. Additionally, the Fire Chief would implement reasonable cost savings that do not impact operations, firefighter, and civilian safety. If this option is chosen, no additional action is required.

### **RECOMMENDATION:**

Staff recommend the Board discuss and provide direction and/or take action.

**RODEO HERCULES FIRE PROTECTION DISTRICT  
EXPENDITURES for All FUNDS  
FY2023-2024 BUDGET**

DESCRIPTION	GL CODE	ADOPTED BUDGET FY2023-24	YTD ACTUAL THRU 12.31.23 FY2023-24	% EXPENDED ADOPTED	AMORTIZED	% AMORTIZED
Holiday Pay	1001	218,393	108,058	49.5%	\$ 108,058	49.48%
Permanent Salaries	1011	2,822,138	1,489,818	52.8%	\$ 1,479,750	52.43%
Strike Team Reimbursement	1011		\$ (10,068)			
Drill/Temporary Salaries	1013	49,000	23,680	48.3%	\$ 23,680	48.33%
Overtime	1014	-	-		\$ -	
FLSA	1014-01	137,277	74,751	54.5%	\$ 74,751	54.45%
Backfill/Ancillary	1014-02	681,363	361,509	53.1%	\$ 361,509	53.06%
Strike Team	1014-03		92,218		\$ 92,218	
Strike Team-FLSA	1014-04		4,246		\$ 4,246	
Strike Team Reimbursement	1014-05		(136,792)		\$ (136,792)	
Deferred Compensation	1015	14,400	12,900	89.6%	\$ 7,200	50.00%
FICA	1042	58,000	36,678	63.2%	\$ 36,678	63.24%
Retirement	1044	2,560,962	1,410,087	55.1%	\$ 1,410,087	55.06%
Group Insurance	1060	660,757	256,301	38.8%	\$ 256,301	38.79%
Group Insurance-Retiree	1061	360,000	159,947	44.4%	\$ 159,947	44.43%
Unemployment Insurance	1063	1,000	716	71.6%	\$ -	0.00%
Worker's Compensation Ins.	1070	441,129	441,129	100.0%	\$ 220,565	50.00%
<b>TOTAL SALARIES AND BENEFITS</b>		<b>\$ 8,004,419</b>	<b>4,325,178</b>	<b>54.0%</b>	<b>\$ 4,098,198</b>	<b>51.20%</b>
Office Expenses	2100	34,750	15,219	43.80%	\$ 15,219	43.80%
Books/periodicals/subscriptions	2102	4,000	157	3.93%	\$ 157	3.93%
Communications	2110	217,915	33,081	15.18%	\$ 108,958	50.00%
Utilities	2120	41,495	32,901	79.29%	\$ 32,901	79.29%
Small Tools and Equipment	2130	10,500	464	4.42%	\$ 464	4.42%
Medical supplies	2140	26,500	1,894	7.15%	\$ 1,894	7.15%
Food	2150	4,420	427	9.66%	\$ 427	9.66%
Clothing & personal supplies	2160	13,440	6,840	50.89%	\$ 6,840	50.89%
Household expenses	2170	9,100	2,831	31.11%	\$ 2,831	31.11%
Publications and legal notices	2190	1,300	454	34.92%	\$ 454	34.92%
Memberships	2200	13,482	13,210	97.98%	\$ 6,605	48.99%
Rents and leases	2250	203,660	199,127	97.77%	\$ 99,563	48.89%
Repair & service equipment	2270	41,920	10,905	26.01%	\$ 10,905	26.01%
Vehicle repair services	2271	100,000	32,028	32.03%	\$ (10,090)	-10.09%
Reimbursements	2271		\$ (42,118.00)			
Gas & oil supplies	2272	32,100	5,514	17.18%	\$ 5,514	17.18%
Vehicle maintenance-tires	2273	15,000	6,301	42.01%	\$ 6,301	42.01%
Maint. Radio & electrical equip.	2276	7,380	1,295	17.55%	\$ 1,295	17.55%
Maintenance building & grounds	2281	36,500	3,468	9.50%	\$ 3,468	9.50%
Employee travel expenses	2303	5,400	1,287	23.83%	\$ 1,287	23.83%
Professional/Specialized services	2310	410,864	194,664	47.38%	\$ 194,664	47.38%
Data processing service	2315	4,200	19,793	471.26%	\$ 19,793	471.26%
Data processing supplies	2316	323	-	0.00%	\$ -	0.00%
Information security	2326	4,620	395	8.55%	\$ 395	8.55%
Insurance	2360	97,509	36,066	36.99%	\$ 48,754	50.00%
Firefighting supplies	2474	98,458	4,878	4.95%	\$ 4,878	4.95%
Recreation/Physical Fitness	2476	2,600	-	0.00%	\$ -	0.00%
Educational Supplies & Courses	2477	32,763	11,920	36.38%	\$ 11,920	36.38%
Other Special Departmental Expenses	2479	4,270	7,163	167.75%	\$ 7,163	167.75%
Interest on Notes & Warrants	3520	1,000	-	0.00%	\$ -	0.00%
Tax Assessments	3530	23,000	19,455	84.59%	\$ 11,500	50.00%
<b>Total Services &amp; Supplies Expenses</b>		<b>1,498,469</b>	<b>619,619</b>	<b>41.35%</b>	<b>\$ 594,060</b>	<b>39.64%</b>
<b>Total Operational Expenses</b>		<b>\$ 9,502,888</b>	<b>\$ 4,944,797</b>	<b>52.03%</b>	<b>\$ 4,692,258</b>	<b>49.38%</b>
<b>FLSA SETTLEMENT COSTS</b>		<b>\$ 280,000.00</b>	<b>\$ 278,373.53</b>			

**RODEO HERCULES FIRE PROTECTION DISTRICT  
REVENUE ALL FUNDS  
FY2023-2024 MIDYEAR THROUGH 12/31/2023**

DESCRIPTION	GL CODE	ADOPTED	ACTUALS	ADOPTED	ACTUAL THRU	% REC'D	PROJECTED REVENUE FY23/24
		BUDGET FY2022-2023	FY2022-2023	BUDGET FY2023-2024	12.31.2023		
Prop. Taxes-Current secured	9010	3,855,500	4,101,008	4,224,038	4,313,555	102%	\$ 4,313,555
Prop. Tax-Supplemental	9011	85,000	185,917	181,557	23,301	13%	\$ 181,557
Prop. Tax-Unitary	9013	78,900	83,712	84,000	85,763	102%	\$ 85,763
Prop. Tax-Current Unsecured	9020	137,000	148,524	135,000	175,646	130%	\$ 175,646
Prop Tax-Prior-Secured	9030	(14,285)	(17,614)	(17,614)	(25,136)	143%	\$ (25,136)
Prop Tax-Prior-Supplemental	9031	(5,860)	(10,406)	(10,406)	(12,039)	116%	\$ (12,039)
Prop Tax-Prior-Unsecured	9035	590	(442)	(816)	908	-111%	\$ 909
<b>TOTAL PROPERTY TAXES</b>		<b>4,136,845</b>	<b>4,490,699</b>	<b>4,595,759</b>	<b>4,561,998</b>	<b>99%</b>	<b>\$ 4,720,255</b>
Benefit District	9066	1,362,081	1,361,582	1,361,582	1,363,968	100%	\$ 1,363,968
<b>TOTAL BENEFIT DISTRICT</b>		<b>1,362,081</b>	<b>1,361,582</b>	<b>1,361,582</b>	<b>1,363,968</b>	<b>100%</b>	<b>\$ 1,363,968</b>
H/O Prop Tax Relief	9385	29,956	26,693	29,000	-	0%	\$ 29,000
Other In Lieu Taxes	9580	-	183	183	182	99%	\$ 182
RDA NonProp-Tax Pass Thru	9591	523,503	555,796	639,165	281,965	44%	\$ 639,165
Earnings on Investment	9181	6,000	35,374	35,374	35,149	99%	\$ 70,000
Fire Prevention Plan Review	9741	17,000	14,468	11,887	2,739	23%	\$ 5,000
Misc. Current Services	9980	23,000	11,283	15,000	8,877	59%	\$ 15,000
Other Revenue/Measure H	9895	92,161	86,388	86,388	-	0%	\$ 86,388
<b>TOTAL INTERGOVERNMENTAL</b>		<b>691,620</b>	<b>730,185</b>	<b>816,997</b>	<b>328,912</b>	<b>40%</b>	<b>\$ 844,735</b>
Measure O	9066	2,584,204	2,584,326	2,645,510	2,683,079	101%	\$ 2,645,510
<b>TOTAL MEASURE O</b>		<b>2,584,204</b>	<b>2,584,565</b>	<b>2,645,510</b>	<b>2,683,079</b>	<b>101%</b>	<b>\$ 2,645,510</b>
Grant Funds	9980	-	99,750	99,750	-		\$ 99,750
Stale Dated Check	9975		3,988		-1926		\$ (1,926)
Misc. State Aid	9435				0		
Indemnifying Proceeds	9969				0		
Development Impact Fee	9980		-		0		
<b>TOTAL OTHER REVENUE</b>		<b>-</b>	<b>103,738</b>	<b>99,750</b>	<b>(1,926)</b>		<b>\$ 97,824</b>
<b>TOTAL REVENUE</b>		<b>8,774,750</b>	<b>9,270,769</b>	<b>9,519,598</b>	<b>8,936,031</b>	<b>94%</b>	<b>\$ 9,672,292</b>

TASK	ESTIMATED COST	PRIORITY LEVEL	PROJECTED COMPLETION	INCLUDED IN FY23/24 BUDGET
STATION 76 ROOF*	\$ 35,000	1	FY23-24	YES
ALERTING SYSTEM 75/76	\$ 220,000	1	FY23-24	YES
COMMUNICATION EQUIPMENT**	\$ 70,000	1	FY23-24	YES
STATION 76 BATHROOM REMODEL	\$ 35,000	1	FY23-24	YES
STATION 75 BATHROOM REMODEL	\$ 50,000	1	FY23-24	YES
STATION 76 PAINT INTERIOR	\$ 15,000	2	Spring 2024	YES
CONCRETE FLOOR REHAB 75	\$ 9,000	2	Summer 2024	YES
CONCRETE FLOOR REHAB 76	\$ 9,000	2	Summer 2024	YES
CARPET REPLACEMENT 75	\$ 7,500	2	Summer 2024	YES
CARPET REPLACEMENT 76	\$ 7,500	2	Summer 2024	YES
REPLACE CONCRETE/TANK 76*	\$ 90,000	2	Summer 2024	YES
STATION 76 KITCHEN REMODEL	\$ 35,000	3	FY24-25	NO
STATION 75 KITCHEN REMODEL	\$ 35,000	3	FY24-25	NO
STATION 76 APP BAY PAINTING	\$ 12,000	3	FY24-25	NO
TRAINING ROOM PAINTING/FLOORING	\$ 25,000	3	FY24-25	NO
COST OVERRUN	\$ 15,000			YES
	<b>\$ 670,000</b>			

**FY 2023-24 COSTS:**

**\$ 563,000**