

ORS 294.453-Hearing, ORS 294.456-Adoption, ORS 294.458-Certify Taxes),

and is

SHERIDAN FIRE DISTRICT

**TO:**

**FROM:**

Our Board, Budget Committee, Residents, and Customers of Sheridan Fire District

Les Thomas, Fire Chief / CEO

**SUBJECT:** Fiscal Year 23/24 Budget Message

**DATE:**

May 23, 2023

Pleased to present to you the Fiscal Year 2023/2024 proposed budget for Sheridan Fire District (District). This budget has been prepared in accordance with the State of Oregon (ORS 294.426-Meeting, ORS 294.428-Approval, ORS 294.448-Notice,

intended to serve as a financial plan, policy document, communication device, and operations guide. This document tells the story of how the district is using the public’s money to save lives, protect property, and strengthen community relationships. The following proposed budget is structurally balanced for each fund, with projected fund balances at or above the minimum reserve required by state law and Sheridan Fire District policy.

Budget message

**FUND ACCOUNTING:**

Sheridan Fire District (district) uses funds to report the financial position to determine operational limitations. Fund accounting is designed to demonstrate legal compliance and aid in financial management by segregating transactions related to certain District functions, purchases, or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

We maintain the funds required by law and reduce the number of funds when possible. We create new funds only when we find it necessary to do so. We have been successful in getting some grant funding over the past several years. As a result, we created a separate Grant Fund to better monitor the individual grants as funds are received and expended.

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**MODIFIED CASH BASIS ACCOUNTING:**

The district utilizes cash basis accounting for all funds. This means that the district will record revenue only when cash is received and will record expenditures only when cash is spent. It also means that cash is the only asset recorded. Projections for cash to be collected can differ dramatically from what is received. Therefore, the District commits to spending money when we know that we have enough cash in the bank to cover the expense.

**BUDGET POLICY AND STRATEGY:**

The Fiscal Year 2023-2024 Budget document has been prepared after analyzing and evaluating divisional needs. Amounts expended in prior years have also been considered. The Budget represents the desired level of service to be provided, and the financial support that will be required to pay for those services for the upcoming Fiscal Year. It is prepared on the cash basis of accounting and is summarized by major expenditure categories within each organizational unit.

The Budget will be adopted this year, as it has been in prior years, by category within each fund. These categories are Personnel Services, Materials and Services, Capital Outlay, Debt Services, and Contingency. Adopting the Budget by category (rather than by line item) allows the district some flexibility in paying for specific items within a category while still maintaining appropriate control.

An accurate revenue projection is critical, and we have developed a realistic, conservative approach to estimating our revenue. We can prioritize and allocate our spending with a conservative, accurate estimate. Revenue estimates are based on multi- year historical trends with consideration given to our District’s economic climate and inflation, expected population, and increases in assessed valuations. With the inflated budget from the previous fiscal year, we have taken an even more conservative best estimate for the 23/24 budget cycle.

The district passed a 0.88 cent per $1,000 Operating Levy in May of 2022 that went into effect during the 2022/2023 Fiscal Year. This levy replaced the previous levy of 0.35 cents per $1,000 and increased the Operating Levy by 0.53 cents per $1,000 for a total of $1.99 per $1,000 of assessed value. We have used the new levy totals and conservatively determined that 94% of that amount would be available for the 23/24 budget. See Appendix A.

**DISTRICT SERVICES:**

Sheridan Fire District provides many services to the citizens of our District, including basic and advanced life support, emergency medical transportation, fire suppression activities, various types of rescue services, fire code/driveway inspections, essential fire plan reviews, and fire prevention education.

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**SUMMARY OF BUDGET PRACTICES:**

1. The District will attempt to provide the highest level and quality of service possible based on its financial ability to do so.
2. The District will attempt to the best of its ability to fund the Reserve Fund for future capital needs. This is a high priority, but essential expenditures will determine the amount available.
3. The District will continue to provide the FireMed program. This program offers a low-cost financial benefit to members of the community.

**BEGINNING CASH BALANCES:**

to manage our resources in an effective and

**RESERVE FUNDS:**

Sheridan Fire District wishes to continue to set aside funds each year for future capital purchases. The Reserve Fund is used to track this money. We have continued to develop the Equipment Replacement Plan as the basis for continued funding. The reserve fund will be replenished as able and fiscally responsible to do so.

**CONTINGENCIES:**

Each year, unexpected circumstances arise that were not anticipated when the Budget was developed and adopted. The Government Finance Officers Association, League of Oregon Cities, and Special Districts Association of Oregon recommend that between 5% and 8% of a fund’s budget be set aside for contingencies. Money not utilized for contingencies is carried over to the next Fiscal Year. However, the 22/23 budget has proven to be highly challenging due to unanticipated seismic overages, mechanical failures, deferred building maintenance, PPE replacements, and non-budgeted circumstances that forced the district to use all of its contingency funds and all reserves to meet the increased expenses.

As a Budget Policy, Sheridan Fire District strives to maintain an adequate

beginning balance (working capital). For the Fiscal Year 2023-2024, approximately $850,000 in the General Fund will be carried over after implementing a capital plan.

4. The District continues to be committed to doing our best efficient manner

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**Accomplishments, Gotcha Issues, and Initiatives**

As of today’s report, our current staffing is 19 personnel. This is an increase from last year’s number of 15 personnel. The increase in staffing is primarily due to the increase in calls for service of 130, which resulted in a run total of 2028 calls for service in 22-23, up from the previous year’s 1898. The preliminary data gathered has shown that a large majority of these runs occur during the daytime hours. Our campaign to increase volunteer numbers has not provided additional volunteer daytime coverage. Our neighboring fire and EMS districts on both sides of our district have struggled initially to meet their requirements for staffing; this affected our resource availability locally. Typically, there is a tiered fire/EMS mutual aid system used to cover each additional calls that occur within our district; with increased unavailability and delays from our mutual aid partners, we were forced to re-evaluate our staffing models. It was determined that adding an additional staff of one person per shift would assist our district in effectively capturing our additional calls within our fire and EMS district.

Our apparatus replacement and repair plan was initiated early in November of 2022. The plan was distributed to the current board of commissioners. The evaluation of the fire and ambulance fleet determined that the district is in a precarious position. The apparatus fleet was found to have almost all of its heavy fleet to be non-DOT compliant. A repair and compliance plan was built, and we started the arduous task of fixing those apparatus of value and sustainability. The cost of repair exceeded the existing repair budget by 33%, this non-budgeted financial burden proved to be difficult to complete. It was determined that an aggressive campaign for federal, local, and state grants for replacement of heavy fire apparatus begin. The surplus sell of apparatus that have exceeded their repair and service value also began, we have surplus one vehicle so far, and we plan to surplus three others as we are able to do so in the 23/24 fiscal year. It should also be noted that the cost of fuel exceeded $6.00 a gallon for our vehicles, we did a survey of other districts and found a less expensive service to meet our fuel needs. This service will begin in June of 2023.

**Budget Overview and Process**

This budget focuses on providing quality service, value, and full-service engagement in the communities we serve. We are YOUR local Fire District. To provide value, all efforts have been applied to scrutinize the budget to allow the district to provide essential services to the community with the least amount of support and administration costs possible.

**I m p a c t s / C h a n g e s t o P r e v i o u s B u d g e t**

A multi-tiered approach to evaluating what repairs on our aged fleet are crucial and which repairs can be delayed (not forgotten) until the financial means are made available will be the approach this budget year. All non-essential, non-used, or non-repairable vehicles will be requested to be surplus. This will only occur when it doesn’t affect our district’s potentials, all apparatus will be evaluated for its financial value, it’s geographic location, and it’s capabilities of use within our response model.

Our staffing model will be decreased as needed to meet our budget sustainability, increased as needed to meet our demands for additional services within our fire district. An increased campaign to recruit and retain volunteers will continue.

Sustainability and service capabilities review will continue to be evaluated with a primary goal of retaining and regaining all extra funding to become financially independent will be the priority.

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 $ 1,279,000.00

$ 1,100,676

$ 3,107,609

$ 42,000

$ 491,500

 $ 2,574,109

Proposed FY 2022/2023 Budget

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**ENDING FUND BALANCE = ZERO FUND BALANCE**

NET TRANSFERS IN/OUT

$366,683

CONTRIBUTION TO THE CAPITAL FUND:

$0

**PROJECTED EXPENSES**

**BUDGET**

Personnel and Services

Materials and Services

Debt Service

**TOTAL EXPENDITURES**

**PROJECTED REVENUE**

**BUDGET**

Taxes

User Fees and Fire Med

$ 905,000

Miscellaneous Income

$ 297,505

**TOTAL REVENUE / Carryover + Projected Revenue =**

**$3,582,181**

**BEGINNING FUND BALANCE / CARRYOVER**

Scheduled purchases will be outlined in the Capital Replacement Plan spreadsheet as required.

It was determined that in preparation for potential non-funded expenditures occurring at the end of our 22-23 budget, we currently had debt from a previous fire protection sprinkler system replacement loan, apparatus and station maintenance overages, and a staffing shortage to meet our basic call volume; we did research and chose a loan that would be affordable, sustainable, and warranted. The June 2024 capital expenditure loan was secured before using our cash funding reserves to facilitate the protection of these funds by making other loan

monies available. This Capital Loan is approximately $1,392,000.00 at a rate of 5.75% over 20 years. The first payment due will be in November of 2024. Individual yearly costs are proposed in this plan. Some major and minor cuts to operational and personnel costs are in process.

Ambulance remount, brush truck remount,

FY23/24 Capital Replacement Fund

The Capital Replacement Plan identifies all apparatus and equipment's current cost and estimated life span.

Fund Balance is available for capital purchases in between capital purchases. Funding is provided through transfers from the General Fund, the sale of apparatus and equipment, conflagration fees for apparatus, fees for services, and proceeds from the issuance of debt.

The proposed capital purchases for FY23/24 a r e

and rescue tools. Each capital expenditure potential will have grants written and submitted before purchasing these items. There will be matching funding for these grants; these potentials will be shared within the budget for potential expenditures.

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**PREVIOUS CALLS FOR SERVICE BY YEAR – January 1 through December 31**

2017 = 1640

 Difference of + 41

2018 = 1681

 Difference of - 27

2019 = 1654

 Difference of + 72

2020 = 1726

 Difference of + 122

2021 = 1848

Difference of + 180

**2022 = 2028**

**2023 = TBD**

**Since 2017 there has been a 388-run increase.**

**SHERIDAN FIRE DISTRICT CALLS FOR 2021 JANUARY 1, 2022 - DECEMBER 31, 2022**

**190, 9.1%**

**233, 11.2%**

**1132, 54.42%**

**473, 24%**

2080 Runs for 2022

EMS RUNS FIRE RUNS OTHER

CANCELLED

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Closing, Y’all

This budget has been prepared to provide a sustainable service delivery plan. This budget ensures operational needs are met as the Sheridan Fire District continues to effectively provide emergency response and life safety services while remaining receptive to our customer’s needs and the current economy.

Therefore, the Sheridan Fire District presents this proposed budget for Fiscal Year 23/24 to the budget committee, board of directors, and our public for their comments at the Public Hearing scheduled for May 23, 2023.

Respectfully,

Les Thomas

Fire Chief

Sheridan Fire District

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