



KENSINGTON FIRE PROTECTION DISTRICT

December 18, 2024

Board of Directors

Change to Policy 1150.60

PRESENTED BY: Jim Watt, Director

SUBMITTED BY: Mary A. Morris-Mayorga, General Manager

Recommended Action

Staff recommends that the Board receive a presentation by Director Watt.

Background

Provided by Director Watt

Section 1150:40 of the Policy Handbook requires Board approval for the proposed final annual budget. However, Policy 1150-60 allows the General Manager, without Board approval, to transfer budgeted amounts between budget categories so long as total expenditures have not changed from the adopted budget. In a recent budget change, the GM has also added a new category that was not in the adopted budget, thereby further expanding the GM's unilateral authority. *(Staff note – this was an administrative error of the accounting team that has since been addressed and may have been stated at the meeting.)*

This gives the GM the ability to move funds to different categories and even create new categories without Board approval.

In reviewing other jurisdictions, including the KPPCSD, I found no evidence that any other agency gives its GM this right, and believe budget changes should be the right of the Board as provided in Policy 1150-40. The proposed modification to Policy 1150-60 would give the Board the right to approve any budget modifications.

Provided by Staff

In my many years of experience with both private and public agencies, the executive retains control over the budget at the operating level (total operating budget). Budgets in all agencies are developed as a plan that can often change based on agency needs sometimes immediately following adoption, depending upon how dynamic the environment is. Although KFPD is not typically very dynamic, the past two years especially with the public safety building and transitions have been more so which require increased flexibility. An agency leader needs the ability to act upon these changes which may impact the budget without the need to call a special meeting which allows staff to continue operations while allowing the Board to focus at the policy level. These changes are captured as part of the mid-year report which is reviewed with the Finance Committee then the Board for approval in February or March of each year, which has been the practice for many years and is a standard operating procedure of government agencies.

While there have been some recent financial coding transaction errors, these will simply be corrected as part of the account reconciliation process that the accounting team performs, which is normal in any agency, and are not a cause for concern as they will be addressed.

Fiscal Impact

There is no fiscal impact from this item.

Attachment: *Policy 1150 Budget Preparation and Review*

KENSINGTON FIRE PROTECTION DISTRICT POLICY HANDBOOK

POLICY TITLE: Budget Preparation and Review
POLICY NUMBER: 1150

1150.10 On an annual basis, the General Manager shall draft a proposed annual budget. Such proposed annual budget shall be balanced.

1150.20 Prior to review by the Board of Directors, the General Manager shall present the proposed annual budget to the Board's Finance Committee for review and amendment.

1150.30 The General Manager shall present the proposed preliminary annual budget, as reviewed and amended by the Finance Committee, to the Board for review and amendment no later than the Board's regular meeting in June, or as otherwise scheduled by resolution of the Board.

1150.40 The proposed final annual budget, as reviewed and amended by the Board, shall be adopted no later than the Board's regular meeting in September, or as otherwise scheduled by resolution of the Board.

1150.50 In the event an annual budget is not adopted prior to the start of the fiscal year, the budget last approved by the Board shall remain in effect until such annual budget is adopted.

1150.60 Budget control is maintained at the operational level. The General Manager is authorized to transfer budgeted amounts so long as District expenditures remain within the adopted budget, or as amended by the Board. Budget modifications that increase or decrease the overall annual budget must be approved by the Board.

1150.60 The Board shall review budget performance on a semi-annual basis.

1150.70 The General Manager shall develop administrative procedures that are consistent with the Board's policies, and devise and maintain systems of budgetary control. Such controls may include, but are not limited to:

1. Monthly financial reports to the Board of Directors.
2. Evaluation and reporting of budget variances.
3. Budget amendments for Board approval, as required.