Category IV: Financial Resources

This category evaluates an agency's financial condition to determine its ability to fund operational priorities and its prognosis for long-range quality of service given what can be a dynamic and adverse fiscal environment. Resources must be adequate to maintain the various programs to which an agency made a commitment. Whether the agency is public or private, stability of revenues (demonstrated by a consistent history through at least the past three years) is fundamental.

The chief fire officer or chief executive officer, professional staff, and governing board share responsibility for planning, management, and stability of financial resources. The chief fire officer and administrative staff have the ultimate responsibility of budget preparation. Since the budget is the financial expression of agency programs and priorities, it should be developed through appropriate consultation with the governing board of the authority having jurisdiction (AHJ), departments, divisions, and other units.

Financial policies covering financial planning, revenue, and expenditures should be developed by the professional staff and adopted by the governing board. Financial polices shall be reviewed and revised on at least an annual basis to ensure continued relevance and address any gaps.

In approving the budget, the governing board approves the acquisition and allocation of resources consistent with agency goals, objectives, and stated priorities.

NOTE: An agency that received the Distinguished Budget Presentation and Certificate of Achievement for Excellence in Financial Reporting (Certificate) from the Government Finance Officers Association (GFOA) of the United States and Canada for their Budget and Comprehensive Annual Financial Report (CAFR) may submit those certificates and their Budget and Comprehensive Annual Financial Reports as prima facie compliance with criterion 4B and therefore does not need to address performance indicators 4B.1 through 4B.10.
**Criterion 4A: Financial Planning**

Agency planning involving broad staff participation activates financial planning and resource allocation. The agency’s plan for financing shall reflect sound strategic planning and a commitment to its stated goals and objectives. The agency must deem financial support for programs and services adequate to maintain the number and quality of personnel and other operational costs.

**Summary:**

The Chief of Department, as Lawrence-Douglas County Fire Medicals Chief, is responsible for the overall operating budget. The department’s Chief of Administration has oversight of the preparation and management of the budget. The Chief of Department, with input from the Executive Staff and Department Managers, is responsible for the initial budget development. The City Finance Department provides current policies and guidelines to Department Directors in the Budget Packet at the beginning of the annual budget process. The department solicits input into the budget proposal from all department employees. Current agency goals and objectives, the Strategic Plan, staffing, agency and City Strategic Plan initiatives and priorities, and capital project serve as the foundation for the proposed budgets. Capital items may vary depending on the needs of the department, but reflect the overall organizational objectives.
Performance Indicators:

4A.1 The governing body and regulatory agencies give the agency appropriate direction in budget and planning matters within their scope of services.

Description

The City of Lawrence has a policy in place that complies with Kansas State Statutes regarding budgetary timetables and procedures. Kansas law prescribes the policies and procedures by which the City prepares its annual budget. The City maintains budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The annual Operating and Capital budget contains an itemized estimate of the anticipated revenue and the proposed expenditures necessary to meet the City's financial needs, detailed by program and object of expenditures. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level to ensure the equal balance between total resources and total obligations.

The City of Lawrence and Douglas County jointly fund the department by City Ordinance and County Resolution. The City funds approximately 74.36% of the department annual Operating budget and 100% of fire capital; Douglas County covers the remaining 25.64% and all of the EMS capital cost.

The City’s Human Resources Department provides payroll projections to assist in the department’s budget preparation. The Fire Chief meets with the City Manager to review and finalize the agency budget prior to the publication of City’s proposed draft budget. Study sessions with City Commissioners result in the budget published for public hearing. The budget hearing typically occurs at the first Commission meeting in August, with adoption by ordinance occurring at the second Commission meeting in August.

The Douglas County Commission receives the proposed budget for EMS service delivery during a public hearing and adopts a published budget by resolution annually during the summer. The County maintains an equipment reserve fund designated for the medical
units of the department. A joint agreement establishes ambulance service fees and reimbursement rates. The two entities review for necessary changes, revisions and adjustments on an as needed basis.

**Appraisal**

The procedures in place have provided adequate guidance during the budget process and yearly financial management. The departmental budget hearings have effectively provided an opportunity for the fire chief to communicate and preserve department funding requests. The city has implemented *Innoprise* and *OpenGov*, a financial software system, which allows the fire chief and staff to review budget line items to remain compliant with budget allocations. This system allows for report queries in financial management.

The current 1996 City/County Agreement does not reflect actual administrative and operational practices. The City Manager has directed the Fire Chief and Finance Director to evaluate and draft a proposed agreement that reflects actual operating/capital expenses and revenue distribution associated with providing countywide ambulance services.

**Plan**

The city will remain compliant with state laws and recommended practices. The department will continue to follow internal processes to establish a proposed budget. The department’s Executive Staff will continue to evaluate needs and make recommendations to the Chief of Department. The Chief will make budget recommendations to the City and County based on agency needs and reflective of its strategic goals and short- and long-range planning.

The City Manager has directed the Chief of the Department and the Director of Finance to conduct a “Comparison and Contrast” review of the 1996 Agreement the recommendations regarding a new agreement that reflects what is actually occurring. From that point the City Manager has directed the Chief and Finance Director to draft new language proposing a “Contract for Service” to provide EMS operations for all of Douglas County.
References
City of Lawrence Budget 2017-18 pgs. 39-59
City Ordinance 9197 Charges for Ambulance Services
Compare and Contrast Review
1996 City- County Cooperation Agreement for Emergency Medical Services
Policies, guidelines and processes for developing the annual budget are defined and followed.

Description
The City Finance Director is responsible for the planning, preparation, and administrative oversight of city finances. The City Finance Department provides the annual budget policies, guidelines and process to Department Directors. Notification of changes to the process occurs via e-mail updates. Additionally, the City utilizes its intranet to provide needed forms to ensure consistency in the process.

In 2017, the City received the Government Finance Officers Association Distinguished Budget Presentation Award. The Finance Department meets with each department to review current laws and procedures specific to the agency fiscal procedures. The Chief of Department works closely with the City Manager to ensure the budget reflects the goals of the department and City. The City Manager is responsible for oversight of the budget process, ensuring adherence with policies and guidelines.

Internally, the department implements processes to be taken prior to departmental budget hearings. These processes include input from department members, IAFF Local 1596, the submission and review of annual program reports, command staff input, and a prioritization of department needs. The department recently added a new City Capital Improvement Plan to aid in budget planning that furthers the department’s achievement of its strategic goals.

Appraisal
The processes for developing the annual budget have been defined by state law and recommended practices. State requirements and guidelines have established a budget calendar that had identified specific benchmarks. By following this calendar, the budget process has been kept on track. The department has implemented effective internal processes to be used prior to departmental budget hearings that has included station “wish lists”, prioritization of requests form managers, program and project teams, equipment requests, and input from the command staff. All of these processes have adequately met
city and department needs. The department follows the timeline and process set forth in City Budget Policy.

Plan
The city/department will remain compliant with state laws and recommended practices. The department will continue to remain cognizant of any changes in the budgeting process and adhere to them accordingly. The fire chief and executive staff, along with other department agency members, will continue to set budget priorities. The department will continue to work closely with the City Manager and other departments, such as Finance and Budget Officer.

References
City of Lawrence Budget 2017-18 pgs. 39-59
GFOA Award 2017
Department Budget Expansion Memo
4A.3 The financial planning/budget adoption process provides transparency for all expenditures and revenues for the agency.

**Description**

The City provides open and transparent budget development process with the public as part of City Commission Meetings, annual budget and capital improvement work sessions. Citizens are encouraged to submit comment throughout the annual process. Opportunities for public comment are outlined annually in the City’s Budget Calendar.

The City’s Operating Budget and Capital Improvement Plan is provided by the City to the public through local media outlets (Cable TV Channel), the City’s webpage, printed documents available at City Hall and the Public Library.

**Appraisal**

Through regular public comment, the department believes the current process provides a level of transparency that is sufficient to provide citizens budget development and adoption information.

**Plan**

The department will continue to support the Governing Body’s transparency initiatives in the planning/budget adoptions process. The Department’s Chief of Administration and administrative staff will work with the Finance Department to provide on-line access to department budget information through “OpenGov” Transparency Reporting Platform.

**References**

[CC agenda re public Comment](#)
[City of Lawrence- Budget Webpage](#)
[YouTube Video City Commission Budget Study Session](#)
2017 Budget calendar
4A.4 The budget process involves input from appropriate persons or groups, including staff officers and other agency members.

Description
The department solicits input from personnel prior to and during the budget process. These processes are aligned with the city’s budget calendar. In developing a preliminary budget, each station develops a “wish list” that typically reflects items for station improvements or equipment for apparatus. Each program manager and project team coordinator submits an annual program reports identifying program and team needs. Based upon these two requests, the command staff and fire chief establishes allocation priorities taking into consideration estimated funding and how the department would best be served. Final budget decisions are made by the fire chief.

The budget is a multi-tiered process that results in a document enabling the department to achieve its strategic goals and operate efficiently to achieve its mission and the City Commission Strategic Initiatives and Goals. The City’s Human Resources Department provides payroll projections and the City Attorney’s Office updates statutes. The Lawrence City Commission finalizes and legally adopts the budget through a publicly transparent process.

Appraisal
The current budget process is adequate and complies with budget laws. The processes in place have been effective in soliciting input from department personnel, project team coordinators, and program managers. This input has allowed the command staff and fire chief to prioritize funding allocations. The department finalized its strategic goals in 2016 and included formal external and internal stakeholder meetings for input on the direction of the department. This significantly increased the voice of the community in the budget process. The department has many processes in place for budget recommendations, review, and oversight.
Plan
The department will continue to include internal and external stakeholders in the budget process, which reflects department, community and City Commission goals.

References
2016-2021 Strategic Plan
2017 Budget Calendar
City Commission Strategic Plan
The annual budget, short and long-range financial planning, and capital expenditures are consistent with agency priorities and support achievement of the agency’s strategic plan and goals and objectives.

**Description**

The department’s strategic planning efforts identify agency goals and objectives. These goals and objectives are listed in the Strategic Plan. To accomplish these goals and objectives, the department uses short and long-term planning processes to ensure budget allocations remain consistent with program and department needs. Short term planning involves annual program reports, equipment replacement, preventative maintenance schedules, and review of past budget line items. Long-term planning identifies infrastructure needs such as apparatus and major station maintenance. The department recently incorporated the City Multi-Year Capital Improvement Plan to supplement long range planning in the Strategic Plan and annual budget processes. The department updates its strategic plan periodically with input from department employees and direction from the City Manager. These goals and objectives help develop the budget requests for the future. The department prepares the operating budget on an annual basis.

**Appraisal**

The strategic plan has provided a financial road map of department resource needs. The annual budget and planning measures have adequately addressed these needs through budgetary requests and funding allocations. The fire chief has worked with the city manager and the finance director in both short and long term financial management and planning. Historic long range planning has been used effectively to relocate two fire stations (2001 and 2006), build a new station and administrative office complex and provided replacement of the entire fleet from 2008 - 2017. The use of the City Multi-Year Capital Improvement Plan will provide a planning tool to aid in future long term planning for improvement requests in excess of $100,000. The existing planning and budgeting processes allow for financial planning for current and future department and City goals.
Plan
The goals and objectives of the department and City strategic plans will provide a framework for the development of the annual department operating budget and development of a multi-year Capital Improvement Plan.

References
2016-2021 Lawrence-Douglas County Fire Medical Strategic Plan
City of Lawrence Strategic Plan
City of Lawrence Capital Improvement Plan by Department
4A.6 Budgeted expenditures are consistent with projected financial resources.

Description
The city Finance Director is responsible for the administrative oversight of city finances. Kansas State Statutes Annotated Chapter 79, Article 29, Section 27, mandates that municipalities will remain within the spending limits set by the budget based upon anticipated revenues. The city currently uses a purchase order system and financial software, Innoprise, to ensure department expenditures remain consistent with authorized line item amounts. The Fire Chief monitors department expenditures by approving purchase orders, reviewing overtime salary reports, and by accessing the city’s financial software. The Fire Chief reports to the proper governing authority for expenditures that exceed budget allocations. The City also maintains a number of contingency funds to avoid any problems with potential budget overruns or community emergencies (disaster recovery).

The Fire Chief provides a monthly activity report of which part provides an overview of the status of department budget allocations to all department members and City/County Executive Staff. The document is placed on the department’s public accesses web page.

Appraisal
The statutory mandates have been effective at establishing expenditure limits. The financial software has effectively allowed the finance director and fire chief to track expenditures on a timely basis through report queries. The monthly financial reports have kept the governing authority informed on the city’s financial condition. These processes have ensured that city and department expenditures remain consistent with funding allocations and projected revenues.

Plan
The city Finance Director and Fire Chief will continue to monitor department expenditures through the processes identified to remain compliant with authorized budget allocations. The City’s annual Operating and Multi-Year Capital Improvement budget will continue to comply with the Kansas State Statutes mandating balanced budgets. The
department will continue to maintain its budget policy of not exceeding expenditures over funded allocations.

References
Kansas State Statute Chapter 79, Article 29, Section 27
City of Lawrence Budget 2017-18
    City of Lawrence General Fund Policy pg. 59
Department Monthly Activity Report
City of Lawrence- Budget Webpage
Criterion 4B: Financial Practices

Financial management of the agency exhibits sound budgeting and control, proper recording, reporting, and auditing.

NOTE: An agency that has already received the Certificate of Achievement for Excellence in Financial Reporting (Certificate) from the Government Finance Officers Association (GFOA) for their Comprehensive Annual Financial Report (CAFR) may submit that certificate and their Comprehensive Annual Financial Report as prima facie compliance with this criterion. (The agency need not address performance indicators 4B.1 – 4B.10). Reciprocity for this is acknowledged by review of the GFOA’s process for reviewing CAFRs submitted to its Certificate Program.

Summary:

The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement Program. The City Manager is ultimately responsible for financial administration while delegating responsibility to the Finance Director, Assistant City Manager, department heads and staff. According to Kansas State Statutes, balanced budgets are required for all funds for which a budget is required.

The City of Lawrence conducts an annual fiscal audit and produces a Comprehensive Annual Financial Report (CAFR), which is published on the City of Lawrence’s website. Each department head and managers have access to the City’s financial management software, Innoprise, to run monthly budget reports. A contracted independent auditor reviews the annual report and evaluates internal budget controls. Financial reports are routinely distributed and reviewed. The organization has a risk management program that includes full-time safety programs for the City as a whole and parameters for the department specifically. The City also participates in programs to reduce the impact of liabilities when they do occur.

References

CAFR 2016 (http://www.lawrenceks.org/finance/accounting)

15
GFOA award 2017
Criterion 4C: Resource Allocation

 Appropriately allocated financial resources support the established organizational mission, the stated long-term plan, goals and objectives, maintain the quality of programs, and services.

Financial stability is a fundamental aspect of an agency’s integrity. The agency must ensure that programs and services provided can be supported by the necessary fiscal resources using sound budgetary practices.

**Summary:**

Kansas State Statutes require the City to produce and maintain a balanced annual budget. All programs and activities use anticipated revenue to maintain adopted levels of service. The City’s annual budget includes a debt service fund, which accounts for the accumulation of resources for and the payment of interest and principal on certain long-term debt. Projected maintenance costs are a part of the overall budgeting process. A variety of revenue sources provide funding for all functions and services of the City. Established contingency funds ensure adequate funding for unforeseen events.
Performance Indicators:

CC 4C.1 Given current and anticipated revenues, the agency can maintain adopted levels of service.

Description
Kansas Statutes and budget policy require the City to produce and maintain a balanced budget and projected reviews direct decisions regarding funding of all agency proposed services, programs and activities. Through the budgetary process the Fire Chief requests budgetary allocations to maintain current programs and service levels and expansion through a memorandum. In addition, the Fire Chief requests program and service level enhancements that are identified to support the City Commission and Department Strategic Plans.

Appraisal
The City maintains its position of having a balanced budget. During the budgetary process, current and anticipated revenues must match any planned programs and activities. This assists the department in maintaining adopted levels of service. In the City of Lawrence 2017-18 Budget book, the memo from the City Manager stresses the concern about the revenue growth but maintains that the budget it intended to maintain current service levels as part of the Governing Body’s commitment to core services.

Plan
The City and the department will continue basing budgeted programs on current and anticipated revenues to maintain adopted levels of service.

References
Kansas State Statute Chapter 79, Article 29, Section 27
City of Lawrence Administrative Policy AP-28: Budgets
Budget Expansion Memo
City of Lawrence 2017-18 Budget
4C.2 The governing body has an investment policy.

Description
The City Commission approved an updated investment policy to be effective November 15, 2016. The policy states, “the City of Lawrence will invest public funds in manner which will prove the highest investment return, with the maximum security, while meeting the daily cash flow demands of the City of Lawrence and conforming to all state, county, and local statutes governing the investment of public funds”.

The policy is available on the City of Lawrence’s public webpage. The policy states it will be reviewed and approved at least annually by the City Commission, or sooner when there are changes either to this policy, or in Kansas State Statutes that relate to the City’s investments.

Appraisal
The Investment Policy is adequate to insuring the City is being good stewards of public funds. Annual review of the policy is effective for maintaining compliance with the investment policy by the Director of Finance.

Plan
The Fire Chief will provide support and documentation through sound financial management to the support the City Investment Policy.

References
City of Lawrence Budget 2017-2018
    Investment and Cash Management Policy pg. 44
4C.3 Policies, guidelines, and processes exist for procurement practices within the agency.

**Description**

The City of Lawrence Finance Department have established policies and procedures for purchasing available on the citywide internal intranet. The policy is approved by the governing body and applies to all personnel, including the Governing Body.

The department provides additional guidelines for purchasing and accounts payable procedures through SOP 106.10 Purchasing and Accounts Payable. Department members are expected to follow both the internal department guidelines and the City of Lawrence Finance Department procedures. The purchasing manual was developed by the Finance Department in order to establish uniform procedures for the purchase of supplies, services, and professional services. The department is responsible for initiating and managing their purchases. The policy outlines the purchasing authority assigned to the Fire Chief, City Manager and the Governing Body.

**Appraisal**

There are adequate processes in place to ensure consistency of procurement of services or supplies. The system in place establishes clear and standardized processes for department members.

**Plan**

The department’s Executive Staff and Accounts Payable Clerk will monitor any changes to the City’s Purchasing Policy and update the Department’s standard operating procedures, respectively.

**References**

City Purchasing Policy
City Purchasing Procedures
SOP 106.10 Purchasing and Accounts Payable
**Description**

The City’s annual budget includes a debt service fund. This fund accounts for the accumulation of resources for and the payment of interest and principal on certain long-term debt. Other funds cover lease-purchase of equipment and other financing agreements. The 2016 CAFR outlines expenditures for debt service.

Kansas Statutes place a limit on general obligation debt equal to 30% of assessed valuation. The 2016 CAFR includes the City’s adjusted debt limitation. The City also has a debt policy that establishes guidelines for the issuance of debt. The City’s Charter does require voter referendum for specific types of debt. Annual adjustment of debt limitation occurs at the end of the fiscal year in accordance with changes in the cost-of-living index as published by the Federal government.

**Appraisal**

Payment plans for long term liabilities and debts exist and comply with state and municipal law. The city has issued general obligation bonds to support capital expenditures. The repayment of these bonds has been clearly outlined by bond requirements.

**Plan**

The city will continue to follow state statutes regarding the amount of debt that is issued. The city will continue to issue debt through general obligation bonds and other means allowed by state law. The City plans to continue existing procedures for debt service management. The Finance Department will remain alert for changes to the state or municipal law affecting the City’s debt service fund, and will make changes as necessary for compliance.

**References**

- CAFR 2016
- City of Lawrence 2017-18 Budget
  - Debt Management Policy pg. 51
  - Debt Issuance Guidelines pg. 58
4C.5 The agency projects future asset maintenance costs with related funding plans.

Description
The department identifies maintenance costs for facilities and equipment as part of the budget process. Annual inspections of department facilities documents needed repairs. The chief of administration is responsible for maintenance and replacement schedules for SCBA, PPE, and apparatus hose replacement. Vehicle and apparatus maintenance costs are charged by the City Garage. The department projects major infrastructure costs as part of the capital improvement plan. Each division of the department anticipates maintenance costs during the annual budget process. Annually, the facilities program manager conducts a facility assessment to project on-going maintenance required to meet the department’s mission.

Appraisal
The processes in place to project future maintenance costs have met department needs. Routine facility maintenance costs are determined through budget trend analysis from previous year expenditures. The maintenance and replacement costs of equipment (i.e. SCBA, PPE, uniforms and hose) are easily determined through vendor quotes. These costs are part of the department’s annual budget. Apparatus maintenance costs are charged by the City Garage’s on a parts plus hourly service rate. Inspection of department facilities has been effective in identifying repair costs separate of routine maintenance. d plans for maintenance on equipment and vehicles.

Plan
The department will continue to identify future maintenance costs through the provisions identified. The department will maintain budget allocations sufficient to perform needed repairs, maintenance, and replacement costs.

References
Detail Budget for 2017
Facility Maintenance Plan
Financial plans avoid the use of one-time funding sources to cover ongoing costs unless plans are provided to ensure a means of continuity for personnel resources and capital assets.

**Description**
The CAFR outlines the annual revenue sources for the City’s financial planning efforts. Projections for revenues from taxes, license and permit fees, fines and forfeitures, intergovernmental charges, charges for services and other revenue sources and transfers serve as the basis for budgetary funds. The City’s financial plans generally avoid the use of one time funding sources, and instead focus on a number of revenue sources. This practice ensures continuity in planning.

**Appraisal**
The department’s budget is funded from continual revenue sources that support the city’s general fund. The department has not researched how much revenue could be generated from permit fees such as burn permits, plans review, or hazardous work permits, etc.

**Plan**
The department has no plans to use one time funding sources to support ongoing programs or services. The City will continue to maintain continuity by using diverse sources of revenue.

**References**
CAFR 2016
4C.7 The governing body has adopted a general fund reserve policy and established a time frame to meet established reserve fund levels. Operating revenues or expenditures should be established as the basis of the fund policy.

**Description**

The City Commission has adopted a policy to build the General Operating Fund balance to 15% at a minimum of actual expenditures to a maximum of 30% percent of the General Fund annual expenditures. The General Fund Reserve Policy serves as a guideline for budgeting decisions and to “insure that adequate reserves are established to fund operations by providing sufficient working capital, protection against uncollected taxes, shortfalls from municipal revenue sources, and cutbacks in distributions from the state or federal government”. The policy states, “If the General Fund balance falls outside of the above parameters, budgeted revenues will be either greater or less than budgeted expenditures in subsequent years to bring the General Fund balance into compliance with this policy”.

**Appraisal**

The City appropriately maintains contingency funds in accordance with GAAP recommendations and as outlined in City policy. An established time frame is not established by the policy.

**Plan**

The City will continue to ensure there are sufficient funds for emergencies by following the adopted General Operating Fund balance policy.

**References**

- CAFR 2016
- City of Lawrence Budget 2017-18
  General Operating Fund Balance Policy pg. 59
4C.8 The agency maintains contingency funds in accordance with generally accepted accounting practices (GAAP) recommendations and anticipate budgetary restrictions and or shortfalls.

**Description**

Unless waived by the local government, Kansas Statutes require that the financial statements be presented in conformance with generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The City of Lawrence Finance Department is responsible for preparing financial statements in accordance with GAAP.

The budget for the City of Lawrence includes various funds whose administration ensures adequate balances, which makes contingency funds available. These funds are included under their respective balances for the various fund types considered in the budget. The City Commission has adopted a policy to build the General Operating Fund balance to 15% at a minimum of actual expenditures to a maximum of 30% percent of the General Fund annual expenditures.

**Appraisal**

The City appropriately maintains contingency funds in accordance with GAAP recommendations and as outlined in City policy.

**Plan**

The City will continue to follow the policy to maintain fund balances for contingencies in accordance with GAAP recommendations.

**References**

CAFR 2016

City of Lawrence Budget 2017-18

General Operating Fund Balance Policy pg. 59