



CHIEF'S FILE CABINET

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DOLLARS & SENSE

People who live in California often lament the fact that we don't have any seasons. Folks on the east coast are accustomed to summer, winter, fall and spring. In the California Fire Service, we jokingly say our four seasons are the earthquake, the flood, the fire, and the hazmat spill. Each of these marks some form of catastrophic event that seems to hallmark each passing year.

All fire departments face basically four seasons – but they don't necessarily follow the rhythm of the sun and moon. Our four seasons are budget preparation, budget adoption, a period of purchasing and last but not least a period of cost containment and concern over the bottom line.

For purposes of this discussion I would like to focus on one of those periods of time – the budget preparation. I personally will never forget my introduction to that process. I went to a staff meeting one day and was advised that I would be the officer responsible for putting the next budget together. I had no training in financial management. I had never gone to a class on budgets. Yet there on the table in front of me was a series of forms along side of last year's budget. At the time I felt that this was like learning how to swim by being thrown in the deep end of the swimming hole.

In retrospect, that department's budget was pretty insignificant by today's standards. As a matter of fact, it was actually less than \$500,000 for the department. I even recall the day that I calculated the first budgets that exceed one million dollars for that department. It was a long, long time ago and yet at the same time there are lessons that need to be considered for anyone who is now going to be asked to put together a multi-million dollar budget.

I am not talking about filling out the forms or adding up the numbers. In actuality that is all I did for the first couple of years, because to me the budget was nothing more than like a gigantic checkbook in which I expended funds against a bank account. There are many more fundamental questions and/or philosophies to the preparation of a budget than merely adding up the numbers.