

INTRODUCTION:

This manual has been prepared to document the internal accounting procedures for the Sisters-Camp Sherman Rural Fire Protection District (District). Its purpose is to ensure that financial assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship, in accordance with all applicable state statutes.

All personnel with a role in the management of Sisters-Camp Sherman Fire District fiscal operations are expected to uphold the policies in this manual. It is the intention of the District that the finance manual demonstrates our commitment to proper, accurate financial management and reporting.

DIVISION OF DUTIES:

The following is a list of personnel who have responsibilities within the accounting department:

Budget Committee:

1. Reviews and approves annual budget.

Board of Directors:

1. Reviews and approves all financial reports.
2. Reviews and adopts annual budget.
3. Adopts resolution for inter-fund loans.
4. Adopts resolution for budget reallocations.
5. Adopts resolution for budget contingency transfer.
6. Reviews accounts payable check register monthly.
7. Reviews bank statements monthly.
8. Two board members sign checks.
9. Reviews and approves all adjusting journal entries.
10. Two board members to be assigned to meet with the Finance Manager and Administrative Assistant on a quarterly basis to review further detail and ask the following monitoring questions:
 - a. Are the books balanced and reconciled?
 - b. Are all cash and investment accounts reconciled to the general ledger?
 - c. Does the adopted budget reflect expected expenditures?
 - d. Have all payroll reports been filed and have all payroll liabilities been paid timely?
 - e. Are there any cases of fraud that we need to be aware of?
 - f. Have there been any significant changes to the internal control system?

- g. Is the business office adequately staffed to allow for proper segregation of duties?
- h. Have there been any changes to the accounting system or accounting policies that are significant?
- i. Are there any other financial related matters we should be aware of?
- j. Are there any new pronouncements on the horizon that may require additional staff time or disbursement of funds to properly implement?
- k. Are all financial statements that have been provided to the Board accurate and complete to the best of your knowledge?
- l. Ask the Finance Manager and/or Administrative Assistant (without the Fire Chief or Deputy Chief present) if they have been asked to do anything that makes them uncomfortable or to present any information they feel is inaccurate.

Fire Chief:

1. Reviews and approves all financial reports.
2. Develops the annual budget with the finance manager, deputy chief, and input from the rest of the organization.
3. Reviews accounts payable check registers monthly.
4. Reviews and approves purchases.
5. Reviews special purchase circumstances for purchasing policy compliance.

Deputy Chief:

1. Reviews financial reports. Primary responsibility for report review under his/her area of responsibility.
2. Develops the annual budget, with the finance manager and input from the rest of the organization.
3. Reviews and approves regular purchases.
4. Reviews and approves all expense reports and visa purchases.

Finance Manager:

1. Supervises all accounting and financial functions of the District.
2. Prepares all financial reports.
3. Prepares general journal entries as required.
4. Reviews complete General Ledger Journal each month.
5. Develops the annual budget with input from the rest of the organization.
6. Directs audit preparation activities and process and provides support during the audit.
7. Provides oversight for purchasing guidelines.
8. Reconciles and processes all accounts payable.
9. Verifies compliance with purchasing policy.
10. Maintains W-9 files on required vendors.

11. Prints checks for Board signature.
12. Transfers required funds from the LGIP to checking account.
13. Maintains vendor files.
14. Reconciles A/P Aging Report to Trial Balance Report monthly.
15. Reports check registers, financial reports and bank statement reconciliations to Board of Directors monthly.
16. Prepares and files 1099's at calendar year end.
17. Prepares deposits and delivers to the bank.
18. Posts deposits to accounting software.
19. Prepares payroll in accounting software.
20. Reports ACH to bank for direct deposit payroll checks and prints manual payroll checks.
21. Maintains employee files and payroll records.
22. Processes payroll tax payments.
23. Processes all other benefits payments including PERS, retirement, Worker's Comp, insurance.
24. Prepares and files W-2's at end of the year.
25. Processes medical/dental co-pay reimbursement checks.

Administrative Assistant:

1. Receives checks and cash, posts to accounts receivable log or in ambulance software. Copies checks.
2. Prepares A/R invoices either manually or through ambulance software. If manually, then enters on A/R log.
3. Works closely with insurance companies to determine payments and write-offs.
4. Enters receipts into ambulance software.
5. Runs credit cards as requested for payment.

CASH RECEIPTS PROCEDURES:

The Administrative Assistant (AA) receives all incoming mail. All checks received by the AA shall be stamped "for deposit only". The checks are copied and given to the Finance Manager to deposit. The Finance Manager prepares a deposit slip and deposits the funds into the checking account. The validated deposit slip shall be attached to the deposit copies and filed.

LGIP Transfers:

The checking account shall not exceed \$200,000 at any time. All general deposit funds except property taxes shall be deposited into the checking account. It will be necessary to transfer funds from the Local Government Investment Pool (LGIP) account into the checking account. In order to transfer funds from the LGIP into the checking account, the following procedures shall be followed:

The Finance Manager shall monitor the balance in the checking account, and determine if there are adequate funds to pay the daily expenses. Typically a transfer should be made monthly concurrent with payroll, unless a large purchase or fund draw down is expected.

CASH DISBURSEMENTS PROCEDURES:

1. Incoming invoices will be mailed to the Administrative Office at its PO Box. All invoices will be opened and date stamped the day they are received by the AA. The invoices will then be forwarded to the Chief or Deputy Chief for approval.
2. The Chief or Deputy Chief will check the validity of the invoice against purchase orders received and attach supporting documents as available.
3. The vendor invoice shall include the account code to which the expense will be applied.
4. The Finance Manager shall enter all invoices into the accounts payable software and prepare disbursements in a timely manner for signature by the Board of Directors for expenses, debts and liabilities of the District.
5. All disbursements are to be made by check through the accounts payable software unless the item is considered a petty cash item.
6. The checks shall be attached to the invoice and other supporting documentation for Board signatures.
7. Two members of the Board are to sign all checks.
8. After checks have been signed, the check voucher is attached to the invoice and supporting documentation and filed by vendor.
9. Checks will be mailed as soon as this process is completed.
10. The Finance Manager will utilize the paid invoice files to respond to any discrepancies which arise with vendors or other payees.
11. Once monthly, the Finance Manager will check vendor statements to determine if there are any outstanding invoices which have not yet been paid and investigate as necessary.

RECONCILIATIONS:

Bank Reconciliations:

1. Bank statements are to be downloaded by the Finance Manager through the appropriate banking institution web sites.

2. Finance Manager reconciles all bank statements with accounting software using the following procedures:
 - a. Compare dates and amounts of daily deposits as shown on the bank statements.
 - b. Compare inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
 - c. Investigate items rejected by the bank, i.e., returned checks or deposits.
 - d. Compare wire transfers dates received with dates sent.
 - e. Compare cancelled checks with the disbursement journal as to check number, payee and amount.
 - f. Account for the sequence of checks both from month to month and within a month.
 - g. Examine canceled checks for authorized signatures, irregular endorsements, and alterations.
 - h. Review of voided checks and proper mutilation.
 - i. Investigate and write off checks which have been outstanding for more than three months.
3. Copies of bank reconciliations and bank statements are included in the Board packet monthly.

Reconciliations of Other General Ledger Accounts:

1. Assets – These accounts include cash, petty cash, prepaid expenses, and receivables.
 - a. Cash – The balances in cash accounts shall agree with the balances shown on the bank reconciliations for each month.
 - b. Petty Cash – The balance in this account shall equal the petty cash in the locked petty cash box.
 - c. Prepaid Expenses – The amounts in these accounts shall equal advance payments paid to vendors at the end of the accounting period.
 - d. Accounts Receivable - Monthly the Finance Manager shall review the accounts receivable to support the ending balance shown on the balance sheet.
2. Liabilities – These accounts are described as accounts payable, payroll tax liabilities, loans, and amounts due to others.

- a. Accounts Payable – The balance in this account shall equal amounts owed to vendors at the end of the accounting period and the aging report.
- b. Payroll Tax Liabilities – The amounts in these accounts shall equal amounts withheld from employee paychecks as well as the employer's portion of the expense for the period that has not been remitted to the government authorities.
- c. Due to Others – These amounts, if any, should be investigated monthly and reconciled to actual.

PETTY CASH:

1. The petty cash fund should never exceed \$400.
2. Office administrators are the custodian of the petty cash funds.
3. A single disbursement from petty cash should not exceed \$50.00.
4. When a request for petty cash is made, the item will be listed on the Petty Cash Reconciliation Sheet. A description of the item shall be recorded together with the amount. A detailed vendor receipt must be included.
5. Receipt of cash funds shall be recorded with description and who paid.
6. Monthly the Finance Manager shall count all petty cash and reconcile with Petty Cash Reconciliation Sheet.
7. Monthly all entries shall be entered into accounting software in accordance with income or expense as reported.
8. The petty cash box is to be locked unless disbursing, replenishing or counting funds. The locked petty cash box is to be kept in the locked file cabinets.
9. It is a policy of the District not to cash checks of any kind through the petty cash fund.

PURCHASING POLICES AND PROCEDURES:

Purchase Orders:

1. Most purchases will be made with the use of a purchase order for orders over \$100.
2. Requisitions will be entered into the accounting software.

3. Supervisor will authorize requisition in the accounting software. Captains are allowed to authorize requisitions for amounts \$250 and below. All amounts over \$250 must be authorized by the Deputy Chief or Fire Chief.
4. Person ordering will then create purchase order from approved requisition in accounting software.
5. Print out purchase order and file by vendor in Finance Manager's office.
6. Attach purchase order to invoice and packing list when received.

Documentation:

1. Every purchase, regardless of payment method used, must be documented with invoices, travel authorizations, receipts, etc. before the expense will be considered authorized and will be approved for payment.
2. All invoices will be approved for payment by either the Deputy Chief or Fire Chief. Invoices should be directed to an account number in order to accurately reflect where the expense should be posted.
3. For items greater than \$1,000 but not exceeding \$5,000, three oral quotes should be received. Items greater than \$5,000 require three written quotes to be attached to the purchase order. Items over \$5,000 fall under the *Fixed Asset Management Policy*.

Credit Card Purchases:

1. In every case of credit card usage, the individual charging to a District account will be held personally responsible in the event that the charge is deemed personal or unauthorized.
2. Authorized uses of the credit card include:
 - a. Transportation (at coach class or lower rates) for properly authorized business trips. All travel requests will be approved by the Fire Chief or Deputy Chief.
 - b. Lodging and meal charges that do not exceed the authorized reimbursement rate for persons traveling on official District business.

- c. Car rental charges (for mid-size or smaller vehicles) for properly authorized business trips.
 - d. Properly authorized expenditures for which a credit card is the only allowed method of payment (such as internet purchases).
 - e. Budgeted items best tracked and purchased with a credit card. A purchase order will be required for all items over \$100 in accordance with policy as above.
3. Receipts shall be compiled and submitted on a monthly basis when credit card statement is received. Account codes must be provided to help reconcile the costs of travel with the proper District program to be charged.
 4. Unauthorized use of the credit card include:
 - a. Personal or non-district expenditures of any kind.
 - b. Expenditures which have not been properly authorized.
 - c. Meals, entertainment, gifts or other expenditures which are prohibited by:
 - i. District budget and/or policies
 - ii. Federal, state, or local laws or regulations
 - iii. Grant conditions or policies of the entities from which District received funds

Consultants:

Contracts with consultants will include rate and schedule of pay, deliverables, time frame, and other information such as work plan, etc. These contracts shall be signed by either the Fire Chief or Deputy Chief. Consulting contracts over \$50,000 require two Board signatures.

Contracts:

Contracts for purchasing products or services, similar to a purchase order, shall be created and maintained for the file whenever appropriate. All contracts shall be reviewed by the Fire Chief prior to approval or submission to the Board of Directors for approval.

FIXED ASSET MANAGEMENT POLICY:

A permanent property log or database is to be maintained by the Finance Manager for all fixed assets valued at over \$5,000 with an estimated useful life of five (5) years or more. This log shall contain the following information:

- Date of purchase
- Description of item purchased
- Received by donation or purchased
- Cost or fair market value on the date of receipt
- Donor or funding source, if applicable
- Funding source restrictions on use or disposition
- Identification/serial number (if appropriate)
- Depreciation period
- Vendor name and address
- Inventory tag number (all fixed assets shall be tagged with a unique identifying number)

At least annually a physical inspection and inventory shall be taken of all District fixed assets and reconciled to the general ledger balances. Adjustments for dispositions shall be made.

The Finance Manager shall be informed, in writing or email, of any material changes in the status of property and equipment. This shall include changes in location, sale of, scrapping of and/or obsolescence of items and any purchase or sale of real estate.

Normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital items which have a cost greater than \$5,000 and a life of five (5) years or more will be capitalized and depreciated.

PAYROLL

Personnel:

The Finance Manager is charged with the responsibility of maintaining personnel files on all staff and volunteers.

Personnel files in the Finance Manager's office shall contain the following information, at a minimum:

- Employment application, resume, hiring documentation
- A record of background investigation
- Date of employment

- DMV information
- I-9 Immigration form
- Performance evaluations
- All payroll related files including position, pay rates, deductions, status changes, and W-4's
- Deferred compensation files
- PERS files
- Temporary labor payroll files
- Termination data, when applicable

Separate files are kept which contain medical and worker's compensation injury information.

All current personnel records are to be kept the Finance Manager's locked office.

Payroll Preparation and Timekeeping:

1. Pay dates are on the 25th of each month for service from the 18th through the 17th day of each month. If the 25th falls on a weekend or holiday, the previous working day shall be the pay date.
2. Monthly time sheets are to be signed by the employee and supervisor and submitted to the Finance Manager by the designated payroll cutoff date.
3. Finance Manager prepares payroll and direct deposit checks through the accounting software program.
4. Finance Manager reviews payroll reports for accuracy including PTO, changes in pay rates or employment status, hours worked, etc.

FINANCIAL REPORTING:

Monthly Reports:

The Finance Manager shall prepare a set of monthly financial reports for distribution to the Board of Directors, Fire Chief and Deputy Chief. The reports shall include:

- Balance Sheet
- Budget-to-Actual summary report for revenue and expenditures
- Check Register from A/P
- Bank Statements (first page)
- Bank Reconciliation Reports

Reports on Demand:

The Finance Manager shall provide reports as requested by other staff/volunteers in order to help them manage their budget line items.

Year-End Report/Audit:

Pursuant to Oregon statutes, the District undergoes a comprehensive independent financial audit. At fiscal year-end, a year-end Audit report shall be prepared summarizing the total income and expense activity for the year. This report will be initially reviewed by the Fire Chief, Deputy Chief, and Finance Manager, and then by the Board of Directors.

Bids for an independent auditor to conduct this audit will be accepted between January and March every three (3) to five (5) years. The auditing process will begin during the fall and finish up with a presentation to the Board of Directors no later than November.

GRANT COMPLIANCE:

1. When a new grant is received or renewed, a copy of the executed grant must be forwarded to the Fire Chief and Finance Manager.
2. The Finance Manager shall set up a permanent file for the grant and maintain the contract along with any other fiscal correspondence regarding the grant.
3. It is the responsibility of the Finance Manager to review the grant contract and extract any fiscal items which must be complied with by the District. Typically, for government grants, reference will be made to various publications put out by the Office of Management and Budget (OMB) and FEMA to which District is responsible for adhering.

Governmental Generally Accepted Accounting Principles:

1. It is a policy of the District to adhere to any restrictions imposed by its funders, both governmental and private. Therefore, District employees are expected to bring to the attention of management, any instances of non-compliance.
2. The District will never request federal funds to pay for the following costs:
 - a. Bad debt expense
 - b. Contributions or donation to others

- c. Entertainment expenses
 - d. Fines and penalties
 - e. Interest, fundraising and other financial costs
3. Federal funds received in advance will be deposited into a separate federally insured bank account. Any interest earned from those monies will be submitted to the funding agency. [It is the District's current policy to receive federal funds only on a reimbursement basis.]

FISCAL POLICY STATEMENTS:

1. All cash accounts owned by the District will be held in financial institutions which are federal insured and have received a favorable CRA (Community Reinvestment Act) rating.
2. All capital expenditures which exceed \$5,000 will be capitalized on the books and records of the District.
3. Employee paychecks and/or personal checks will not be cashed through the District's petty cash fund.
4. No salary advances will be made under any circumstances.
5. It is the policy of the District to reimburse out of pocket expenses only when supporting documentation has been presented for approved costs incurred.
6. It is the policy of the District to establish pay rates which equal or surpass the federal minimum wage.
7. All Board Members are signators of all District bank accounts. Two signatures are required for all disbursements.
8. Bank statements will be reconciled monthly in order to account for any outstanding or lost checks.
9. Separate files will be maintained for each bank account and each vendor. Files will be kept separately for each fiscal year.
10. The services of a Certified Public Accountant will be engaged to prepare a formal financial audit of the District fiscal year-end.

ENDING FUND BALANCE:

Introduction:

Sisters-Camp Sherman Fire District follows a fiscal year that begins on July 1 of each year and ends on June 30 of the following year. The primary source of revenue for the District is property taxes, which are assessed effective July 1, but are usually not received until around the middle of November. The District therefore must either operate on cash that is carried over from the previous year or borrow money to meet operating needs.

Sisters-Camp Sherman Fire District carries an ending fund balance (contingency) receipt of property tax revenues in mid-November. The working capital is referred to as “Ending Working Capital” from the previous budget year which becomes “Beginning Working Capital” in the following year.

Because the ending fund balance becomes a resource at the beginning of the succeeding year, it is important to ensure that the district maintains the working capital in its ending fund balance to meet cash-flow requirements in the months preceding the receipt of tax dollars.

Authority:

The Board of Directors designates the Fire Chief as the custodial officer of all District financial accounts. The custodial officer has the responsibility to ensure that the District can meet day-to-day demands and also to ensure that the district can access the resources necessary to meet cash flow requirements during the months prior to receiving property taxes. Among those responsibilities are

- Recommending Board action on cash-flow requirements,
- Taking the steps necessary to ensure that the District has the operating resources necessary to meet its cash-flow needs, and
- Developing contingency plans for those years when the district falls short of its cash flow needs.

In the absence of, or at the request of the Fire Chief, the Deputy Chief will have the authority and responsibility to manage the District’s financial accounts.

Policy:

It shall be the goal of the Board of Directors to maintain sufficient resources in its ending fund balance to meet cash flow needs in the succeeding year. For the purposes of this policy, ending fund balance shall mean the sum of the amount budgeted as “contingency” plus the amount budgeted as “transfer to reserve accounts”. The baseline amount for determining “sufficient resources” shall be calculated as follows:

1. Five-twelfths (5/12) of the amount budgeted in the personnel services line item; plus

2. One-fourth (1/4) of the amount budgeted in the Materials and Services line item; plus
3. One-fourth (1/4) of the amount budgeted in the Capital Outlay line item.

The Board's objective shall be to maintain sufficient funds in ending fund balance and to avoid using debt financing to obtain operating capital. The Board of Directors recognizes that the local and regional economic environment, changes to the tax structure, and changes in consumer demand for service will at times make it impossible to allocate sufficient funds to meet the baseline amount described above. While tax anticipation borrowing may be acceptable on a short-term basis, it does not meet the Board's policies over the long term.

Goals:

The goals of the ending fund balance (contingency) policy are established below:

1. To meet cash flow needs by providing working capital during succeeding years' budgets.
2. To reduce costs by limiting tax anticipation borrowing and by accruing interest revenue on the carryover funds.
3. To have a certain "emergency" buffer amount established for unexpected expenses or decreased revenues.

RESTRICTED RESERVE FUNDS:

Introduction:

Sisters-Camp Sherman Fire District has set aside four (4) Reserve Funds for unanticipated costs and one (1) Reserve Fund for Debt Service. Maintaining a "restricted reserve" line item in the annual budget is an appropriate way to provide the District with financial liquidity in the event of unanticipated expenses.

The Employment Reserve Fund is for unanticipated labor expenses, separation of service, vacation and retirement payouts.

The Building Reserve Fund is for unanticipated large repairs and maintenance costs related to the buildings.

The Equipment Reserve Fund is used to fund large vehicle replacements i.e. ambulance, fire trucks, staff vehicles, EMS equipment. The District tries to predict the future needs to replace this outdated equipment and set aside funds each year to make sure there are enough funds to do so.

The Technology Reserve Fund is for unanticipated technology purchases due to equipment failure, required upgrades, etc.

The Debt Service Fund is used solely for the acceptance of Bond tax revenue and

interest and repayment of the Bond.

Authority:

The board of directors shall vote as a Board Resolution to expend monies from these funds and transfer monies to these funds upon recommendation from the Fire Chief as the custodial officer.

Goals:

The goal of the restricted funds is to provide liquidity of capital in the event of an unanticipated expense.

REVENUE POLICIES:

Introduction:

Sisters-Camp Sherman Fire District raises revenues to fund operations through taxes and other sources. This policy outlines objectives.

Appropriate Fund Balance

The Finance Manager shall prepare an analysis of each operating fund every year, which recommends the appropriate fund balance for the fund. The Finance Manager shall take into account cash flow requirements, future capital needs, and significant revenue and expenditure trends. The Budget Committee and District Board shall amend and approve the recommended appropriate fund balance through adoption of the annual budget.

Generally, the fund balance levels are dictated by:

- a) Cash flow requirements to support expenditures;
- b) Susceptibility to emergency or unanticipated expenditures;
- c) Credit worthiness and capacity to support debt service requirements;
- d) Legal or regulatory requirements affecting revenues, expenditures, and fund balances;
- e) Reliability of outside revenues.

Sources of Revenue

The District will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any one revenue source and ensures its ability to provide ongoing service.

Restricted Revenue

Restricted revenue shall only be used for the purpose legally permissible and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated as such.

Intergovernmental Revenues

Intergovernmental revenues shall be used to finance only those capital improvements that are consistent with the capital improvement plan and local government priorities, and whose operation and maintenance costs have been included in operating budget forecasts. Intergovernmental revenue restricted for specific operating purposes will be expended consistent with those restrictions.

Reliance on Property Taxes

In preparing the proposed budget, the Finance Manager shall make recommendations to the Fire Chief regarding options to reduce the District's reliance on property tax revenue.

Tax and Revenue Anticipation Notes

As a matter of policy, the District will at all times attempt to maintain an ending fund balance at the end of each fiscal year that is at least sufficient to meet the organization's financial needs until November 15 of the following fiscal year.

However, where their use is judged by the Finance Officer to be prudent and advantageous to the District, the District may choose to issue Tax and Revenue Anticipation Notes as a source of internal working capital and cash flow needs.

Before issuing such notes, cash flow projections will be prepared and reviewed by the Fire Chief and the Finance Officer. Tax and revenue anticipation notes may be sold in either a competitive or negotiated sale, subject to authorization and approval by the District Board of Directors.

Revenue Collection

The District shall manage its revenue collections by actively pursuing collection of all funds owed to the District.

Grants

The District may pursue grant opportunities; however, before accepting grants, the District will consider the current and future implications of both accepting and rejecting the monies.

In reviewing grants, the Fire Chief and Finance Manager shall evaluate each grant offer and make their recommendation after considering:

1. The amount of matching funds required;
2. In kind services that are to be provided;
3. Length of grant and consequential disposition of service (i.e., is the District obligated to continue the service after the grant has ended); and,
4. The related expenditures including administration, record keeping, and auditing expenditures.

Transfers

To the extent feasible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific programs or services.

Amounts not needed to support such specific programs or service expenditures shall be transferred back to the General Fund, unless the Board directs the transfer to be used for other purposes.

Transfers for specific programs or projects, or to support special operations, should occur on the basis of cash flow needs of the program or service being supported. A reconciliation of actual transfers against budgeted transfers will be included in the year-end audit process.

Inter-fund Loans

For short-term cash deficits, in non-General Fund funds during the course of the year, short-term loans are preferred to advances, except in cases where the receiving fund is legally precluded from paying interest on loans, or where loan transactions would be too numerous and costly to be effective.

Subject to Board approval, the District may engage in borrowing between funds to meet operating capital, cash flow, or other requirements. When inter-fund borrowing occurs, as a matter of policy the Finance Officer will ensure that the appropriate funds are repaid during the same budget year in which they are borrowed. That repayment will include interest in the amount that would have been earned had the inter-fund borrowing not occurred. When appropriate or prudent the Board of Directors may authorize inter-fund borrowing for longer terms.

Property Tax Allocations

The property tax base was approved by the voters to support the general services of the District. The Statutory authority to levy property taxes by individual levy was removed through the passage of a constitutional amendment, known as Measure 50. Measure 50 has resulted in a single property tax rate. Local option levies for one to ten years in length can be approved by voters to fund operations.

Each year during the budget process, the District Board declares by resolution where to allocate general property taxes. Every effort shall be made to hold the property tax allocation rates stable for a minimum of two years to improve long-term financial planning and fiscal stability.

DEBT FINANCING:

Introduction:

This policy establishes provisions for financing to meet the Capital Projects Plan and other capital improvements. The Sisters-Camp Sherman Fire District has been an infrequent user of long-term debt instruments. The District has a fundamental philosophy of funding its programs, including capital outlay programs, through the use of General Fund dollars whenever possible. Nevertheless, the District recognizes that at times long- or short-term funding may be necessary to maximize the value that the District provides to its stakeholders.

Comprehensive Planning and Financing System

The District shall develop a capital planning and financing system for use in preparing a multi-year Capital Projects Plan for (1) real estate purchases and improvements and (2) purchasing and improving apparatus and other equipment. The Capital Projects Plan shall be reviewed at least annually by the Board of Directors and will be used in preparing the District's annual budget. Responsibility for adopting the Capital Projects Plan resides with the Board of Directors.

The Capital Projects Plan shall at least include an overview of planned projects, a description of the sources of funds, the timing of capital projects, the effect of the projects on future debt sales, the annual debt outstanding, and debt service requirements. The plan shall also analyze the conformance of planned debt financings with policy targets regarding the (1) magnitude and composition of the District's indebtedness and (2) the economic and fiscal resources of the District to bear such indebtedness over the life of the debt.

1. Debt Calendar and Financing Priorities. The Finance Director shall be responsible to oversee and coordinate the timing, process of issuance, and marketing of the District's borrowing and capital funding activities required in support of the Capital Improvement Plan. In this capacity, the Finance Director shall make recommendations to the District Board regarding necessary and desirable actions

and shall keep it informed through regular and special reports as to the progress and results of current-year activities under the Plan.

2. **Funding of Capital Outlays.** As part of its capital financing philosophy, the District shall not finance through debt more than 90 percent of the total costs of each capital project unless authorized by the Board of Directors. The remaining 10 percent of the total capital cost may be contributed from the District's current revenues, restricted funds, or outside funding sources such as state or federal grants.
3. **Maintenance, Replacement, and Renewal.** Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good repair and to maximize the capital stock's useful life, the District should set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal.
4. **Debt Authorization.** No District debt issued for the purpose of funding capital projects shall be authorized by the District Board of Directors unless it has been included in the Capital Improvement Plan or until the Board has modified the Plan. Such modification shall occur only after the Board has received a report of the impact of the contemplated borrowing on the existing Capital Improvement Plan and recommendations as to the financing arrangements from the Finance Director.

Long-term Debt

Sisters-Camp Sherman Fire District shall only use long term debt for capital projects that cannot be financed out of current revenues within the Revenue Policy guidelines for rate increases.

Debt financing shall generally be limited to one-time capital improvement projects and only under the following circumstances:

1. When the project's useful life is greater than or equal to the term of the financing;
2. When the project's revenue or specific resources will be sufficient to service the debt; and,
3. When the project will benefit the citizens of Sisters-Camp Sherman Fire District.

Debt financing shall not be considered appropriate for:

1. Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation note); and
2. Any recurring purpose (except as indicated above).

Short-term Debt

Short-term debt outstanding at the end of the budget year will not exceed 5% of net operating revenues (including tax anticipation notes but excluding bond anticipation notes.) Tax and revenue anticipation debt will be retired within the fiscal year issued, and bond anticipation notes will be retired no later than six months after completion of the project.

General Obligation Debt

Outstanding general obligations indebtedness of the District, other than enterprise revenue backed bonds, shall not exceed 3% of the true cash value of the taxable property within the District. The issuance of general obligation bonds requires an affirmative vote of a majority of electors voting any special or general election.

Leasing

Lease purchase financing shall be considered only when the life of the item is equal to or greater than the length of the lease, and a lease purchase is the most economical method of purchasing available. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should be either purchased with cash or placed on an operating lease.

Rating Agency Relationship

The District shall maintain good communication with bond rating agencies about its financial condition. The District will provide full disclosure on every financial report and bond prospectus. The District will comply with all aspects of the Securities and Exchange Commission rule 15c2-12 pertaining to secondary market disclosure.

Debt Management Plan

A Comprehensive Debt Management Plan shall be developed and updated prior to the issuance of any additional debt. The District Board shall review the Comprehensive Debt Plan prior to the issuance of new debt and any recommendations made therein.

The Comprehensive Debt Management Plan shall encompass all debt of the District including, but not limited to:

1. Detail of the sources of funding for all debt,

2. Current and future debt capacity analysis,
3. Issues to be addressed for sound debt management,
4. A contingency debt plan should any of the funding sources become unavailable in the foreseeable future, and
5. Reporting as to the District's compliance with its debt policies.