



Southern Marin Fire Protection District

308 Reed Boulevard
Mill Valley, California 94941

Phone: 415 388-8182 Fax: 415 388-8181

FINANCE COMMITTEE MEETING

Wednesday, July 18, 2018

07:30am

Headquarters - Station 9

AGENDA

Call to Order

Open Time for Public Expression (limited to 3 minutes per person)

The Board welcomes public comments on all agenda items.

Agenda Adjustments

Approval of Minutes:

- Approval of June 20, 2018 minutes

1. Finance Report
2. Financial Sustainability
3. Discussion of Draft Policies

- Go over 19 “Budgeting and Financial Management” Policies (attached)

Closed Session

1. CONFERENCE WITH LABOR NEGOTIATORS

Government Code Section 54957.6

Agency Designated Representative: Finance Committee

Employee Organization: Southern Marin Professional Firefighters Association, IAFF Local 1775

Adjourn

**Finance Committee Meeting
Wednesday, June 20, 2018
Station 9 – 07:30 am
MINUTES**

Call to Order: 07:30 am

In attendance: Directors Perazzo and Hilliard, Fire Chief Tubbs, Deputy Fire Chief Peterson, Finance Manager Schiffmann, Administrative Assistant Stacey Hoggan Absent: Director St. John

Open Time for Public Expression: None – no public present.

Agenda Adjustments: none

Approval of Minutes:

Motion to approve May 18, 2018 minutes:

M/s Perazzo/Hilliard Ayes – 2 / Noe - 0

Motion to approve June 6, 2018 Special Finance Committee minutes:

M/s Perazzo/Hilliard Ayes – 2 / Noes – 0

Finance Report:

Finance Manager Schiffman advised the Committee that the District is 90% of 96%. The District has added a Type 1 engine into this year's budget and it has been paid for. The trust is now combined as a pension trust. FM Schiffmann will be looking into the comparison with CalPers. The District is projected to come in under budget. This year there was a lot of workers comp reimbursement and that also caused more overtime than usual.

FM Schiffmann spoke about doing a comparison between PARS vs OPEB. She is going to have an analysis ready for the Committee next month. The net OPEB liability as of 2015 was \$9,000,000.

Preliminary Budget

Director Hilliard asked if there were any changes in the preliminary budget since the last Finance Committee meeting. Chief Tubbs advised no changes. Director Hilliard then asked about the Station 4 remodel and asked if there was enough money in the budget in case costs exceeded the \$140,000. The District will be doing this project in steps as to maintain the budgeted amount. Personnel will be helping with certain projects as to keep the costs down. Paint and trim of the building will likely be done by the crews. Director Hilliard advised the Finance Committee will be recommending to the Board to approve the 2018/2019 budget.

Financial Sustainability

Chief Tubbs advised that the District has been giving the Board and the Community information about the revenue and budget lines crossing. The District had NHA to do an analysis on the financial structure. They confirmed that there is, in fact, a structural flaw with the District's finances.

The District did a phone survey a few months ago to determine within the communities if they favored a revenue increase vs a service decrease. Chief Tubbs and Deputy Chief Peterson have been speaking to various community groups. The groups had positive feedback. None of the groups had interest in reducing services. The community also expressed interest in an increase of resources to wildland fire threat.

Closed Session – Committee entered into closed session at 8:11am

Back in Session – Committee entered back in session at 8:45am with no action taken.

Motion to Adjourn 08:43

M/s Perazzo/Hilliard Ayes – 2 / Noes – 0

USER FEES AND CHARGES

1218.1 POLICY

The Southern Marin Fire District is empowered to recapture, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and the District is fully recovering those costs. It is the District's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the Board of Directors, or when it is not cost effective to do so.

1218.2 PURPOSE

To determine the full costs of providing specific services so that the Board of Directors can make informed decisions as to the appropriate levels of fees for services that may be imposed to avoid providing unwanted subsidies. The Board of Directors may decide against full cost recovery in cases where greater public benefit is demonstrated.

1218.3 DEFINITIONS AND DETAILS

- (a) Every service supported by user fees or charges will be analyzed on a regular basis to determine the net cost of providing the service.
- (b) Net cost will be determined by identifying all revenues generated or attributed to the service and subtracting all cost elements (direct and indirect expenses, capital outlays and other one-time expenses). The resulting figure will be level of subsidy, which Board of Directors will use as a basis for determining user fee increases or decreases.
- (c) If it determined that there is a net cost to providing the service, the Board of Directors will raise user fees to achieve full cost recovery, unless it is decided that the subsidy should be maintained.
- (d) Additional information may be necessary to aid in the decision as to whether or not a service should be subsidized (public benefit, cost effectiveness, ect.)

STRUCTURAL BALANCED BUDGET

1208.1 POLICY

The annual budget for all the Southern Marin Fire District funds will be structurally balanced throughout the budget process. Recurring revenues will equal or exceed recurring expenditures in both the Preliminary and Adopted Budgets. If a structural imbalance occurs, a plan will be developed and implemented to bring the budget back into structural balance.

1208.2 PURPOSE

To avoid using one-time resources to balance the annual budgets.

1208.3 DEFINITIONS AND DETAILS

- (a) This policy applies to all Southern Marin Fire District Budgets.
- (b) A structural imbalance occurs when recurring expenditures exceed recurring revenues.
- (c) Under this policy, the structural imbalance will be calculated at the time the Preliminary and Adopted Budgets are submitted.
- (d) If it is necessary to use one-time resources to balance the budget, a plan for achieving a structural balance will be developed simultaneously that identifies revenue enhancements or expenditure decreases to bring the budget back into balance.
- (e) A plan to bring the Budget into balance will be developed no later than 30 days after the imbalance is identified.
- (f) Under no circumstances will a budget be recommended for adoption that is out of balance (requirements exceed resources)
- (g) The identification of recurring and non-recurring revenues is a two-step process. The first step involves dividing general fund revenue into recurring and non-recurring categories. The second step involves examining the recurring revenue category to identify unusual revenue increases or decreases that are, in fact, unlikely to recur.
 1. Step one involves the categorization of revenues. Recurring revenues are funds that the Southern Marin Fire District can reasonably expect to continue over the next 10 to 15 years without a sunset provision or outside intervention. Recurring revenues include but may not be limited to property taxes, other taxes, fines and fees, interest on investments, interfund transfers, and other reimbursements and charges for services.

Non-recurring revenues are monies that will end at a certain date or that the Southern Marin Fire District cannot reasonably expect to receive over the next 10 to 15 years. Non-recurring revenues include but may not be limited to surpluses, grant funds, financing proceeds, sale of property and equipment and other reimbursements.

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2. The second step in the process involves identification of unusual revenue increases, commonly referred to as revenue spikes. Recurring revenues will show mild fluctuations depending on the economy and other factors. Typical revenue may fluctuate within a range such as one to five percent. This type of fluctuation is distinguished from a revenue spike that shows unusually large increases for one or two years (over five percent). The dotcom boom and the energy crisis created such revenue spikes. The increased revenues (above normal fluctuation) will be considered one-time revenues.
- (h) The identification of recurring and non-recurring expenditures is also a two-step process. As a first step, expenditures are divided into the recurring and non-recurring categories. The second step involves identifying non-recurring expenditures that occur in recurring expenditure categories.
1. Step one involves the categorization of expenditures. A recurring expenditure is an ongoing cost that becomes part of the base budget. It is usually associated with a service or product that, if eliminated, may inhibit the Southern Marin Fire District's ability to continue providing the service. Examples of recurring expenditures are salaries, benefits, maintenance, normal capital outlays and other mandated costs.

Non-recurring expenditures are costs that are incurred for one-time activities, or services that are scheduled to "sunset". Typical non-recurring expenditures include grant programs, one-time capital expenditures and large equipment purchases in accordance with the Southern Marin Fire District's capital asset management policy.

2. A second step in computing non-recurring expenditures is to identify all one-time expenditures that are budgeted in what are normally considered recurring expenditure categories. For example, a major consulting contract to update the general plan may be carried in the Materials, Supplies and Services category. Other examples include housing studies, capital outlays in excess of normal requirements and professional contracts.

<p>RECEIPT OF FUNDS AND DEPOSITS</p> </p>

1217.1 PURPOSE

To establish policy on receipt of funds.

1217.2 POLICY

All cash, checks, and credit card payments shall be forwarded to the Finance Manager with an explanation.

Cash received for any purpose will be entered immediately by the person who received the cash.

The Finance Manager will prepare deposits.

PURCHASING GUIDELINES

1216.1 PURPOSE

The purpose of this policy is to establish guidelines for Southern Marin Fire District staff for the purchasing of supplies, equipment, and services. This policy will define expenditure limits and the processes to be followed within those limits, in order to ensure the ease of purchasing, and efficient and accurate recordkeeping.

1216.2 POLICY

Each budget line has a designated purchasing agent who is responsible for ensuring that their line remains within its budget for the fiscal year. Purchasing agents can make purchases for their designated budget line only. Purchasing agents do not need approval for purchases, unless they are purchasing an item over \$1,000 that was not budgeted for, or if they are approaching their budget line's limit.

The officers, employees, or agents of the District shall neither solicit nor accept gratuities, favors, or anything of monetary value from a vendor / contractor / consultant, or potential vendor / contractor / consultant.

If any purchases or contracts for supplies, materials, equipment, or service providers are made contrary to the provisions of this policy, the purchase order or contract may be declared void.

The Southern Marin Fire District shall conform to the requirements for public works projects found in California Senate Bill 854.

1216.3 EXPENDITURE GUIDELINES AND LIMITS - NORMAL

If an employee wants to make a purchase, and they are not the designated purchasing agent for that budget line, the employee must first obtain approval from the budget line's corresponding purchasing agent and follow the guidelines below.

- (a) Expenditures less than \$50 can be made with verbal approval from the appropriate purchasing agent. Receipts or invoices are to be turned in to the purchasing agent with a short explanation of the purpose of the purchase. The purchasing agent will indicate the budget line, and then pass the receipt on to accounting, either at Station 1 or via Station 9.
- (b) Expenditures over \$50 must be approved by the designated purchasing agent prior to purchase. A requisition form or a purchase order (templates available on intranet: administration) is to be completed. If the exact cost is not known, enter an estimate of costs. The receipts and approved form are then submitted to accounting.
- (c) Purchases can be made on an emergency basis if necessary. In this case, a verbal approval by the fire chief or on-duty battalion chief can be made initially, followed by the completion of necessary documentation as mentioned above.
- (d) If a purchase is made prior to completing a requisition, attach all receipts, invoices, or packing slips with the requisition, and submit to purchasing agent.

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- (e) Expenditures over \$5,000 but less than \$45,000 require a formal purchase order prior to purchase. PO must be approved by the purchasing agent and the Chief.
- (f) Expenditures over \$45,000 but less than \$174,999 require an informal bidding process, and approval by the Board.
- (g) Expenditures over \$175,000 require a formal bidding process and approval by the Board.

1216.4 EXPENDITURE GUIDELINES AND LIMITS - EMERGENCY

The scope of this section of the policy shall be limited only to the emergency procurement of goods, equipment, and Professional Services exceeding \$10,000, and that are necessary to meet the emergency. All emergency contracts for public works or improvements in excess of \$10,000 shall apply.

An emergency shall only apply to an unexpected and pressing situation that requires swift and immediate procurement action apart from regular procurement procedures and is essential to public life, health, welfare, or safety of the District.

These procedures shall not be allowed for satisfying personal preferences or conveniences, or for any reason that seems to circumvent regular procurement methods. Division heads must anticipate their needs for goods, equipment, and Professional Services so as to avoid requesting emergency procurements that are as a result of inadequate forecasting or overlooked requirements.

In case of emergency, it is not advantageous or practicable for the District to use competitive proposals and award methods. Therefore, the Fire Chief may waive competitive proposal requirements and approve the emergency purchase/ contract of goods, equipment, and Professional Services after making a written finding, supported by reasons that an emergency exists.

Emergency procurement that does not provide the District with the opportunity to obtain maximum competitive pricing should be kept to a minimum. Agreements entered into for purchase or contracts awarded in a manner inconsistent with emergency procurement procedures by any person shall be voidable by the District.

Emergency Procurement must be authorized by the Fire Chief. Purchases awarded on an emergency basis shall be submitted to the Board of Directors for ratification at their next scheduled meeting.

1216.5 DEFINITIONS

Emergency as used in this code, means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action by the Fire Chief to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

State of war emergency means the condition which exists immediately, with or without a proclamation thereof by the Governor, whenever this state or nation is attacked by an enemy of the United States, or upon receipt by the state of a warning from the federal government indicating that such an enemy attack is probable or imminent.

State of emergency means the duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, drought, sudden and severe energy shortage, plant or animal infestation or disease, the Governor's warning of an earthquake or volcanic prediction, or an earthquake, or other conditions, other than conditions resulting from a labor controversy or conditions causing a "state of war emergency," which, by reason of their magnitude, are or

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are likely to be beyond the control of the services, personnel, equipment, and facilities of any single county, city and county, or city and require the combined forces of a mutual aid region or regions to combat, or with respect to regulated energy utilities, a sudden and severe energy shortage requires extraordinary measures beyond the authority vested in the California Public Utilities Commission.

Local emergency means the duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the territorial limits of a county, city and county, or city, caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, drought, sudden and severe energy shortage, plant or animal infestation or disease, the Governor's warning of an earthquake or volcanic prediction, or an earthquake, or other conditions, other than conditions resulting from a labor controversy, which are or are likely to be beyond the control of the services, personnel, equipment, and facilities of that political subdivision and require the combined forces of other political subdivisions to combat, or with respect to regulated energy utilities, a sudden and severe energy shortage requires extraordinary measures beyond the authority vested in the California Public Utilities Commission.

Hazardous material emergency response includes, but is not limited to, assessment, isolation, stabilization, containment, removal, evacuation, neutralization, transportation, rescue procedures, or other activities necessary to ensure the public safety during a hazardous materials emergency.

Sudden and severe energy shortage means a rapid, unforeseen shortage of energy, resulting from, but not limited to, events such as an embargo, sabotage, or natural disasters, and which has statewide, regional, or local impact.

Mutual aid region is a subdivision of the state emergency services organization, established to facilitate the coordination of mutual aid and other emergency operations within an area of the state consisting of two or more county operational areas.

Operational area is an intermediate level of the state emergency services organization, consisting of a county and all political subdivisions within the county area.

1216.6 PROCEDURE

Whenever an emergency condition exists and there is an immediate need to procure goods, equipment, or Professional Services exceeding \$10,000, the procurement procedure for such commodities shall be as follows:

- In case of emergency, the requesting Chief Officer shall first identify those supplies or services necessary to meet the emergency.
- Prior to seeking quotes, the Chief Officer is strongly encouraged to contact the Finance Division to determine if a governmental contract exists, that can meet the emergency need.
- The requesting Chief Officer shall attempt to obtain written quotes/proposals from at least three (3) prospective vendors. To the extent possible, users are encouraged to solicit proposals/quotation from local and minority/women owned businesses.

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Officers may contact the Finance Manager or Logistics Chief for assistance in identifying prospective vendors to obtain quotes and ensuring compliance with procurement procedures.

Upon determining the quote/proposal most favorable to the District and prior to making the emergency purchase, the Chief Officer or Deputy Chief shall submit to the Fire Chief, in writing, the following information:

- A description of the goods, equipment, or Professional Services necessary to meet the emergency.
- An explanation of the circumstances of the emergency.
- A list of vendors solicited, and the quotes/proposals received.
- The reason for selection of a particular firm or proposer.
- The total costs required for the emergency procurement.
- The account code(s) from which funds are to be expended.
- The governmental entity and bid contract number, if applicable.

Should the Fire Chief determine an emergency exists he may waive competitive proposal requirements and approve, by signature, the emergency request not to exceed \$50,000. This is due to the need for the protection of life and property in collaboration with the Board President, whom both may determine that there is a local emergency.

Upon review and approval by the Fire Chief, the approved memo with all supporting documentation shall be submitted to Purchasing.

Immediately following the stabilization of the emergency, the Fire Chief shall prepare and submit a cover memo waiving competitive proposal requirements with the supporting documentation of the procurement action to the Board of Directors for ratification at their next scheduled meeting.

Waiver of the competitive proposal requirements to procure goods, equipment, or Professional Services on an emergency basis does not require formal advertisement or a public hearing.

Should the Fire Chief disapprove the emergency purchase/contract, the acquisition of goods, equipment, or Professional Services shall follow normal procurement procedures.

DOCUMENTATION

The Fire Chief shall retain procurement records and files for at least a three-year period, or such longer period as required by applicable statute or law.

For transactions in excess of \$10,000, the procurement records and files shall include the following where applicable:

- All formal bid documentation generated by the selection process
- Basis for Professional Services selection
- Justification for procurement

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1216.7 EXPENDITURE GUIDELINES AND LIMITS - PROFESSIONAL SERVICES

Contracts for professional services will be awarded pursuant to the following guidelines.

- Contracts for consultant services estimated to cost less than \$7,500 may be awarded by the Deputy Fire Chief. Although no specific purchasing requirements are established for this level of contract, proposals should be solicited whenever practical.
- Contracts for consulting services estimated to cost between \$7,500 and \$25,000 may be awarded by the Fire Chief. Proposals from at least three firms should be solicited whenever practical.
- Contracts for public works projects, (new construction, alterations, installation, demolition or repair services), that exceed \$25,000, must follow the regulations required in SB 854. (See SMFD website under Contracts and Procurements).
- Contracts for public works projects that exceed \$15,000 must follow the regulations required in SB 854. (See SMFD website under Contracts and Procurements).
- Contracts for professional services estimated to cost more than \$25,000 will require approval by the Southern Marin Fire District Board of Directors, generally by awarded pursuant to the following guidelines; however, it is recognized that the Southern Marin Fire District's need for professional services will vary from situation to situation, and accordingly, flexibility will be provided in determining the appropriate evaluation and selection process to be used in each specific circumstance.
- The Board should generally approve request for proposal (RFP) or request for qualifications (RFQ) documents before they are issued. The Board may authorize the Southern Marin Fire District Fire Chief to award the contract if it is less than or equal to the Board-approved cost estimate and there are no substantive changes to the approved work-scope. Otherwise, Board award of the contract is required.
- In the event that the timely evaluation and selection of consultant precludes Board approval of the RFP/RFQ before it is issued, the RFP/RFQ may be approved and distributed by the Southern Marin Fire District Fire Chief; however, award of the contract will be made by the Board of Directors.
- Cost will not be the sole criterion in selecting the successful bidder. Consultant proposals will be evaluated based on combination of factors that result in the best value to the Southern Marin Fire District, including but not limited to:
 - (a) Understanding of the work required by the Southern Marin Fire District.
 - (b) Quality and responsiveness of the proposal.
 - (c) Demonstrated competence and professional qualifications necessary for satisfactory performance of the work required by the Southern Marin Fire District.
 - (d) Recent experience in successfully performing similar services.
 - (e) Proposed methodology for completing the work.
 - (f) References.

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- (g) Background and related experience of the specific individuals to be assigned to the project.
- (h) Proposed compensation.

If it is determined that it is in the best interest of the Southern Marin Fire District for services to be provided by a specific consultant – with contract terms, work-scope and compensation to be determined based on direct negotiations – contract award will be made by the Board of Directors.

1216.8 METHODS OF PURCHASE

The District purchases products and services in the following ways: Purchase orders (POs), warrants (checks), Cal VISA credit cards, established charge accounts, and petty cash.

(a) **Purchase Orders:**

POs are vouchers that the District issues to vendors to guarantee payment. When properly filled out and signed by an approved district employee, the PO can be presented to the District by the vendor - along with the vendor's invoice - for payment.

(b) **Warrants:**

A warrant is a check issued by the District for payment to a company or individual. For a warrant to be issued, a requisition form and receipts are required, or a PO.

(c) **Cal VISA Credit Card:**

Credit card purchases require proper documentation prior to making a purchase. See Expenditure Guidelines and Limits.

(d) **Business Charge Accounts:**

These are accounts the District has established in advance for the purchase of products, from companies the District does repeat business with. When signing for a charge purchase, an employee must sign with a legible signature, or also print their name next to their signature. If the employee is not an eligible signer on the account, the employee must request to be added to the list before making the purchase. Contact administration at Station 9 to be added to the list of authorized signers for a particular vendor.

Use of charge accounts requires proper documentation; see Expenditure Guidelines and Limits above.

(e) **Petty Cash:**

Petty cash is a small amount (\$100) of limited cash that is available at Station 9 for small purchases. All petty cash removed from the box must be replaced with a receipt with a description of the purchase. If a receipt was not available, one of the blank slips in the petty cash box needs to be completed with a description of the purchase and the dollar amount.

Southern Marin Fire District purchases and contracts (including those for rentals and leases, but excluding those for real property) will be made pursuant to these guidelines.

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Applicable competitive bidding categories, authorization limits or contract award procedures will be based on unit cost, total purchase cost for consolidated bid items or fiscal year aggregates in the case of blanket purchase orders or similar ongoing purchasing agreements.

Staging of purchases in order to avoid these competitive bidding procedures or authorization limits is prohibited.

PAYMENT CREDIT INDUSTRY (PCI) COMPLIANCE

1215.1 PURPOSE

To establish the Southern Marin Fire Protection District policy for the secure handling of sensitive card holder data including but not limited to magnetic strip data, Primary Account Numbers (credit card numbers) (PAN's), expiration date, and service code.

1215.2 PROCEDURE

This policy applies to all District employees and credit card systems of Southern Marin Fire Protection District as it relates to external customers.

- (a) The importance of protecting cardholder data is paramount. Allowing data theft or destruction, inadvertently sharing confidential information, infecting system networks with viruses, misuse of company resources, allowing the theft of company property, and allowing the compromise of private or confidential company or client information are all very real examples of what might result from a security compromise.
- (b) All sending of unencrypted Primary Account Numbers by end-user messaging technologies (i.e., email, instant messaging, and chat) are strictly prohibited. If a PAN must be sent by end-user messaging, only email is allowed, and the PAN will be encrypted using WinZip. The WinZip password will be communicated to the end user by means other than end-user messaging (phone or fax is allowed).
- (c) Access to system components and cardholder data is limited to only those authorized individuals whose job require such access or have a need-to-know. This authority is granted by Finance Manager and reviewed annually.
- (d) All paper that contains cardholder data is to be identified and physically secured in a locked drawer. No electronic cardholder data will ever be stored.
- (e) Strict control is to be maintained over the internal or external distribution of any kind of media that contains cardholder data.
 1. Media is classified and clearly marked as confidential.
 2. Media is sent by secured courier or other delivery method that can be accurately tracked.
- (f) Management approval is to be obtained prior to moving any and all media containing cardholder data from a secured area.
- (g) Strict control must be maintained over the storage and accessibility of media that contains cardholder data.
- (h) Media containing cardholder data is to be destroyed when it is no longer needed for business or legal reasons.
 1. Paper materials are to be shredded, incinerated, or pulped so that cardholder data cannot be reconstructed.

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<p>PAYMENT CREDIT INDUSTRY (PCI) COMPLIANCE</p>

2. The general rule is that media containing cardholder data will be destroyed when over 180 days old. Exceptions to the rule must be approved by Finance Manager.

1215.3 POLICY MAINTENANCE AND EMPLOYEE/CONTRACTOR (THIRD PARTY, PAYPAL OR WEBSITE) AWARENESS

- (a) Review of this policy will be conducted on an annual basis or as changes to the environment occur
- (b) Usage of employee-facing technologies such as remote access, wireless, electronic media, internet, personal data assistant's (PDA) 's and wireless will adhere to the following:
 1. No unauthorized equipment can be brought in or set up in Southern Marin Fire Protection District facility. This includes, but is not limited to modems, computers, or wireless devices.
 2. Wireless devices must be set up securely by establishing secure accounts/ passwords, disabling SSID (wireless router) broadcasts, and using the highest available encryption for the device.
- (c) One or more authorized employees will be designated with security responsibility (handling credit card information)
- (d) Incident response documents will be created, reviewed by all employees, and will be updated on an annual basis.
- (e) These security policies will be formally reviewed annually with all employees/ contractors.
- (f) A list of Service Providers (Merchant (Bank? or 3rd party provider) must be maintained. This list will be updated and reviewed by Finance Manager when necessary but at least every 180 days.
- (g) A written Agreement that includes an acknowledgement that the service providers are responsible for the security of cardholder data the service provider possess is required from each Service Provider.
- (h) Due diligence is to be performed prior to the engagement of Service Providers. Procedures performed will include when possible:
 1. A visit to the Service Providers' physical offices to discuss security practices and procedure with their management and staff.
 2. A written statement acknowledging their responsibilities to securely process, handle and transmit cardholder data.
 3. Written proof that the Service Provider is PCI compliant.
 4. Request reliable industry references.
- (i) A program is to be maintained to monitor Service Providers' PCI data security standard (DSS) compliance status. On an annual basis a request for a new compliance certificate will be requested.

OPEB FUNDING POLICY

1200.1 PURPOSE

The purpose of this policy is to ensure that the District is proactively addressing its Other Post-Employment Benefit (OPEB) liability by enacting strategies to accumulate adequate resources in a systematic and transparent manner. This policy also demonstrates to employees and the public how OPEB will be funded, provides guidance in making annual budget decisions, and promotes long-term, strategic planning.

1200.2 BACKGROUND

In order to ensure that the District's OPEB program is sustainable, the District has taken the following measures:

- In June 2011, the District established an irrevocable OPEB Trust for the purpose of pre-funding OPEB. All funds contributed to this trust may be used only for retiree medical premiums.
- In 2013, the District discontinued paying the Medicare surcharge for retirees, thereby decreasing the OPEB liability.
- Effective January 1, 2014, the District closed the OPEB group by eliminating OPEB benefits for all employees hired on or after January 1, 2014. All employees hired on or after this date will receive contributions to a Retiree Health Savings (RHS) Account throughout their years of service, accruing no OPEB liability for the District.

As of June 2017, the assets in the District's OPEB Trust total \$2.8 million.

As of the most recent actuarial valuation on July 1, 2015, the District's unfunded accrued liability was \$7.1 million. The next actuarial valuation will be conducted as of 7/1/2018.

1200.3 POLICY

As required by GASB 45, an actuary shall conduct an actuarial valuation at least once every three years to determine funding progress as well as employer contributions for the next three fiscal years.

The District intends to make periodic contributions to the OPEB Trust throughout each fiscal year which, combined with the pay-go current retiree medical premiums, will equal or exceed the 20-year level contribution amount as provided in the sample funding schedule of the actuarial valuation report. As of the date of this policy, that level contribution amount is \$690,900 per year. The District intends to review and amend this funding policy

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periodically, coincident with preparation of the actuarial valuations, to ensure that the funding policy continues to meet the needs of the District.

In order to achieve transparency to District employees, retirees, the Board and Southern Marin residents, the District will make available on the financial section of www.smfd.org, the following information:

- The District's actuarial valuations.
- The District's annual audit reports, which contain summarized current and historical information on the District's OPEB plan, contributions to the OPEB Trust, and the funded status of the plan.
- The District's annual operating budget, with clear appropriations to the OPEB Trust and pay-go costs.

All aspects of this Policy are subject to the review and approval of the Board and are subject to change, if deemed appropriate and in the best interests of the District.

KNOX BOX CLAIMS

1214.1 PURPOSE

To establish policy for payment of claims for re-keying Knox Boxes

1214.2 POLICY

The District will pay the cost of re-keying if it can be verified that keys were missing.

1214.3 PROCEDURES

Claims will first be submitted to the Deputy Fire Chief for processing.

1214.4 RESPONSIBILITIES

Claims must include the following information:

- The address of the building, building owner and pertinent contact information;
- The location of the Knox Box from which the building keys were missing;
- Verification that the information was forwarded to the applicable Police Department;
- A copy of the re-keying work completed (bill or invoice) by which specific vendor, and the total dollar amount incurred.

Forward claims to the Finance Manager for payment processing.

Other claims will be forwarded to the applicable Police Department and the District's insurance agent.

1214.5 FINANCE MANAGER RESPONSIBILITIES

- Pay claims that approved by the Fire Chief.
- Track reimbursement of key replacement claims.

Documentation will be returned to Administrative Assistant for filing.

INTERNAL CONTROL POLICY

1213.1 INTERNAL CONTROL

The Southern Marin Fire District shall maintain an environment conducive to good internal control.

1213.2 DEFINITIONS

Executive Team – refers to the Fire Chief, Deputy Chief, and Finance Manager.

Internal Control - comprises the plan of organization and all of the coordinated methods and measures adopted within the Southern Marin Fire District to safeguard its assets, check the accuracy and reliability of its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. (This is the broad definition, recognizing that a “system” of internal control extends beyond those matters which relate directly to the accounting and finance functions.

This broad definition can be subdivided into two components; accounting and administrative, as follows:

- (a) Accounting controls compromise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of the financial records.
- (b) Administrative controls compromise the plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

This policy is concerned primarily with the “Accounting Controls” and when the terms “internal controls” or “controls” are used, it is meant as Accounting Controls

1213.3 RESPONSIBILITIES

The Southern Marin Fire District Board of Directors and Executive Team are responsible for designing appropriate controls for the Southern Marin Fire District, and the Executive Team is responsible for implementation.

Inherent in these responsibilities is the recognition that the cost of internal control should not exceed the benefits expected to be derived. Also, internal controls may become inadequate as conditions change, thus requiring review and modification.

1213.4 OBJECTIVES

To provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

Southern Marin Fire District

Fire Policies

<p>INTERNAL CONTROL POLICY</p>

1213.5 BASIC ELEMENTS OF INTERNAL CONTROL

1. **Personnel** - Objectives are dependent on competence and integrity of personnel, independence of assigned functions, and their understanding of prescribed procedures.
2. **Computer Data Processing** - Control over development, modification, and maintenance of computer programs; control over use and changes to data maintained on computer files; application controls, for example, edits that verify vendor numbers for check writing.
3. **Segregation of Duties** - Procedures of designed to detect errors and irregularities should be performed by persons other than those who are in a position to perpetrate them.
4. **Execution of Transactions** - There is reasonable assurance that transactions are executed as authorized.
5. **Recording of Transactions** - To permit preparation of financial statements, transactions are recorded in the proper period, amounts, and classifications.
6. **Access to Assets** - Both direct physical access and indirect access through preparation/processing of documents that authorize the use or disposition of assets be limited to authorized personnel.
7. **Comparison of Recorded Accountability with Assets** - Comparison of actual assets with the recorded accountability, such as bank reconciliations and physical inventories.

Accounting will utilize these basic elements of internal control in formulating District plans suitable District needs.

An annual review of the plans will be performed, and modifications made as required (or as a result of internal or external audits).

GRANT APPLICATION AND APPROVAL

1212.1 POLICY

Southern Marin Fire District staff will seek out, apply for and effectively administer federal, state and other grants that address the Southern Marin Fire District's priorities and policy objectives and provide a positive benefit to the Southern Marin Fire District.

Before any grant above \$50,000 is pursued, staff shall provide a detailed pro-forma to the Southern Marin Fire District Fire Chief that addresses the immediate and long-term costs and benefits to the Southern Marin Fire District.

A proforma must be submitted to the Southern Marin Fire District Board of Directors for all grants prior to accepting the award.

1212.2 DEFINITIONS

Proforma – “as a matter of form” - a document that details cash outlay for an expenditure. The pro-forma should detail the District's financial obligations, the grant's financial costs, policy & procedures for grant compliance.

1212.3 PURPOSE

To provide guidance to staff to seek out federal, state and other grants that address the Southern Marin Fire District's priorities and policy objectives while ensuring positive benefit to the Southern Marin Fire District.

1212.4 PROCEDURE

1. Any grant request must be consistent with the Southern Marin Fire District's strategic plan and the district's vision and mission.
2. Southern Marin Fire District employees are encouraged to submit applications for cost effective grants that help the Southern Marin Fire District achieve its missions and goals.
3. Employees shall develop a proforma for the Southern Marin Fire District Fire Chief and Finance Manager that includes the following elements:
 - a. How the grant relates to the Southern Marin Fire District's Vision, Mission, and adopted Strategic Plan.
 - b. Anticipated benefits.
 - c. A cost estimate (by character of expense) showing anticipated start-up costs and projected ongoing costs. Costs must include both direct costs (personal, benefits, current expenses, capital, training) and overhead costs (insurance, legal, administrative).

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<p>GRANT APPLICATION AND APPROVAL</p>

- d. Detailed revenue budget showing estimated revenues and sources, matching funds (cash or in-kind) required and their source.
 - e. Other departments impacted by grant requirements and results.
 - f. Project status after grant funding expires.
 - g. Other requirements.
 - h. If grant is reimbursable or advance funds.
4. The proforma to the Southern Marin Fire District Manager must also include a risk analysis including assumptions and a contingency plan if, for example:
- a. Funds are not received or are received later than planned.
 - b. Actual funding falls short of the budget commitment.
 - c. Expenses are ruled ineligible or overdrafts are incurred.
5. If funding has not been identified for continuing an ongoing program after grant funds have been exhausted, an automatic sunset provision will be included in the Southern Marin Fire District Board's authorization for the program.
- a. The program will automatically terminate at the end of the fiscal year when grant funds cease if additional funding has not been secured.
 - b. The program will continue if ongoing funding is identified or the Southern Marin Fire District Council determines that the program should be funded.
6. The Proforma must be routed for review to the Finance Manager, Deputy Fire Chief and Fire Chief.

GASB 54 REPORTING

1211.1 PURPOSE

This Fund Balance Policy for the General Fund establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures.

The policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

1211.2 POLICY

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the District is bound to honor constraints on the specific purpose for which amounts can be spent.

- Non-spendable fund balance (inherently non-spendable)
- Restricted fund balance (externally enforceable limitations on use)
- Committed fund balance (self-imposed limitations on use)
- Assigned fund balance (limitation resulting from intended use)
- Unassigned fund balance (residual net resources)

The first two components listed above are not addressed in this policy due to the nature of their restrictions. An example of non-spendable fund balance is prepaid items. Restricted fund balance is either imposed by law or constrained by grantors, contributors, or laws or regulations of other governments. This policy is focused on the financial reporting of unrestricted fund balance, or the last three components listed above. These three components are further defined below.

1211.3 PROVISIONS

Committed Fund Balance

The Board of Directors, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment. Board of Directors action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined subsequent to the release of the financial statements. ~~At the time of~~

Assigned Fund Balance

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<p>GASB 54 REPORTING</p>

Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The Board of Directors, as the District's highest level of decision-making authority, may assign fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such a majority vote or resolution.

This policy hereby delegates the authority to assign only encumbrances to be used for specific purposes to the Finance Director for the purpose of reporting these amounts in the annual financial statements. The authority to assign all other amounts besides encumbrances resides with the Board of Directors. At the time of the adoption of this policy, the District has assigned reserves, such as Apparatus & Equipment Replacement, Fire Facilities & Building, Workers Compensation, Retiree Health Benefits, General Contingencies and others.

Unassigned Fund Balance

Unassigned Fund Balance is the residual amount of Fund Balance in the General Fund. It represents the resources available for future spending. An appropriate level of Unassigned Fund Balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

Unassigned Fund Balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget revision by the District's Board of Directors.

Fund Balance Classification

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This policy is in place to provide a measure of protection for the District against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.

FUND TRANSFER

1210.1 PURPOSE

To establish management control and to ensure proper authorization over all fund transfers.

1210.2 DEFINITION

Any transfer of funds between the operating fund and the investment fund, or reserve funds.

1210.3 PROCEDURE

- A. Fund transfers require the authorizing signature of the Fire Chief, or a Director of the Board. All fund transfers shall be reported in the monthly budget report.
- B. The Finance Manager will maintain copies of all properly authorized fund transfers for documentation purposes.

<p>FRAUD PREVENTION</p>

1209.1 SCOPE

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with Southern Marin Fire Protection District (SMFPD). Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with SMFPD.

1209.2 POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the deliberate misrepresentation or concealment of a material fact for the purpose of personal gain or inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to a chief or board member.

1209.3 ACTIONS CONSTITUTING FRAUD

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- (a) Any dishonest or fraudulent act
- (b) Forgery or alteration of any document or account belonging to SMFPD
- (c) Forgery or alteration of a check, bank draft, or any other financial document
- (d) Misappropriation of funds, securities, supplies, equipment, or other assets of SMFPD
- (e) Impropriety in the handling or reporting of money or financial transactions
- (f) Disclosing confidential and proprietary information to outside parties
- (g) Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to SMFPD. Exception: gifts less than \$50 in value
- (h) Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- (i) Any similar or related irregularity

In order to prevent fraud, the following accounting procedures are to be followed:

Checks:

- All checks require two signatures, except for the check to transfer funds to the payroll account, which requires a minimum of one signature.
- All checks must have backup documentation approved either by a chief or purchasing officer.
- New vendors must submit a completed W9 for payment.

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Fire Policies

<p>FRAUD PREVENTION</p>

Electronic Payments:

- SMFPD pays various time-sensitive yet routine bills by automatic debit from the payroll account. All debits are approved by the Chief or a Board Member by signature of vendor's bill. The Bank of America payroll bank statement will be included in each month's financial reports to the Finance Committee.
- The vendors currently on automatic debit are: ADP, Chevron (FleetCorp), Comcast, Pitney Bowes, State of California Child Support, and Konica Minolta.

Cash:

- Cash payments received for plan fees are to be recorded in the receipt book by the Fire Prevention Aide and then reconciled by the Finance Manager.

Credit Card Charges:

- All credit card charges require backup documentation in the form of a receipt, or if a receipt is not available then an explanation.
- The documentation must be approved by the Chief or a board member.

1209.4 REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Any investigation concerning firefighting personnel shall be done in accordance with the "Firefighter's Procedural Bill of Rights" – California AB 220.

An employee who discovers or suspects fraudulent activity will contact the Chief immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. The employee or other complainant may remain anonymous. If the suspected fraudulent activity involves the Chief, the employee may contact the President of the Board . Pursuant to notification, the Board should not conduct their own investigation, but contact SMFD's legal counsel immediately.

All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Board of Directors or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to the "allegation," "the crime," the "fraud," the "forgery," the "misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- (a) Do not contact the suspected individual in an effort to determine facts or demand restitution.
- (b) Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by a chief or board member.

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FRAUD PREVENTION

1209.5 CONFIDENTIALITY

All information received will be treated confidentially. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct.

EXPENDITURE POLICIES

1207.1 GENERAL EXPENDITURE POLICIES

High priority is given to expenditures that will reduce future operating costs, such as increased utilization of technology and equipment and proven business methods.

An appropriate balance will be maintained between budget dollars provided for direct public services and dollars provided to assure good management and legal compliance.

The Executive Team and Board of Directors share in the responsibility of looking at and understanding the Southern Marin Fire District's long-term financial viability, its general spending trends, its projected incomes, and educating themselves, division heads, and employees on the necessary short and long-term balance between revenues and expenditures.

Before the Southern Marin Fire District undertakes any agreements that would create fixed ongoing expenses, the cost implications of such agreements will be estimated for current and future years with the aid of our strategic financial planning models.

Organizations that are not part of the Southern Marin Fire District, but which receive funding from the Southern Marin Fire District, shall not have their appropriation carried forward from year to year unless contractually authorized and directed by Southern Marin Fire District Council. Annual review and reauthorization of funding is required.

All bonds, notes, contracts, accounts payable, and other monetary liabilities will be paid when due and shall have the most superior lien position during the allocation of resources in budget planning.

1207.2 MAINTENANCE AND REPLACEMENT

The Southern Marin Fire District inventories and assesses the condition of its buildings, equipment and vehicles annually. The budget process includes a multi-year projection of facilities and vehicle replacement requirements. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment. Future maintenance needs for all new capital facilities will be costed out and included as decision criteria.

EMPLOYMENT VERIFICATION FOR CREDIT PURPOSES

1206.1 PURPOSE

To ensure employee confidentiality and accuracy of information provided.

1206.2 POLICY

Employment verification forms requesting salary information will be sent to the Finance Manager for completion.

All information requested on the form will be provided; all questions will be answered.

Verification for other purposes will be sent to the Deputy Fire Chief.

1206.3 PROCEDURE

Verification forms will be sent to the Finance Manager and must be accompanied by a consent form.

The completed form will be returned directly to the lender and not transmitted to the employee or any other party.

DISPOSITION OF SURPLUS PROPERTY

1204.1 PURPOSE

To outline the manner in which the Southern Marin Fire Protection District disposes of surplus property.

1204.2 POLICY

The District may sell directly, lease, donate, or otherwise dispose of any asset or property belonging to the District determined to be no longer required for District operation.

1204.3 PROCEDURE

Property once determined to be no longer of use to the District, may be deemed surplus.

All efforts will be made to repurpose items if possible.

Items with value less than five thousand dollars (\$5,000) and have no use, may be disposed by any District Authorized Purchaser.

- Items can be donated to any governmental agency, including school districts, within the State of California.
 - Surplus items outside the State of California may require board action.
- Items can be put up for sale on a public auction.
 - Profits from the sale shall be recorded and deposited in the general fund.
- Items that have no value or attempts have been made to sell via public auction may be disposed of, including offering items to district members so long as the items are for personal use only.
 - Surplus items sold to district members must remain with the employee and cannot be resold.

Items with a value of more than five thousand dollars (\$5,000), Real Estate, or Apparatus require the approval of the Board of Directors prior to being deemed surplus.

- Items can be donated to any governmental agency within the State of California.
- Items can be put up for public auction for sale.
 - Profits from sale shall be recorded and deposited in the general fund

All District inventory tags, or anything that labels the surplus item as District property, shall be removed prior to being disposed of.

- Items with fixed asset inventory tags will be recorded once deemed surplus and the Finance Manager will be notified if this information to remove items from the District's inventory database.

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DISPOSITION OF SURPLUS PROPERTY

Apparatus once deemed surplus and disposed of shall be removed from the District's insurance agency as soon as possible.

All items that are deemed surplus and disposed of will be recorded by the person disposing of that item and documentation will be completed and forwarded to the Finance Department.

DEPRECIATION POLICY

1203.1 PURPOSE

To establish a depreciation policy for capital assets and infrastructure to comply with the new reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 34.

1203.2 POLICY

The District will establish the following General Fixed Assets Account groups:

- Land
- Buildings and improvements Fire apparatus and vehicles
- Furniture, fixtures and equipment

The District will depreciate capital assets using the straight-line method with the following estimated useful lives:

- Land - indefinite life, no depreciation Building and improvements
- Buildings - 30 to 40 years
 - Portable buildings - 20 to 25 years HVAC systems - 15 to 20 years Roofing - 15 to 20 years.
- ◦ Carpeting - 5 to 7 years.
- ◦ Electrical & plumbing - 25 to 30 years Fire apparatus and vehicles.
- Motor vehicles - 5 years.
- Fire apparatus - 15 to 20 years Furniture, fixtures and equipment.
- Furniture & office equipment - 3 to 5 years Computer equipment - 3 years.
- Firefighting equipment - 5 to 10 years.
- Telephone equipment - 7 to 10 years.
- Radio Communications - 7 to 10 years.
- Medical Equipment - 5 years.

The concept of depreciation allows for the systematic reduction of the carrying value of fixed assets over the period of time the assets are in service. The annual depreciation expense is calculated by dividing the historical cost of the asset by the estimated useful life.

1203.3 PROCEDURE

Capital assets valued at \$5,000 or greater at the time of purchase must be identified with an inventory asset tag. A description of the item, the tag number and the purchase price must be sent

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DEPRECIATION POLICY

to the Finance Director within 30 days of the purchase. Inventory Asset Tags are available at the Administrative Offices from the Administrative Services Manager.

An annual inventory of fixed assets is currently conducted during the second week of June each year. In addition to the usual procedures as described under Operations Manual Code 1-VI-24, a determination needs to be made as to the estimated useful life of each asset in the inventory.

The estimated useful life of the asset will be included in the Annual Fixed Asset Inventory Report. Any asset that is no longer in service or disposed of prior to the expiration of its useful life will be identified.

Upon the completion of the Annual Fixed Asset Inventory Report, the Finance Manager will use the information in the Report to maintain the depreciation records and update them annually. The depreciation records will contain the following information for each fixed asset:

- Asset grouping Division
- Asset description
- Fixed asset bar code number Acquisition date
- Historical cost Estimated useful life Annual depreciation
- Accumulated depreciation

Depreciation will be allocated to each division based upon the nature of each asset and their use. If an asset is disposed of before the expiration of its useful life, a loss will be recorded on the remaining balance.

CREDIT CARD PURCHASES

1202.1 PURPOSE

To establish a policy for the use of District issued credit cards when conducting Fire District business, and to provide procedures for the documentation and approval process of these expenditures.

To provide a standard and efficient method to purchase and complete projects.

To provide Fire District guidelines that supports the District's expenditure procedures.

To provide Authorized Personnel assigned to operations outside of the local jurisdiction, upon approval, the capability of purchasing items for the effectiveness and safety of Southern Marin Fire Protection District employees.

To promote Best Practices in the District's internal control over financial reporting in accordance with auditing standards, each user's monthly credit card summary of charges will be reviewed and approved by the Finance Director.

1202.2 POLICY

It shall be the District's policy that credit cards are to be used for Fire District purchases only.

All credit card slips and receipts for credit card expenditures must be properly coded, signed, documented, and submitted upon receipt to the Finance Manager.

All signatures, documentation, and account codes on credit card forms and receipts must be legible.

Members are not to use the District credit card to pay for operational training classes unless prior approval from the Battalion Chief Training Officer or [Deputy Fire Chief](#) ~~authorized Division Manager~~ has been given.

Lost or stolen credit cards shall be reported immediately to the Finance Manager and then through proper channels to the credit card company. Each individual shall maintain a separate record of their credit card number and the credit card company telephone number for these purposes.

Credit card purchases are not a substitute for purchasing items that are more appropriate for purchase orders, claims, etc.

The credit card is not to be used as a device to circumvent normal purchasing procedures and thereby encourage unnecessary "emergency" and "confirming" obligations.

1202.3 RESPONSIBILITY

All members using District credit cards shall be responsible for their purchases. Company Officers shall be responsible for the administration and approval of credit card purchases completed by members of their station crews.

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<p>CREDIT CARD PURCHASES</p>

Each member making a purchase is responsible for obtaining the appropriate signature and account information, and providing the documentation to support the charge including:

- description of transaction
- the project or event that the item was used for
- provide the name of other person(s) present and the purpose or topic of business for dining/ meal charges

Each member making a purchase shall be responsible for placing credit card slips and receipts in the designated location.

Any discrepancies shall immediately be reported to the Shift Battalion Chief or Deputy Fire Chief.

1202.4 PROCEDURE

For common transactions, account codes to be used will be provided by the authorized Division Manager or Chief Officer.

For projects and specialized purchases, a Chief Officer will provide the necessary account numbers, which will only be used for that particular project or specialized purchase.

In the event that a receipt is lost, or damaged beyond legibility, the individual who made the purchase shall obtain a duplicate receipt or complete a as soon as practical; but no later than the end of the current credit card statement period.

The completed Credit Card transaction shall be submitted monthly to the Accounting Specialist in the following manner:

Standard purchase with a credit card receipt

- Sign the credit card receipt
- Place the appropriate account code on the receipt
- Provide the project, event, or purpose for the expense
- Identify other person(s), if included in dining/ meal expense

On-line purchase

- Print a copy of the transaction
- Sign the electronic transaction receipt
- Place the appropriate account code on the transaction receipt
- Include the project, event, or purpose for the expense

Automatic "recurring" charges

- Obtain the monthly credit card statement from the Accounting Specialist
- Sign the line item on the monthly statement

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CREDIT CARD PURCHASES

- Place the appropriate account code on the line item on the monthly statement

The Finance Manager must verify that all transactions made using a credit card did not violate the District's purchasing or any other policy. The Finance Manager is required to report any violations to the Fire Chief and the Finance Committee of the Board of Directors.

All credit card expenditures of the Fire Chief and Deputy Fire Chief will be reviewed by the Finance Committee.

If any transactions submitted are missing the required documentation or credit card receipt, the purchaser will receive a written notification to complete, sign, and return to the Finance Director prior to approval.

UNLAWFUL PURCHASES

If any District charges or transactions are made contrary to the provisions of this Chapter, the transaction may be declared void. Depending on the circumstances, the individual who made and/ or authorized the purchase may be personally liable for the purchase amount, which may be recovered by the District.

BUDGET PREPARATION PROCESS

1205.1 PURPOSE

To establish written outline of budget preparation process.

1205.2 PROCEDURES

The Finance Manager will place the following on a tickler file and notify all Chief Officers when applicable.

December-Last Week

The Deputy Chief will provide to the Battalion Chiefs and Captains an overview of the budget process and a budget proposal form at the planning meeting.

- ◦ Budget format:
 - Proposed Budget
 - Proposed Staffing
 - Proposed Goals & Objectives: Fire District

February - Third Week

Battalion Chiefs returns proposed budgets to Fire Chief and Deputy Chief who will review with appropriate chiefs and give to Finance Manager.

March - Second Week

Finance Manager compiles all District budgets and revenue estimates and presents proposed preliminary budget to Fire Chief.

April - May

A review meeting, to be held at the Staff Meeting with Battalion Chiefs if necessary, for final modification to budget.

Schedule meeting(s) with the Finance committee.

Finance Manager finalizes the proposed preliminary budget.

Board of Directors to adopt budget at second meeting in June prior to June 30th.

June 30th

Preliminary Budget adopted.

July/ August

Finance Manager updates revenue predictions. Administrative Assistant distributes proposed final budget.

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BUDGET PREPARATION PROCESS

Special budget meeting with Battalion Chiefs, as needed.

September

Board meeting for review and adoption of final budget prior to October 1st.

ACCOUNTING, AUDITING AND FINANCIAL REPORTING

1201.1 POLICY

The Southern Marin Fire District will conform to Generally Accepted Accounting Principles as promulgated by the Governmental Account Standards Board (GASB). Reporting will include the following:

- (a) Financial Reports: Staff will prepare monthly reports for the Southern Marin Fire District Board of Directors & Finance Committee that analyze and evaluate financial performance.
- (b) Red Flag Exceptions: The Southern Marin Fire District Finance Manager and Fire Chief shall advise the Southern Marin Fire District Board of Directors of troubling and/or positive financial information including an assessment of the impact of the Southern Marin Fire District Budget and financial condition. Thresholds for this reporting include:
 - (a) Whenever a major expenditure exception occurs that will impact a fund's expenditure budget by the one percent or totals over \$500,000; and
 - (b) Whenever a major revenue exception occurs that will impact a fund's revenue budget by one percent or totals over \$500,000.

1201.2 PURPOSE

To keep the Southern Marin Fire District Board of Directors apprised of the financial condition of the various Southern Marin Fire District funds. This includes an early alert on major exceptions that can have a positive or negative impact on the Southern Marin Fire District Budget.

1201.3 DEFINITIONS AND DETAILS

- (a) Monthly financial reports (financial reports) will be prepared and submitted by the Finance Manager to the Southern Marin Fire District Fire Chief and transmitted to the Southern Marin Fire District Board of Directors and the Finance Committee.
- (b) At a minimum, a formal presentation on the Southern Marin Fire District's financial condition will be made monthly to the Southern Marin Fire District Board of Directors and to the Finance Committee.
- (c) During times of high or unusual activity, the Southern Marin Fire District Finance Manager and Fire Chief may elect to increase the frequency of formal financial presentations.
- (d) Anomalies that occur will be called out in the body of the report or will be explained in footnotes in the financial report.
- (e) In general, a red flag exception occurs whenever a major expenditure or revenue exception impacts a fund's total expenditure budget by one percent or totals over \$500,000. However, it is not the intent to report every fluctuation that occurs in the

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ACCOUNTING, AUDITING AND FINANCIAL REPORTING

annual budget. The following criteria should be used by staff as guidance for identifying red flag exceptions.

- (a) The exception is significant and not part of a normal pattern.
- (b) The exception will most likely negatively or positively impact the ending balance in the budget at the end of the fiscal year.
- (f) Red flag exceptions can be communicated to the Southern Marin Fire District Board of Directors in two manners. Most red flag exceptions will be communicated in the next monthly financial report. However, if the issue is critical and time sensitive, it will be communicated by a separate communication.