

**North Mason Regional Fire Authority
Board of Fire Commissioners Agenda
November 12th (Belfair) & November 19th (Belfair)
5:00 PM**

***The Board will be holding a Public Budget Hearing at
5:30pm on November 19th**

Blue Information and Red Action Requested

Call to Order

Pledge of Allegiance

Approval of Minutes: The meeting minutes from October are attached for review.

Voucher Approval: Voucher materials for October will be sent later this week.

Financial Report- Staff will be providing an updated budget summary for November on November 19th.

Administration Report

- **EMC Election Results**
- **EMC Campaign Celebration Announcement**
- **Fire Inspections-Collamore**
- **FD#3 Financial Services Transition**
- **BIAS Software Transition**

- IAFF Local #3876 Leadership Changes

Old Business

- EMC Project Next Steps
- Tahuya Fire Station Build Update

New Business

- Executive and Administrative Contract Approval for Sturgis and Wassenaar (drafts attached)
- 2020 Budget Draft Review and Adoption (Draft Attached)
- NMRFA Financial Management Policy Draft Review and Adoption- (draft attached) (Jim Nelson with DA Davidson will assist)

Public Comment

Executive Session Request- RCW 42.30.110 (f)

Good of the Order

Adjournment



North Mason Fire

**North Mason Regional Fire Authority (NMRFA)
Meeting Minutes
460 NE Old Belfair Hwy, Belfair, WA 98528
10/8/19**

Present: Commissioners Bob Miller, Brooke Quigley, Kelley McIntosh, Dan Kewish, Asst Chief Scott Cooper, and Fire Chief Beau Bakken. **Not present/excused:** Commissioner Paul Severson.

Meeting called to order at 5:00 pm; Pledge of Allegiance.

Commissioner Miller moved that meeting minutes from September 2019 meetings be approved as presented; Commissioner Kewish seconded motion. Motion carried.

Financial vouchers presented for review with new BIAS format.

Commissioner McIntosh moved to approve expense vouchers under BIAS 191001001-19100175 in the amount \$149,270.71; Commissioner Quigley seconded motion. Motion carried.

Commissioner Kewish moved to approve payroll vouchers under vouchers 191001-1910023 in the amount of \$201,602.09; Commissioner Miller seconded motion. Motion carried.

The fire authority is still in the process of transferring its financial records and processes to BIAS. Payroll and purchase order system should be completed by 2020. The fire authority is scheduled for a November State Audit process. The audit will be able to review the conversion process.

NMRFA is still providing administrative financial services to MCFD3 under contract. NMRFA will be providing this service until the end of 2019. In 2020, it will revert back to MCFD 3.

The government affairs committee with the North Mason Chamber of Commerce will be hosting a presentation regarding the NMRFA Bond Measure that will be on the November general election ballot. The fire authority and county officials will be discussing the merits of the bond measure and benefits to the community. The fire authority will also be serving hot dogs as part of the luncheon.

To date, there have been approximately 3000 flyers delivered regarding the bond measure. Since have been delivered and ballots will be mailed on 10/15/19. There will be one final doorbelling session.

The campaign measure has filed the C1 form and will be submitting reports as required.

Chief Bakken provided an on the Quick Response Team (QRT) for the opioid crisis. Three (3) positions have been hired and there will be a meeting on 10/15/19 at the Mason Transit Board meeting to introduce the staff and future plans.

Asst Chief Cooper provided an update on the Tahuya Fire Station. Concrete forms are scheduled to be installed; steel work should be following thereafter. Most of this work should be completed soon with weather permitting. After that stage will be basic electrical/HVAC.

Chief Bakken will be developing the 2020 Annual Budget; information will be provided at the November meeting.

This Friday 10/11/19 will be the executive assistant assessment center. There will be approximately 30-35 applicants based upon the RSVP to the assessment center.

Chief Bakken requested consideration for an additional staff for the front office. The reception area of the fire station is secured and requires someone to answer the door throughout the day. There is a growing need for front office support staff in addition to the executive assistant roles; especially since the Community Outreach position is also vacant. Chief Bakken asked to look at additional hiring candidates while interviewing EA candidates.

GOOD OF THE ORDER:

- 1) Consider holding fire commissioners' meetings in Tahuya 1-2 a year instead of quarterly
- 2) Hold an Open House in Tahuya for December Fire Commissioner meeting if Station is ready
- 3) Consider having only meeting in December due to holidays.

Meeting adjourned at 6:05 pm

Authority Secretary

Commissioner Kelley McIntosh

Commissioner Brooke Quigley

Commissioner Bob Miller

Commissioner Daniel Kewish

Commissioner Paul Severson



**North Mason Regional Fire Authority (NMRFA)
Meeting Minutes
460 NE Old Belfair Hwy, Belfair, WA 98528 Station 21
10/15/2019**

Present: Asst Fire Chief Scott Cooper, Commissioners: Brooke Quigley, Dan Kewish, Bob Miller, Paul Severson, and Kelley McIntosh. Fire Chief Bakken excused – sick.

Meeting called to order at 5:00 pm.

Asst Fire Chief Cooper provided an update on the campaign efforts. Ballots will be going out in the mail this week. The final areas for doorbell and flyer distribution will be in the Collins, Haven, and Wooten Lakes area.

The luncheon at the North Mason Chamber of Commerce was well received.

The executive assistant assessment center was completed and 11 follow up interviews are scheduled for the next 2 weeks to make a final selection.

The CAC meeting in November will be cancelled. The regularly scheduled meeting falls on Veterans Day. The CAC meetings will be suspended until 2020.

The Annual Department Dinner is scheduled for 4/18/2020. Save the date emails will be sent out and plans for the dinner will commence.

Presentation for 16 years CRT volunteer award was provided to Barbara Evans of the Trails End CRT. She recently retired and Asst Fire Chief Cooper presented plaque and certificate of appreciation.

Tahuya CRT members were awarded 5-10 year pins. Refreshments were provided after presentation. CRT members recognized include Brad Carey, Celeste Carey, Jann Day, Art Escalante, Laura Hill, Bob Newbill, and Jenny Strachan. Barbara Evans was also recognized for her service upon her retirement.

Adjourned for refreshments at 5:20 pm.

Authority Secretary

Commissioner Kelley McIntosh

Commissioner Brooke Quigley

Commissioner Bob Miller

Commissioner Daniel Kewish

Commissioner Paul Severson

Angie McCormick

From: Scott Cooper
Sent: Tuesday, October 01, 2019 1:44 PM
To: All Users
Subject: CRT Service Recognition

Hello Everyone,

We have amazing CRT members in the Fire Authority, and we are looking forward to recognizing several who are receiving five-year pins and one long-serving CRT member who is retiring. Please join us for the recognition ceremony on Oct 15, 5:00 pm at the Board of Commissioners Meeting at Station 21.

We will have an opportunity to recognize the contributions of CRT members Brad Carey, Celeste Carey, Jann Day, Art Escalante, Laura Hill, Bob Newbill, and Jenny Strachan. In addition, we will recognize the long standing contribution of Barbara Evans, who has retired from her CRT role.

We will have time to thank our CRT members and enjoy an opportunity for visiting.

We hope to see you there!

Financial Management

CATEGORY: Administration
NUMBER: Admin-xx
EFFECTIVE: November, 2019

REFERENCE

N/A

PURPOSE

The financial integrity of North Mason Regional Fire Authority (the “NMNMRFA”) government is of utmost importance. To discuss, write, and adopt a set of financial policies is a key element to maintaining this integrity. The set of policies within this document serve as a central reference point of the most important of our policies, which are critical to the continued financial health of our local government.

Written, adopted financial policies have many benefits, such as assisting the elected officials and staff in the financial management of the municipality, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as elected officials and staff members change. While these policies will be amended periodically, they will provide the basic foundation and framework for many of the issues and decisions facing the NMNMRFA. They will promote sound financial management and assist the NMNMRFA’s stability, efficiency, and effectiveness.

Financial Goals

Our financial goals seek to:

- Ensure the financial integrity of the organization
- Manage the financial assets in a sound and prudent manner
- Improve financial information for decision makers at all levels:
 - Policy makers as they contemplate decisions that affect the municipality on a long- term basis
 - Managers and staff as they implement policy on a day-to-day basis
- Maintain and further develop programs to ensure the long term ability to pay all costs necessary to provide the level and quality of service required by the citizens
- Maintain a spirit of openness and transparency while being fully accountable to the public for the NMRFA’s fiscal activities

Financial Policies

The NMRFA's financial policies address the following major areas:

- | | |
|--------------------------------|--|
| I. General Policies | VII. Debt Policies |
| II. Revenue Policies | VIII. Communication Policies |
| III. Expenditure Policies | IX. Compliance Policies |
| IV. Operating Budget Policies | X. Investment & Cash Management Policies |
| V. Capital Management Policies | XI. Reserve Policies |
| VI. Accounting Policies | |

These policies may be addressed in this policy or separate policies, including but not limited to a Post-Issuance Compliance Policy.

I. General Policies

1. The NMNMRFA may adopt resolutions to set financial policies to assure the financial strength and accountability of the NMRFA.
2. The Fire Chief shall develop administrative directives and general procedures for implementing the Board of Commissioner's financial policies.
3. All managers will share in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and programs will be developed to reflect current policy directives, projected resources, and future service requirements.
4. To attract and retain employees necessary for providing high quality services, the NMNMRFA shall establish and maintain a competitive compensation and benefit package with the public and private sectors.
5. Efforts will be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.
6. Initiate, encourage, and participate in economic development efforts to create job opportunities and strengthen the local economy.
7. The NMNMRFA will strive to maintain fair and equitable relationships with its contractors and suppliers.

II. Revenue Policies

Design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired services.

General Revenues

1. Current expenditures will be funded by current revenues. The NMRFA will try to maintain a diversified and stable revenue system to protect programs from short-term fluctuations in any single source.
2. Budgeted revenues will be estimated conservatively using accepted standards

and estimates provided by the state, other governmental agencies or reliable economic forecasters when available.

3. General Fund/Current Expense Fund and other unrestricted revenues will not be earmarked for specific purposes, activities or services unless otherwise authorized by Board of Commissioners or required by law, or generally accepted accounting practices (GAAP). All nonrestricted revenues will be deposited into the NMNMRFA's General Expense Fund and appropriated by the budget process.
4. If revenues from "one-time" or limited duration sources are used to balance the annual operating budget, it is to be fully disclosed and explained at the time the budget is presented. It is the NMRFA's goal to not rely on these types of revenues to balance the operating budget.
5. The NMRFA will not use deficit financing and borrowing to support on-going operations in the case of long-term (greater than one year) revenue downturns. Revenue forecasts will be revised and expenses will be reduced to conform to the revised long-term revenue forecast or revenue increases will be considered.
6. The NMRFA will follow an aggressive and professional policy of collecting revenues. (When necessary, small claims court, collection agencies, foreclosure, liens and other methods of collection, such as imposing penalties, collection and late charges, may be used.)

Fees and Charges

1. Enterprise and Internal Service operations will be self-supporting.
2. The NMRFA may use service users' charges in lieu of ad valorem (property) taxes and subsidies from other NMRFA funds, for services that can be identified and where costs are directly related to the level of service provided.
 - a. Other reimbursable work performed by the NMRFA (labor, meals, contracted services, equipment and other indirect expenses) shall be billed at actual or estimated actual cost.
 - b. Charges for services shall accurately reflect the actual or estimated cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. The NMRFA may maintain a current schedule of fees and charges, showing when the fees were last reviewed and/or recalculated. Fees and charges will be reviewed every three years at a minimum.
 - c. The NMRFA will consider market rates and charges levied by other organizations for like services in establishing rates, fees, and charges.
 - d. Certain fees, such as rental fees, will be based upon market conditions and are not subject to the limitations of cost recovery.

Grants and Gifts

1. Grant funding for programs or items which address the NMRFA's current priorities and policy objectives should be considered to leverage NMRFA funds. Inconsistent and/or fluctuating grants should not be used to fund on-going programs.
2. Before accepting any grant the NMRFA shall thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.
3. All grants and other federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended in accordance with the NMRFA's Donation Policy and the wishes and instructions of the donor.

General Funds

The General Fund is the primary operating account, and is used for the payment of operating and maintenance expenses, including labor costs related to the day-to-day operation of the NMRFA.

Capital Project Funds

The Capital Funds are used for purchase or construction of capital projects and may be used for debt payments if approved by the Board.

Cash Drawer

The NMRFA's Cash Drawer shall be balanced and funds deposited to the Depository Account daily. Any out-of-balance conditions (Cash Over/Short) shall be immediately reported to the Fiscal Manager, reviewed, and posted. Cash over/short conditions of more than \$100 shall be reported to the Fire Chief immediately. The Board of Commissioners will be notified no later than the next regular Board meeting. The NMRFA shall provide a numerically sequential receipt and a unique transaction batch number for all financial transactions.

Fund Balance and Maintenance of Minimum Reserve Levels

The NMRFA shall strive to maintain adequate fund balances (reserves) in order to provide sufficient cash flows to meet operating and capital expenses, while also providing the financial ability to address economic downturn and system emergencies. Operating expenditures shall include salaries, benefits, supplies, professional services, intergovernmental and interfund expenses, capital outlays and transfers (See "XI. Reserve Policies" herein for more details and specifics.)

III. Expenditure Policies

Identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

1. The NMRFA will strive to adopt an annual General Fund budget in which current expenditures do not exceed current projected revenues. Capital expenditures may be funded from one-time revenues.
2. Line Item Managers are responsible for managing their budgets within the total appropriation for their program area.
3. The NMRFA will take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of contingencies. The Board of Commissioners may approve a short-term interfund loan or use of one-time revenue sources to address temporary gaps in cash flow, although this will be avoided if possible.
4. Long-term debt or bond financing shall not be used to finance current operating expenditures.
5. The NMRFA will assess funds for services provided internally by other funds. Interfund service fees charged to recover these costs will be recognized as revenue to the providing fund.
6. Emphasis will be placed on improving individual and work group productivity rather than adding to the work force. The NMRFA will invest in technology and other efficiency tools to maximize productivity. The NMRFA will hire additional staff only after the need for such positions has been demonstrated and documented.
7. All compensation planning and collective bargaining will focus on the total costs of compensation (TCC) which includes direct salary, health care benefits, pension contributions, and other benefits which are a cost to the NMRFA.
8. Periodic comparisons of service delivery will be made to ensure that quality services are provided to our citizens at the most competitive and economical cost. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery where appropriate. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.
9. Whenever feasible, government activities will be considered enterprises if so doing will increase efficiency of service delivery or recover the cost of providing the service from the benefiting entity by user fees.
10. The NMRFA will make every effort to maximize any discounts offered by creditors/vendors.

IV. Operating Budget Policies

1. The Board of Commissioners will adopt and maintain a balanced annual operating budget.
2. The NMRFA will strive to adopt a budget where current annual operating revenues will be equal to or greater than current operating expenditures.

3. Balanced revenue and expenditure forecasts will be prepared to examine the NMRFA's ability to absorb operating costs due to changes in the economy, service demands, contractual obligations, and capital improvements. The forecast will encompass five years and will be updated annually.
4. In the event a balanced budget is not attainable, and the cause of the imbalance is expected to last for no more than one year, the planned use of reserves to balance the budget is permitted. In the event that a budget shortfall is expected to continue beyond one year, the planned use of reserves must be developed as part of a corresponding strategic financial plan to close the gap through revenue increases or expenditure decreases.
5. Any year-end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and will be available for capital expenditures and/or "one-time" only General Fund expenditures.
6. The NMRFA will provide for adequate maintenance and the orderly replacement of capital assets and equipment. The Authority will develop and adopt a capital asset replacement plan.
7. The operating budget shall serve as the annual financial plan for the NMRFA. It will serve as the policy document of the NMRFA for implementing the Board of Commissioner's goals and objectives. The budget will provide the staff the resources necessary to accomplish NMRFA determined service levels.
8. The Fire Chief shall annually present a proposed operating budget to the Board of Commissioners on or before the 1st day in November. The Board of Commissioners must adopt by resolution a final balanced budget no later than December 31 of each year.
9. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the Board of Commissioners.
10. Budget control and accountability is maintained at the line item manager level.
11. The Fire Chief has the authority to approve appropriation transfers between programs or departments within a fund. In no case may total expenditures of a particular fund exceed that which is appropriated by the Board of Commissioners without a budget amendment. Amendments to the budget are approved by the Board of Commissioners.

V. Capital Management Policies

Review and monitor the state of the NMRFA's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

Capital Facilities Plan

1. The NMRFA may develop a Capital Facilities Plan (CFP) which is consistent with the NMRFA Comprehensive Plan. The plan shall be for a period of 10 years.
2. The CFP will include all projects to maintain public capital facilities required to maintain service levels at standards established by the NMRFA Council. It may also include for consideration such other projects as requested by the Fire Chief or Board

of Commissioners.

3. The CFP will provide details on each capital project plan including estimated costs, sources of financing and a full description of the project.
4. The NMRFA will finance only those capital improvements that are consistent with the adopted CFP and NMRFA priorities. All capital improvement operating and maintenance costs will be included in operating budget forecasts.
5. A status review of the CFP will be conducted annually and a report will be presented by the Fire Chief or his/her designee, to the Board of Commissioners.

Capital Asset Management

1. The NMRFA will maintain its capital assets at a level adequate to protect the NMRFA's capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.
2. The capitalization threshold used in determining if a given asset qualifies for capitalization is \$1,000 per item with a useful life of over one year. All capital assets shall have a NMRFA property tag affixed to it when placed into service.
3. Minor equipment that falls below the \$1,000 threshold but is subject to shrinkage shall have a NMRFA property tag affixed to it when placed into NMRFA service and will be accounted for on the "Small and Attractive" inventory list.
4. The Authority will conduct an annual physical count/inspection of all capital assets.
5. Adequate insurance will be maintained on all capital assets consistent with the results of the annual physical count/inspection.

VI. Accounting Policies

Comply with prevailing federal, state, and local statutes and regulations. Conform to a comprehensive basis of accounting in compliance with Washington State statutes and with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA) where applicable.

1. The NMRFA uses the cash basis of accounting which is a departure from generally accepted accounting principles (GAAP).
2. The NMRFA will maintain expenditure categories according to state statute and administrative regulation. The NMRFA will use the "Budgeting, Accounting & Reporting System" (BARS) prescribed by the State Auditor for its revenue and expenditure classification.
3. **Monthly budget reports** showing the current status of revenues and expenditures will be prepared and distributed to appropriate legislative, staff and management personnel in a timely manner and made available for public inspection.
4. **Monthly financial updates** will be presented to the Board of Commissioners.
5. Electronic financial systems will be maintained to monitor revenues, expenditures, and program performance on an ongoing basis.
6. The Annual Financial Report will be prepared and submitted to the State Auditor's

Office no later than 150 days from the end of the preceding fiscal year.

7. The Annual Financial Report will be prepared on the basis of accounting that demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles. The report will provide full disclosure of all financial activities and related matters.
8. A biennial financial audit shall be performed by the Washington State Auditor's Office, which will issue an official opinion on the annual financial statements. The accountability audit (i.e., accountability for public resources and compliance with state laws and regulations and its own policies and procedures) shall be performed every two years by the Washington State Auditor's Office.
9. The NMRFA's budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units, and as a communications device for all significant budgetary issues, trends and resources.

VII. Debt Policies

Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.

Purpose and Overview

The Debt Policy for the NMRFA is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financings of the NMRFA. Adherence to the policy is essential to ensure that the NMRFA maintains a sound debt position and protects the credit quality of its obligations.

Capital Planning

The NMRFA shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects. Long term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the NMRFA shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

Legal Governing Principles

In the issuance and management of debt, the NMRFA shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

1. State Statutes – The NMRFA may contract indebtedness as provided for by State law, subject to the statutory and constitutional limitations on indebtedness.

2. Federal Rules and Regulations – The NMRFA shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.
3. Local Rules and Regulations – The NMRFA shall issue and manage debt in accordance with the limitations and constraints imposed by local rules, policies, and regulations.

Roles & Responsibilities

The Board of Commissioners shall:

- Approve indebtedness;
- Approve appointment of the bond underwriter and bond counsel;
- Approve the Financial Policy, including the section on the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and

The Fire Chief in consultation with the Board of Commissioners shall:

1. Assume primary responsibility for debt management
2. Provide for the issuance of debt at the lowest possible cost and risk;
3. Determine the available debt capacity;
4. Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
5. Recommend to the Board of Commissioners the manner of sale of debt;
6. Monitor opportunities to refund debt and recommend such refunding as appropriate.
7. Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
8. Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
9. Provide for and participate in the preparation and review of offering documents;
10. Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
11. Submit to the Board of Commissioners all recommendations to issue debt;
12. Provide for the distribution of pertinent information to rating agencies;
13. Comply with undertakings for ongoing disclosure pursuant to SEC Rule 15c2-
14. Apply and promote prudent fiscal practices.

Ethical Standards Governing Conduct

The members of the NMRFA's staff will adhere to the standards of conduct as stipulated by the Public Disclosure Act, RCW 42.17 and Ethics in Public Service, RCW 42.52.

Types of Debt Instruments

The NMRFA may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of Board of Commissioners, the NMRFA is authorized to sell:

1. **Unlimited Tax General Obligation Bonds** – The NMRFA shall use Unlimited Tax General Obligation Bonds (UTGO), also known as “Voted General Obligation Bonds” for the purpose of capital improvements, remodels, equipment purchases and property acquisition. Voted issues are limited to capital purposes only. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose, plus validation requirements.
2. **Limited Tax General Obligation Bonds** – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt”, requires the NMRFA to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The NMRFA shall use LTGO Bonds as permitted under State law for lawful purposes only. General Obligation debt is backed by the full faith and credit of the NMRFA and is payable from non-voter approved property taxes and other money lawfully available. LTGO Bonds will only be issued if:
 - a. NMRFA determines they can afford the payments;
 - b. A project requires funding not available from alternative sources;
 - c. Matching fund monies are available which may be lost if not applied for in a timely manner; or,
 - d. Emergency conditions exist.
3. **Special Assessment/Local Improvement NMRFA Bonds** – The NMRFA shall use Special Assessment Bonds as permitted under State law for the purpose of assuring the greatest degree of public equity in place of general obligation bond where possible. Local Improvement NMRFA (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the NMRFA. LID's are formed by the Board of Commissioners after a majority of property owners agree to the assessment. No taxing power or general fund pledge is provided as security, and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the NMRFA and an LID Guaranty Fund, as required by State Law.
4. **Short Term Debt** – The NMRFA shall use short term debt as permitted by State law for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The NMRFA may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All inter-fund loans will be subject to Board of Commissioner approval and will bear interest at prevailing rates.

5. **Leases** – The NMRFA is authorized to enter into capital leases under State law, subject to the approval of the Board of Commissioners.

General Requirements

1. The NMRFA will not use long-term debt to pay for current operations. The use of bonds will only be considered for significant capital and infrastructure improvements.
2. The term of the debt shall never extend beyond the useful life of the improvements to be financed; and the term of the debt will not exceed 25 years.
3. General obligation debt will not be used for self-supporting enterprise activity. The general policy of the NMRFA is to fund general-purpose public improvements and capital projects that cannot be financed from current revenues with voter-approved general obligation debt. Non-voter approved debt may be utilized when a new revenue source, or Levy lid lift revenue source can be identified to pay debt service expenses.
4. The general policy of the NMRFA is to establish debt repayment schedules that use level annual principal and interest payments.
5. Interest earnings on bond proceeds will be limited to 1) funding the improvements specified in the authorizing bond ordinance, or 2) payment of debt service on the bonds. Proceeds from debt will be used in accordance with the purpose of the debt issue. Funds remaining after the project is completed will be used in accordance with the provisions stated in the bond ordinance that authorized the issuance of the debt.
6. The NMRFA will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements. In no case will the NMRFA lease-purchase equipment whose useful life is less than the term of the lease.
7. The NMRFA will maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved. The NMRFA will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.
8. The NMRFA shall use refunding bonds in accordance with the Refunding Bond Act, RCW 39.53. Unless otherwise justified, the NMRFA will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. **A target 5% cost savings (discounted to its present value)** over the remainder of the debt must be demonstrated for any refunding, unless otherwise justified.
9. With Board of Commissioner approval, interim financing of capital projects may be secured from the debt financing marketplace or from other funds through an inter-fund loan as appropriate in the circumstances.

VIII. Communication Policies

1. It is the policy of the NMRFA to remain as transparent as possible.
2. The NMRFA shall manage relationships with the rating analysts assigned to the NMRFA's credit, using both informal and formal methods to disseminate information.
3. The NMRFA's Basic Financial Statements and Notes shall be a vehicle for compliance with continuing disclosure requirements. The Notes to the Financial Statements may be supplemented with additional documentation as required. Each year included in the Notes to the Financial Statements, the NMRFA will report its compliance with debt targets and the goals of the Debt Policies.
4. The NMRFA shall seek to maintain and improve its current bond rating.

IX. Compliance Policies

Investment of Proceeds

The NMRFA shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Legal Covenants

The NMRFA shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

Periodic Policy Review

At a minimum, the Debt Policy and the NMRFA's Post Issuance Compliance Policy will be reviewed and updated every five years.

X. Investment and Cash Management Policies

Manage and invest the NMRFA's operating cash to ensure its legality, safety, provide for necessary liquidity, avoid imprudent risk, and optimize yield.

1. Cash and Investment programs will be maintained in accordance with NMRFA regulations and will ensure that proper controls and safeguards are maintained. NMRFA funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
2. The NMRFA may develop and adopt an investment policy. Currently the Local Government Investment Pool (LGIP), which is an investment vehicle maintained by the State Treasurer's Office to help local governmental entities achieve higher rates of return by pooling local funds for economies of scale, is the only authorized investment vehicle available to the NMRFA.
3. The NMRFA will maintain written guidelines on cash handling, accounting, segregation of duties, and other financial matters.
4. **Monthly investment reports** will be prepared and distributed to the Board of Commissioners showing cash position, and year-to-date budgeted and actual expenditures.

5. The NMRFA will conduct annual reviews of its internal controls and cash handling procedures
6. Internal controls will be tested on a quarterly basis at a minimum.

XI. Reserve Policies

Maintain the reserves, contingencies, and ending fund balances of the various operating funds at levels sufficient to protect the NMRFA's credit as well as its financial position from emergencies.

1. At each fiscal year end the remaining dollars left in each fund that are undesignated and unencumbered constitute available reserves of the NMRFA.
2. The NMRFA will include all fund balances in the annual budget.

Reserve Fund

1. The NMRFA's goal shall be to establish and maintain a Reserve Fund per NMRFA policy.
2. The reserve is defined as a reserve solely for the purpose of addressing temporary revenue losses due to economic cycles or other time-related causes.
3. Annual contributions will be budgeted from the General Fund resources as available to establish and maintain the target reserve level.
4. All expenditures drawn from the reserve account shall require a prior approving vote by two-thirds majority by Board of Commissioners.

Capital Replacement Fund

1. A fund established for the current years capital expenditures. In addition, this fund should accumulate funds with the intent to support the amortized 10-year Capital Plan. The amount in the Capital Replacement Fund typically ranges from 1.5 million to 3 million dollars.

Contingency Reserve

1. A contingency account in an amount of 25 percent of the General Fund expenditure budget may be maintained annually in the NMRFA budget as NMRFA resources allow. The contingency account will be reestablished annually as part of the budget process
2. The Contingency account will be maintained to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the annual budget. The account provides some flexibility for unforeseen events without the necessity to appropriate additional funds from the NMRFA's reserves.
3. All transfers from the Contingency account will require Board of Commissioner approval.

Equipment Rental & Replacement Fund

1. Sufficient reserves will be maintained to provide for the scheduled replacement

of NMRFA vehicles and capital equipment at the end of their useful lives.

2. Contributions will be made through assessments to the operating departments and maintained on a per asset basis.

Additional Reserves

1. Additional reserve accounts may be created by the Board of Commissioners to be set aside for specific purposes or special projects, for known significant future expenditures, or as general operational reserves.



NORTH MASON REGIONAL FIRE AUTHORITY ANNUAL BUDGET 2020

The North Mason Regional Fire Authority's (NMRFA) 2020 Annual Budget is a document that is designed to, 1) help the NMRFA with the implementation of sound financial principals, 2) indicate program and service priorities and, 3) provide a means of communication for NMRFA financial matters to all internal and external stakeholders.



Budget Goal: To provide financial resources and accountability for public safety service delivery in North Mason.

- 1) Distribute financial resources as determined by community need;**
- 2) Provide financial resources for strategically developed Authority priorities;**
- 3) Clearly communicate NMRFA objectives with the community served;**
- 4) Ensure financial accountability and efficiency through data analysis and review;**
- 5) Fund and maintain NMRFA savings contingencies to allow for future growth;**
- 6) Provide for a financial review of systems to determine program(s) effectiveness;**
- 7) Allow for evaluation of financial accountability and effectiveness by entities outside of the NMRFA;**
- 8) Accomplish goals related to Belfair and Tahuya Fire Station Capital Facilities Projects.**

**North Mason Regional Fire Authority
2020 Budgeted Revenue**

| Revenue | 2017 | 2017A | 2018 | 2018A | 2019 | 2020 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| NMRFA Property Fire Levy Tax | \$ 2,332,905 | \$ 2,374,032 | \$ 2,375,443 | \$ 2,371,979 | \$ 2,449,166 | \$ 2,502,866 |
| NMRFA EMS Levy Tax | \$ 802,804 | \$ 772,488 | \$ 813,962 | \$ 782,927 | \$ 841,133 | \$ 840,717 |
| Ambulance Fees | \$ 530,000 | \$ 476,849 | \$ 530,000 | \$ 467,333 | \$ 530,000 | \$ 530,000 |
| Reserve Carryover | \$ - | | \$ - | | | \$ - |
| Land Transfer (Timber) | \$ 23,000 | \$ 89,673 | \$ 23,000 | \$ 291,648 | \$ 40,000 | \$ 40,000 |
| Timber Excise Tax | \$ 17,000 | \$ 34,014 | \$ 17,000 | \$ 54,040 | \$ 20,000 | \$ 20,000 |
| Mission Creek Service Contract/ Wildfire | \$ 35,000 | \$ 73,464 | \$ 45,000 | \$ 64,386 | \$ 60,000 | \$ 80,000 |
| Interest | \$ 1,640 | \$ 18,887 | \$ 7,000 | \$ 45,398 | \$ 15,000 | \$ 50,000 |
| Misc. Utilities | \$ 3,000 | \$ 1,105 | \$ 3,000 | \$ 1,224 | \$ 3,000 | \$ 3,000 |
| Grants | \$ 1,300 | \$ 85,673 | \$ 1,270 | \$ 20,699 | \$ 1,266 | \$ 1,300 |
| PPE Grant | \$ - | | \$ - | | | \$ - |
| Non-Revenue Reimbursement | \$ 25,000 | \$ 28,455 | \$ 35,000 | \$ 17,961 | \$ 35,000 | \$ 35,000 |
| Schools/Parks Service Contract | \$ - | | \$ - | | | \$ - |
| Private Contributions | \$ 1,000 | \$ 721 | \$ 1,000 | \$ 460 | \$ 1,000 | \$ 1,667 |
| Training/Practice Burns | \$ 5,000 | | \$ 5,000 | \$ 1,700 | \$ 5,000 | \$ 5,000 |
| Junk/Salvage | \$ 15,000 | | \$ 15,000 | | \$ 15,000 | \$ 15,000 |
| Starting Balance | \$ 230,000 | \$ 230,000 | \$ 230,000 | \$ 230,000 | \$ 230,000 | \$ 230,000 |
| Federal SAFER Grant | \$ 120,000 | - | \$ - | - | | \$ - |
| Fire Marshal Reimbursement | \$ 10,000 | \$ 19,242 | \$ 10,000 | \$ 9,581 | \$ 15,000 | \$ 10,000 |
| Insurance Recovery | \$ 4,000 | \$ 4,228 | \$ 4,000 | \$ 1,360 | \$ 6,000 | \$ 13,000 |
| Miscellaneous | \$ - | | \$ - | \$ 157,638 | | \$ - |
| Total Revenue | \$ 4,156,649 | \$ 4,208,829 | \$ 4,115,675 | \$ 4,518,333 | \$ 4,266,565 | \$ 4,377,550 |

NORTH MASON REGIONAL FIRE AUTHORITY

2020 Budget

| EXPENDITURES | 2017 | 2017A | 2018 | 2018A | 2019 | 2020 |
|--|------------------|---------------------|------------------|------------------|------------------|------------------|
| Line Item Manager: Beau Bakken, Fire Chief | | | | | | |
| Career Salaries | 2,020,000 | 2,067,156.39 | 2,045,000 | 2,101,798 | 2,245,000 | 2,400,000 |
| Career Benefit Costs | 720,000 | 724,654.33 | 760,000 | 768,026 | 810,000 | 940,000 |
| Retirement Medical Costs | 15,000 | 11,499.10 | 15,000 | | 7,000 | 7,000 |
| Equipment and Facilities Fund | 400,000 | 400,000.00 | 400,000 | 400,000 | 400,000 | 225,000 |
| Emergency Reserve | - | - | - | | | |
| Operational Misc. Expenses | 10,000 | 10,559.08 | 10,000 | 7,561 | 10,000 | 10,000 |
| Admin/Commissioner Training | 12,500 | 5,237.60 | 10,000 | 2,685 | 10,000 | 10,000 |
| Insurance | 70,000 | 66,208.00 | 70,000 | 67,023 | 73,000 | 75,000 |
| Legal Fees | 4,000 | 697.50 | 2,500 | 14,497 | 6,500 | 2,500 |
| Computer Upgrades | 12,000 | 8,483.99 | 12,000 | 15,275 | 12,000 | 12,000 |
| Ambulance Refunds | 5,000 | 6,499.34 | 4,000 | 3,836 | 5,000 | 5,000 |
| Elections | - | 5,123.73 | - | 246 | 6,000 | - |
| Professional Service | 18,000 | 13,699.63 | 18,000 | 36,254 | 12,000 | 20,000 |
| Commissioner Stipend | 25,000 | 20,000.43 | 25,000 | 21,638 | 25,000 | 25,000 |
| Subtotal | 3,311,500 | 3,339,819.12 | 3,371,500 | 3,438,838 | 3,621,500 | 3,731,500 |
| Line Item Manager: Katie Patti, Executive Assistant | | | | | | |
| Postage | 2,500 | 1,576.61 | 2,500 | 1,188 | 2,500 | 2,500 |
| Office Supplies | 18,000 | 11,871.17 | 8,000 | 2,491 | 8,000 | 6,000 |
| Volunteer Pension and Disability | 4,000 | 1,650.00 | 2,500 | 1,650 | 2,500 | 2,500 |
| Legal Advertisements/Subs | 2,000 | 142.00 | 2,000 | 762 | 2,000 | 2,000 |
| Subtotal | 26,500 | 15,239.78 | 15,000 | 6,091 | 15,000 | 13,000 |

NORTH MASON REGIONAL FIRE AUTHORITY

2020 Budget

| EXPENDITURES | 2017 | 2017A | 2018 | 2018A | 2019 | 2020 |
|--|----------------|-------------------|----------------|----------------|----------------|----------------|
| Line Item Manager: Scott Cooper, Assistant Fire Chief | | | | | | |
| Station Utilities | 60,000 | 60,009.06 | 60,000 | 60,986 | 60,000 | 60,000 |
| Preventative Maint. Contract | 37,000 | 31,181.47 | 37,000 | 33,428 | 32,000 | 32,000 |
| Vehicle Repairs | 55,000 | 58,453.99 | 55,000 | 54,387 | 60,000 | 60,000 |
| Vehicle Fuel | 40,000 | 31,457.66 | 35,000 | 37,685 | 35,000 | 35,000 |
| Infectious Disease, Safety, Health & Physicals | 3,000 | 8,444.49 | 18,000 | 1,410 | 5,000 | 5,000 |
| Training | 45,000 | 37,154.47 | 45,000 | 34,142 | 45,000 | 35,000 |
| Fire Academy | 7,000 | 36,472.30 | 14,000 | 14,260 | 14,000 | 14,000 |
| Career Staff Education | 15,000 | 14,372.34 | 15,000 | 18,973 | 15,000 | 15,000 |
| Dispatching Services | 36,399 | 35,653.60 | 37,000 | 35,787 | 36,015 | 31,000 |
| EAP/CISD Services | 2,000 | 1,314.72 | 2,000 | 1,673 | 2,000 | 2,000 |
| Vol. Stipend/BLS Transports | 5,000 | 17,780.30 | 9,000 | 20,921 | 12,000 | 12,000 |
| Awards/Recognition/Code 13 | 850 | 585.89 | 850 | 783 | 850 | 850 |
| Building Maintenance | 23,500 | 19,427.89 | 23,500 | 18,946 | 30,000 | 20,000 |
| (Capital Project) RFA Sign/Sta 27 | - | 37,697.02 | 22,325 | 22,325 | | |
| Tree Damage Repair St 21 | - | - | - | | | |
| Subtotal | 329,749 | 390,005.20 | 373,675 | 355,706 | 346,865 | 321,850 |

| | | | | | | |
|--|----------------|-------------------|----------------|----------------|----------------|----------------|
| Line Item Manager: Carl Ehresman, Captain | | | | | | |
| EMS Supplies | 50,000 | - | 50,000 | 50,503 | 52,000 | 50,000 |
| EMS Equipment | 50,000 | 108,641.65 | 15,000 | 20,954 | 15,000 | 15,000 |
| MPD/QA | 8,000 | - | 8,000 | 4,313 | 8,000 | 8,000 |
| Ambulance Billing | 25,000 | 19,352.00 | 25,000 | 24,914 | 25,000 | 25,000 |
| CRT Programs | 3,000 | 659.90 | 3,000 | 2,673 | 3,000 | 3,000 |
| Wellness | 5,000 | 3,734.93 | 5,000 | 3,238 | 5,000 | 5,000 |
| Subtotal | 141,000 | 132,388.48 | 106,000 | 106,594 | 108,000 | 106,000 |

NORTH MASON REGIONAL FIRE AUTHORITY

2020 Budget

| EXPENDITURES | 2017 | 2017A | 2018 | 2018A | 2019 | 2020 |
|--|----------------|-------------------|----------------|----------------|----------------|----------------|
| Line Item Manager: Ryan Cleveland, Captain | | | | | | |
| Wildland | 12,000 | 14,982.67 | 15,000 | 14,337 | 15,000 | 15,000 |
| ORV | 1,500 | 861.73 | 1,500 | 1,500 | 1,500 | 1,500 |
| Radio Upgrades | 12,000 | 13,416.55 | 12,000 | 11,524 | 12,000 | 12,000 |
| Fire Equipment Testing | 12,000 | 10,693.89 | 12,000 | 11,437 | 12,000 | 12,000 |
| Fire Equipment Replacement | 20,700 | 20,085.30 | 20,700 | 29,778 | 20,700 | 20,700 |
| Fire Equipment Reserve | 30,000 | 30,000.00 | 30,000 | 30,000 | | 30,000 |
| SCBA/Compressor Maintenance | 12,200 | 11,202.89 | 12,200 | 5,325 | 10,000 | 10,000 |
| Student Resident Program | 35,000 | 31,820.88 | 30,000 | 27,740 | 30,000 | 30,000 |
| Station Amenities | 4,000 | 4,217.20 | 4,000 | 3,756 | 4,000 | 4,000 |
| Station Supplies | 6,000 | 9,391.22 | 8,000 | 8,529 | 8,000 | 8,000 |
| Subtotal | 145,400 | 146,672.33 | 145,400 | 143,926 | 113,200 | 143,200 |
| Line Item Manager: Jordan Reese, Captain | | | | | | |
| Protective Equipment | 36,000 | 30,889.80 | 45,100 | 34,922 | 15,000 | 15,000 |
| Uniforms | 16,000 | 15,457.47 | 22,500 | 14,874 | 18,000 | 18,000 |
| Safety Improvements | 2,500 | 906.59 | 2,500 | 1,586 | 2,500 | 2,500 |
| Subtotal | 54,500 | 47,253.86 | 70,100 | 51,382 | 35,500 | 35,500 |
| Line Item Manager: Jeromy Hicks, Captain/Community Outreach Coordinator | | | | | | |
| Community Newsletter/Mailers | 6,000 | 3,466.19 | 6,000 | 9,366 | 6,000 | 6,000 |
| Community Outreach Program | 15,000 | 13,675.45 | 15,000 | 8,125 | 15,000 | 15,000 |
| Authority Dinner | 4,000 | 5,958.85 | 4,500 | 4,981 | 5,500 | 5,500 |
| AmeriCorps | - | | 6,500 | - | - | |
| Fire Marshall Program | 3,000 | 1,565.79 | 2,000 | 1,575 | - | |
| Subtotal | 28,000 | 24,666.28 | 34,000 | 24,047 | 26,500 | 26,500 |
| Line Item Manager: Volunteer Coordinator | | | | | | |
| SAFER - Volunteer R & R | 120,000 | 7,789.58 | - | - | - | - |
| Subtotal | 120,000 | 7,789.58 | - | - | - | - |

NORTH MASON REGIONAL FIRE AUTHORITY 2020 Budget

| EXPENDITURE TOTALS | 2017 | 2017A | 2018 | 2018A | 2019 | 2020 |
|---------------------------|-------------|--------------|-------------|--------------|-------------|-------------|
| | \$4,156,649 | \$4,103,835 | \$4,115,675 | \$4,126,585 | \$4,266,565 | \$4,377,550 |
| Revenue Totals | | \$4,208,829 | | \$4,518,333 | \$4,266,565 | \$4,377,550 |
| Difference | | \$104,995 | | \$391,748 | | |

| Contingencies | | |
|------------------------------------|-----------------------|-----------------------|
| | Start of 2020 | End of 2020 |
| Emergency Contingency Balance | \$500,140.62 | \$500,140.62 |
| Capital Contingency Balance | \$1,731,971.43 | \$1,956,971.43 |
| Fire Equipment Contingency Balance | \$183,541.54 | \$213,541.54 |