

# NORTHWEST FIRE DISTRICT



Finance Services Division

Program Appraisal

for the upcoming 2025-2026 fiscal year

In partial or complete fulfillment of the following CFAI Criterion and Performance Indicators (core competencies identified in **bold**): Category 4, Category 10 Criterion B, & **9C.3**

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## **EXECUTIVE SUMMARY**

The Finance Services Division is responsible for maintaining the financial system of the District. This includes budgeting, payroll, accounts payable, accounts receivable, procurement, and the general ledger. The Division is also responsible for debt issuance administration, capital planning and Capital Improvement Program (CIP) preparation, property and casualty insurance renewals, risk management and internal controls. The Finance Division ensures the District's budget development and financial reporting follow the requirements outlined in Arizona Revised Statutes, Title 48. The Division also has the responsibility of ensuring the District is compliant with all federal and state regulations regarding financial reporting and grant compliance.

## **DIVISION PURPOSE**

The purpose of the Finance Services Division is to provide internal financial, procurement, and contract support to all District divisions, and to provide excellent customer service to all stakeholders - both internal and external. Finance Services accomplishes this by stewarding public resources efficiently and effectively with due professional care and ensuring transparency with the Governing Board and citizens. This includes planning, budgeting, procuring, organizing, auditing, accounting for, and reporting on the finances of the District.

## **DIVISION ADMINISTRATION**

The Finance Services Division is currently comprised of the following positions and personnel:

Finance Services Division Manager (1) - responsible for managing the Finance Services team, completing and implementing strategic goals, and coordinating, preparing, and responding to all audits and requests. The Manager ensures compliance with all regulatory requirements, including District policies.

Principal Accountant (1) - responsible for processing deposits, reconciling bank accounts, and preparing monthly and quarterly reports.

Senior Accounting Specialist (1) - responsible for processing payroll and all related functions and wildland reimbursements.

Accounting Specialist (1) - responsible for processing accounts payable and all related functions and completing deposits in the financial software.

Procurement and Contract Specialist (1) - responsible for managing contracts and assuring purchases follow all regulatory requirements, including District policies.

Buyer (1) - responsible for assuring purchases are in compliance with all regulatory requirements, including District policies and acts as a liaison between vendors and internal team members.

Grants Manager (1) - responsible for researching all grant related processes and coordination and management of the budget process.

## **COMPLIANCE STATUS WITH FEDERAL/STATE/LOCAL REGULATIONS AND CODES**

The Finance Services Division complies with all related Arizona Revised Statutes, SEC Rule 15c2-12, the Internal Revenue Code, specific issuance and regulatory bond requirements, and all awarded grant agreement terms and conditions.

## **INTERNAL PROGRAMS**

- Billings for Services (i.e., Dispatch, Wildland, Grant, etc.)
- Accounts Payable
- Payroll
- Purchasing Cards
- Financial Reporting
- Budget Administration, Compliance, & Reporting
- Debt Issuance Compliance & Administration
- Reporting and Compliance Related to Ambulance Billings
- Annual Comprehensive Financial Report
- Audit Coordination
- Long-term Financial Planning & Forecasting
- Capital Planning & Capital Improvement Program (CIP) Preparation and Management
- Property & Casualty, Cyber, and Nurse Practitioner Insurance Management and Renewals
- Financial Risk Management & Internal Controls
- Requisition Processing, Research, and Compliance
- Purchase Order Issuance
- Vendor Management/Relations
- Strategic Sourcing
- Contracts Management
- Grant Writing and Management
- RFP/RFQ Compliance, Issuance, and Management
- Procurement Year-End Process

## **CURRENT AND NEEDED MEASURES**

### **CURRENT PERFORMANCE MEASURES:**

- Unmodified (“clean”) audit opinion
- Balanced budget
- General Fund Unassigned Fund Balance target met per Policy 1202
- Procurement compliance
- Grant compliance

### **PERFORMANCE MEASURES IN DEVELOPMENT:**

- Compilation of past data and future estimates related to rollover purchase orders to assist with the budgeting process
- Paid time off payout estimates for budgeting purposes
- Purchase order and requisition volume and monetary data
- Requisition processing timeframe
- Accounts Payable volume data

## **CURRENT DIVISION GOALS/OBJECTIVES AND STATUS**

It is a continual goal for the Division to be constantly looking for ways to either increase service levels or find efficiencies to streamline processes while producing high quality work. As the District continues to grow, the accounts payable workload will increase beyond the capacity of one individual. A solution needs to be identified to either automate the process more or add another approved position to split the demand of the tasks.

After spending the year focusing more on internal training, the Division now aims to create more public information and documents related to Procurement similar to other agencies for additional transparency and ease of access of information. The Finance Services Division will review and update departmental procedures and policies, as needed. As time permits, Division team members will work towards providing more cross-training opportunities, allowing other team members to understand and learn more beyond their current tasks.

The Grants Manager will submit for the Distinguished Budget Presentation Award through the Government Finance Officers Association for the fiscal year 2025/2026 budget. The Division plans to continue achieving the Government Finance Officers Association (GFOA) Certificate of Achievement Award for Excellence in Financial Reporting and receive a clean audit opinion on both the financial audit and, when required, the single audit. This year was the 17<sup>th</sup> consecutive year of receiving the GFOA award and the Division also received another clean audit opinion on its financial audit. There was no single audit required due to not meeting the required threshold for grant awards.

## STRATEGIC PLAN CRITICAL TASKS DISCUSSION

**Goal 3:** Demonstrate responsible and transparent stewardship of organizational resources.

**Objective 3A:** Achieve the Government Finance Officers Association Distinguished Budget Presentation Award.

**Critical Task 1:** Provide current fiscal year financial data to digital budget book software provider to establish baseline structure.

**Critical Task 2:** Complete all portions of the digital budget book utilizing fiscal year 2024-2025 budget data, analysis, and goals for public facing website.

**Critical Task 3:** Upload the approved fiscal year 2025-2026 budget into the digital budget book software and update prior year actual numbers. Update all required information and validate for accuracy.

**Critical Task 4:** Complete and submit the Distinguished Budget Presentation Award application to the Government Finance Officers Association (GFOA).

**Status:** 39% complete

**Objective 3B:** Identify, evaluate, and implement opportunities for revenue diversification.

**Critical Task 1:** Identify all revenue sources legally available to fire districts and research those not currently implemented at NWFD.

**Critical Task 2:** Design a plan to potentially implement the identified opportunities for new or increased revenues.

**Critical Task 3:** Implement the identified revenue opportunity, if approved.

**Status:** 0% complete

**Goal 5:** Develop and execute strategies for overseeing the organization's future growth by leveraging partnerships and engagement with community collaborators and stakeholders.

**Objective 5A:** Establish a Bond Committee to provide informed recommendations to the District for future bond elections.

**Status:** 0% Complete

## **CURRENT ISSUES**

As an ongoing priority, the District continually needs to strategically work on managing and forecasting all division budgets throughout the fiscal year and during the budget process each year. The current economy and inflation continue to present challenges in all aspects of not only purchasing but also availability of goods and services. In relation to the current economy, vendors continue to struggle with having and receiving goods in a timely manner. Along with managing budgets, Procurement will need to maintain clear communication with District team members regarding lack of vendor responses, back-ordered items, and vendor notifications on delayed order completion.

As the District continues to grow by adding new facilities, employees, programs, and systems the Accounts Payable load will continue to increase. Currently, the Accounting Specialist is responsible for all accounts payable and related tasks, as well as other essential functions. At this time, the essential functions are barely manageable even with proper time management, and as the District continues to expand and grow there may need to be a shift in duties or another position added to cover the other essential functions. This situation will need to be continually assessed and eventually remedied to prevent work overload resulting in team member burnout and essential functions becoming behind.

While the Finance Services Division has grown by additional full-time team members over the past few years, the workload is still heavy with most positions. While each position has specific requirements to be successful, it is important that others within the Division are cross trained so there is additional coverage when someone is out. The current challenge with trying to cross train is that most positions do not have the capacity for the in-depth cross training that is needed. At the time, only basic cross training will be completed with a plan for future in-depth training.

The District's Strategic Plan drives the budgeting process. One aspect of submitting for the Distinguished Budget Presentation Award is documenting how the Strategic Plan and budget align. The Grants Manager and division Managers will work towards documenting this information in the next budget cycle.

## **UPCOMING FISCAL YEAR GOALS/OBJECTIVES – INCLUDE RELATIONSHIP TO STRATEGIC PLAN GOALS/OBJECTIVES AS APPROPRIATE**

Goal 3 of the 2024-2029 District Strategic Plan is to demonstrate responsible and transparent stewardship of organizational resources.

- The Finance Services Division will obtain an unmodified (“clean”) audit opinion.

- The Division will submit the District's Annual Comprehensive Financial Report to the Government Finance Officers Association (GFOA) for recognition of Excellence in Financial Reporting.
- The Business Services Director will continue to monitor legislative changes that impact the District.
- The Business Services Director, Finance Manager, Grants Manager, and Principal Accountant will attend Governmental Accounting Standards Board (GASB) webinar training to ensure compliance in financial reporting.
- Grant management responsibilities in the Division provide fiscal oversight and monitor compliance with federal, state and District grant regulations and policies.
- The Finance Services Division will review and update departmental procedures and policies as needed to align with Goal 3.
- The Finance Services Division will continue to evaluate opportunities to streamline processes and provide for better collaboration with other divisions.

Goal 5 of the 2024-2029 Strategic Plan is to develop and execute strategies for overseeing the organization's future growth by leveraging partnerships and engagement with community collaborators and stakeholders.

- The Finance Services Division will, as needed, assist with the critical tasks related to establishing a bond committee for future bond elections.

## **TRAINING**

### **CURRENT YEAR TRAINING ACCOMPLISHMENTS FOR DIVISION STAFF**

- The Business Services Director, Finance Services Manager, Grants Manager, and Principal Accountant participated in Governmental Accounting Standards Board (GASB) webinars.
- The Finance Manager attended the Tyler Technologies Annual Conference.
- The Principal Accountant attended the GFOA Annual Conference.
- The Procurement and Contract Specialist, Buyer, Principal Accountant, and Finance Services Manager virtually attended the National Institute of Governmental Purchasing (NIGP) annual conference.
- The Finance Manager, Principal Accountant, and Grants Manager completed training for ClearGov software solutions.
- The Finance Manager attended the Fall Leadership Development courses.
- The Finance Manager, Principal Accountant, Procurement and Contract Specialist, and Buyer attended the NIGP 2024 VCON.
- The Grants Manager attended FEMA Emergency Management and Grant Professionals Association webinars related to grant compliance.



## UPCOMING FISCAL YEAR COMPLIANCE RELATED TRAINING NEEDS

- The Grants Manager will attend Federal Emergency Management Agency (FEMA) virtual training courses and Grant Professionals Association (GPA) webinars as needed to ensure compliance with all grant awards.
- GASB and Generally Accepted Accounting Principles (GAAP) update virtual training as needed by staff.
- GFOA training for the Business Service Director, Finance Services Manager, Principal Accountant, and Grants Manager.
- Continuing education credits for the Procurement and Contract Specialist Certified Professional Public Buyer (CPPB) certification.

## UPCOMING FISCAL YEAR JOB TASK RELATED TRAINING NEEDS

- Tyler Technologies and GFOA virtual training as needed by staff to strengthen, streamline, and monitor financial information and financial reporting.
- The Procurement & Contract Specialist and Buyer will attend the (NIGP) yearly national and monthly local conferences and training.
- The Finance Manager will attend the GFOA Annual Conference.
- The Procurement and Contract Specialist and Buyer will attend the following NIGP training: Manage Your Solicitation like a Project Manager, Optimizing Procurement Processes for Efficiency and Success Essentials of Contract Management

## PROGRAM SELF-ASSESSMENT

THE PROGRAM SELF-ASSESSMENT CONSISTS OF THE CURRENT ACCREDITATION CORE COMPETENCIES AND PERFORMANCE INDICATORS THAT DESCRIBE, APPRAISE, AND LIST A PLAN FOR YOUR DIVISION. THESE CORE COMPETENCIES AND PERFORMANCE INDICATORS ALONG WITH THE CURRENT ISSUES IDENTIFIED, ARE THE FOUNDATION FOR DEVELOPING UPCOMING GOALS AND OBJECTIVES.

## CFAI STRATEGIC RECOMMENDATIONS:

*It is recommended that the agency include financial cost(s) related to achieve all goals and objectives published in the strategic plan. (PI 4A.5)*

### **Category 4: Financial Resources**

*This category evaluates an agency's financial condition to determine its ability to fund operational priorities and its prognosis for long-range quality of service. Resources must be adequate to maintain the various programs to which an agency made a commitment. Whether the agency is public or private, stability of revenues*

*(demonstrated by a consistent history through at least the past three years) is fundamental.*

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

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

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

*NOTE: An agency that received the Distinguished Budget Presentation and Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Budget and Annual Comprehensive Financial Report may submit those certificates and reports as prima facie compliance with criterion 4B and therefore does not need to address performance indicators 4B.1 through 4B.9.*

#### **Criterion 4A: Financial Planning**

*Agency planning involves broad staff and community participation in financial planning and resource allocation. The agency's financial planning and budget process reflects sound strategic planning and a commitment to its stated goals and objectives. The agency prepares a balanced budget, which adequately maintains levels of service and personnel resources.*

#### **Summary**

Northwest Fire District maintains an active Strategic Plan in which the goals and objectives are formalized. This document along with the Standards of Cover (SOC) is used to help determine the staffing necessary to meet the stated goals and objectives of the District and provide a high quality of service to District residents. The Strategic Plan is utilized to drive the annual budget process with participation from multiple levels of staff input and in accordance with the financial policies approved by the Governing Board. In addition, capital needs are addressed through a five-year Capital Improvement Program that monitors and projects current and future significant

capital needs. The staffing and equipment requirements as projected in these documents are principal references for District financial planning. Each year the budget is fundamentally balanced between recurring revenues and recurring operational expenditures.

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

Description

Each year, the Northwest Fire District Governing Board has provided appropriate recommendations concerning the annual budget and financial planning. Historically, the budget process began with a staff report that provided an update of various economic factors impacting the District and provided the Governing Board with projections and estimates of where the District is projected to be economically. The Governing Board utilizes this information to set a levy and associated estimated tax rate. Arizona State Statutes provide general guidelines for the budget process and a summary budget document is required to be sent to the state after budget adoption. Each year, District staff enters the budget information and requests directly into the financial software for the upcoming fiscal year by early February. The Board reviews the budget and proposes changes through regular and special Governing Board meetings until final adoption in June.

Appraisal

During the special Budget Study Session with the Governing Board members, budget documents and any of their requested scenarios were reviewed. The Board provided guidance regarding what is important to the citizens to assist with how the budget is structured. This valuable information either confirms what is in the presentation or allows the divisions to make updates before it is presented at a regular Governing Board meeting. During each budget and planning process, the Governing Board and regulatory agencies provide adequate direction which is reflected in the final adopted budget for each fiscal year.

Plan

Finance staff will continue to monitor and present information related to economic and political indicators to assist the Governing Board in providing District staff with appropriate direction for the budgeting and planning process. As deemed necessary, staff will incorporate any additional performance indicators to drive the Governing Board's strategic discussion and to assist in the prioritization of resource allocation.

## References

[FY 24-25 Adopted Budget](#)

[Governing Board Minutes 06.25.2024](#)

[Governing Board Packet 06.25.2024](#)

[Arizona Revised Statute 48-805.02](#)

**4A.2 The agency has formally adopted financial policies that address: general fund reserves, reserves in other funds, fund balances, grants, debt, investment, accounting and financial reporting, risk management and internal controls, procurement, long-term financial planning, structurally balanced budgets, capital, revenues, expenditures, operating budgets, and charges/fees. The agency reviews financial policies at least every three years and updates as needed.**

## Description

Northwest Fire District reviews the full set of financial policies on an annual basis and makes revisions as needed. Historically, the policies that were implemented have been effective in protecting the District during economic downturns. The process of referencing best practices and policy suggestions that are presented by other agencies and authorities, such as the Government Finance Officers' Association (GFOA), has aided in keeping those policies relevant. We utilize those best practices but modify them to match the District's requirements since the District is a slightly different type of agency from other government entities. Toward the end of fiscal year 2022, the District purchased Lexipol, a software solution to better manage and communicate policy updates. All policies are first presented in Leadership Committee meetings for updates and suggestions by staff and the labor union. After they are approved by the Leadership Committee, it goes before the Governing Board for final review and approval. Only after approval by the Governing Board are policies updated in Lexipol and released for review and acknowledgement by all District team members.

## Appraisal

A revised set of financial policies were adopted at the June 27, 2023, Governing Board meeting with additional revisions adopted at the June 25, 2024, and July 23, 2024, Governing Board meetings. All policies were modified to include recent suggestions and best practices released by regulatory agencies, such as GFOA. Not only does the

District annually review these policies, but its auditors do as well. The auditors reviewed them and tested processes and internal controls to confirm that they were being utilized and followed. Receiving an unmodified (“clean”) opinion from our auditors each year on our Annual Comprehensive Financial Reports (ACFR) continued to show that the policies were being adhered to and contained current regulatory requirements.

#### Plan

The District will continue to annually review all financial policies, considering what other local governments have implemented, and GFOA recommendations to ensure all financial policies are current and appropriate. The agency will continue working with the auditors on any regulatory updates, review, and testing to allow for transparency and accountability, resulting in an unmodified (“clean”) opinion on the Annual Comprehensive Financial Report (ACFR).

#### References

##### [Financial Policies](#)

[Governing Board Minutes 06.27.2023](#)

[Governing Board Packet 06.27.2023](#)

[Governing Board Minutes 06.25.2024](#)

[Governing Board Packet 06.25.2024](#)

[Governing Board Minutes 07.23.2024](#)

[Governing Board Packet 07.23.2024](#)

[2024 0630 ACFR, starting on pg.11](#)

[Governing Board Packet 12.10.2024](#)

#### **4A.3 Guidelines and processes for developing the operating and capital budgets are defined and followed.**

#### Description

The Northwest Fire District Governing Board reviews and approves all policies of the District, to include the Financial Policies. Included in the policies are specifically, Policy

1206 Budget Process and Policy 1209 Capital Assets. Within the Budget Process policy, there is specific language regarding (a) operating budget and capital improvements projects (CIP), (b) budget deadlines, (c) balanced budget, (d) current funding basis, (e) use of non-recurring revenues, (f) budget management, (g) level of budget adoption, and (h) appropriations. The District utilizes this policy, as well as other financial policies, in developing and adopting its annual budget. All Governing Board meetings related to the budget information and process are publicly posted for internal and external members.

## Appraisal

Midway through a fiscal year, typically in January, the Grants Manager will set up the budget entry system in the financial software. An email is sent out to all responsible parties regarding the budgeting process opening, expectations, and any required documents, past data, or instructions. This budget process is completed by entering the budget requests directly into the financial software. Each expense account is detailed by what is anticipated to be expensed there and the cost. Having users enter this information directly into the financial software not only allows for an efficient and accurate loading of the budget but also allows the saved detail to be accessible to all users, creating more transparency and easily tracked past data.

Another assessment of the appropriateness and effectiveness of the applicable policies, guidelines, and processes takes place on an annual basis when the District budget is approved and adopted in June before the beginning of the new fiscal year.

## Plan

Northwest Fire District will continue to annually review all Financial Policies, other local government policies, and GFOA recommendations and best practices to ensure budget and capital policies are current and appropriate. The District will continue to communicate the process and any updates directly with all divisions and the Governing Board. Having a budget that is approved by the Governing Board and is fundamentally balanced between recurring revenues and recurring expenses will prove that all provided guidelines are effective.

## References

[Policy 1206 Budget Process](#)

[Policy 1209 Capital Assets](#)

[2025-2026 Budget Kickoff Email](#)

## [FY24/25 Adopted Budget](#)

### **4A.4 The financial planning/budget adoption process provides internal and external transparency for all expenditures and revenues for the agency.**

#### Description

At the regular and special Governing Board meetings, all Governing Board members review all budget and planning documents to provide input and appropriate direction. All Governing Board meetings and special budget meetings are publicly posted, and notice is provided in accordance with Arizona State Law and Statute to allow for public input. Northwest Fire District's website also has posted current and past financial information, including the budget documents. Budgets are prepared for each line item, including revenues and expenditures.

#### Appraisal

Each year the budget is properly noticed and communicated to the public per Arizona Revised Statutes. This includes posting regular and special Governing Board minutes and finance related documents on the District's website. With the continued use of entering the budget details directly into the financial software each expense account has stated what is anticipated to be expensed and the cost. This creates greater transparency and easily tracked current and past data for internal users. This transparency allows for more accurately charged expenditures since users can verify the details of what anticipated costs are and where they belong.

#### Plan

The Governing Board and District staff will continue to abide by Arizona State Statutes for proper notice and publication of the budget and required Governing Board and financial information postings. The District will continue to require the entry of budget data directly into the financial software to consistently track and provide past details and data.

#### References

[FY24/25 Adopted Budget](#)

[Governing Board Minutes 06.25.2024](#)

[Governing Board Packet 06.25.2024](#)

[Governing Board Minutes 03.26.2024](#)

[Governing Board Packet 03.26.2024](#)

[Governing Board Special Meeting Minutes 03.13.2024](#)

[Governing Board Special Meeting Packet 03.13.2024](#)

<https://nwfdaz.gov/about/finance-department/>

**4A.5 The agency's operating and capital budgets serve as policy documents, operations guides, financial plans, and communication devices.**

Description

In compliance with Arizona Revised Statutes Title 48, the Northwest Fire District Fiscal Year 2024-2025 Budget and Operational Plan represented the District's financial projections for the next fiscal year outlining the forecasted expenditure requirements and the proposed means for financing these requirements. The Annual Budget & Operational Plan represents one of the most significant policy documents that the District and its Governing Board approve each year. This document sets the framework and the service levels for the operating battalions and divisions of the District. The budget process is driven by and tied to the District's Strategic Plan. The goals and objectives outlined in the Annual Budget & Operational Plan were established through the Strategic Planning and Capital Improvement Program (CIP) processes. The Annual Budget & Operational Plan is balanced and typifies the District's commitment to maintaining expenditures at necessary and reasonable levels.

Appraisal

Throughout the fiscal year the operating and capital budgets are utilized by all areas of the District for a variety of purposes. Each month at the Governing Board meeting, the financial reports are submitted, reviewed, and disbursements are approved. In accordance with Arizona Revised Statutes, all Governing Board meeting minutes and packets are publicly posted to our website. These documents provide a current look at the District's status and also forecast where we anticipate ending the fiscal year. The Executive Team and division heads review these documents monthly to inform their purchasing decisions. When Procurement assists other team members with purchases, they refer to these documents and the information in the financial software to guide them with anticipated expenditures.

Plan



The District's Strategic Plan aligns with the budget planning process each year and is compliant with the financial policies established by the District's Governing Board. These policies serve to strengthen the current and long-term financial health of the District and are reviewed, at a minimum, on an annual basis to ensure they represent the most current and realistic framework for decision-making. A balanced budget is the foundation of the District's financial policies. The District's Governing Board and staff define a balanced budget by the required expenditures necessary to maintain established service levels equaling the available, sustainable resources. The Governing Board and staff detail expenditures and identify and verify the revenue sources that are available to support those expenditures. As revenues fluctuate, so must expenditures. However, the Governing Board and staff will strive to ensure that these fluctuations do not negatively impact emergency service levels.

#### References

[FY24/25 Adopted Budget](#)

[NWFD 2024-2029 Strategic Plan](#)

[Financial Policies](#)

[5 Year Capital Improvement Program 2025-2029](#)

#### **4A.6 The agency considers internal and external stakeholders' input in the budget process.**

##### Description

All Division Heads are required to participate in the budget process. This process includes participation in a review of the Strategic Plan goals and objectives, attendance at presentations of financial forecasts and process overviews, and development of budget requests for each program and division in the organization. Divisional budgets are submitted to internal budget staff for analysis and review before being reviewed by the Executive Team. Each year, staff prioritize programs to achieve a balanced budget and submit it for review, discussion, and amendment to the Governing Board who represents the agency's constituents. All Governing Board information is publicly posted to the District website and all meetings, including the budget adoption, allow for members of the public to speak during the public forum. The District also meets with its local labor union through a Meet and Confer process which produces a Memorandum of Understanding (MOU) that results in the discussion of the budget in relation to wage, benefit, and working condition concerns.

## Appraisal

Northwest Fire District continues to prioritize having the Strategic Plan drive the budgeting process. Providing relevant economic information and forecasts assists the Governing Board in the budgetary process to make decisions from a strategic, long-term view of the District. All division heads have input in the budgeting process, as each program, section, or division has the responsibility of developing their own budget. Overall, this encourages a more holistic approach to the development of the budget, with the people who have the most knowledge about an area prioritizing the needs for that area. The District implemented the Program Appraisal process as a means of efficiently tying Accreditation to Strategic Planning and the Budget process.

## Plan

Northwest Fire District will continue to be transparent with the Governing Board and public through all processes related to the budget. It will continue reviewing other similar budget processes to remain consistent with similarly sized fire agencies. With the new Strategic Plan in place and presented as a fluid document, it will continue to allow all divisional input and understanding of the process and its importance.

## References

[FY24/25 Adopted Budget](#)

[NWFD 2024-2029 Strategic Plan](#)

[FY24/26 Memorandum of Understanding](#)

**4A.7 The agency's budget, short and long-range financial planning, and capital project plans are consistent with the agency's strategic plan and support achievement of identified goals and objectives.**

## Description

Providing vital core services to the community, and achieving sustainability are the driving themes of the District's Strategic Plan and its influence on the budget process. The District's priorities are re-examined throughout the fiscal year and during each budget cycle and utilized in establishing the budget. For the last five budget cycles, Finance Services has implemented a process to begin fully utilizing the financial software for all budget submissions which not only assists with strategic goals but has created greater efficiency and consistency on budget requests.

## Appraisal

In previous years, the budget data entry and information were input in Excel spreadsheets, which was not a very efficient process and did not show direct connections with the Strategic Plan. Fully utilizing the financial software for budget entry allows for better tracking of details in each expense account that automatically totals to the budgeted amount. This change was implemented to streamline the budget process, provide for better ongoing budget management, allow a simplified way for all employees to access current and past budget details, and ensure that the budget document is in line with and reflects the Strategic Plan priorities.

In June 2024, the District purchased a software solution that will provide more detailed, transparent, and real-time data related to the Strategic Plan. It will also assist with providing a direct connection with budgeted expense accounts and the goals and objectives of the Strategic Plan. The software will support a Strategic Plan that is fluid and can be adapted to meet the ever-changing needs of the agency and continue to drive the budget during adoption and throughout the fiscal year. The District believes its adopted budgets reflect strategic priorities and necessary adjustments as established in the Strategic Plan.

#### Plan

District staff and the Governing Board will continue to monitor the District's financial status, external forces, comprehensive financial policies, and systems to ensure that the Strategic Plan guides priorities in the budgeting process. It will also continue to explore the current software solution and any other additional modules that can be added to enhance the connection between the Strategic Plan and the adopted budget.

#### References

[2024 0630 ACFR](#)

[FY24/25 Adopted Budget](#)

[NWFD 2024-2029 Strategic Plan](#)

**4A.8 The agency maintains a long-term financial operating and capital plan, inclusive of all appropriated funds, for a five to 10-year period. The agency should analyze the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, and strategies for achieving and maintaining financial balance to include plan monitoring mechanisms.**

#### Description

The District and Governing Board recognize the importance of strategic long-term financial planning. Prior to starting the budgeting process, all current and long-term capital requests are compiled, analyzed, and structured to meet the strategic and operating needs of the District. During the budgeting process and throughout the fiscal year, the District tracks economic factors to aid in determining the sustainability and any required updates to the financial plan and forecasts. During a special Board meeting, the District presents this data and detailed budget projections to the Governing Board for transparency and understanding.

## Appraisal

The budget and capital planning processes are analyzed each cycle and are forward-looking according to the data and economic trends at the time. Throughout the fiscal year there is continual analysis on the financial health of the District and short and long-term plans are adjusted accordingly. On an annual basis, the Division continues to review the current policies to determine if they need updates or are currently serving and protecting the District appropriately. The Governing Board reviews and approves a comprehensive set of financial policies, as well as a five-year Capital Improvement Program (CIP). The five-year CIP process provides the District with the ability to account for current and future capital needs and allocate short and long-term resources appropriately.

## Plan

The District will continue with the current CIP and budget processes and the yearly special Governing Board meeting to present the compiled data. Allowing the Governing Board to provide additional direction or re-direction on the long-term financial plans, then updating them as needed to reflect all the factors considered. The District will also continue to view the CIP as a fluid document that as direction and long-term plans change, will be amended to reflect the adjusted priorities.

## References

[Governing Board Special Meeting Minutes 03.13.2024](#)

[Governing Board Special Meeting Packet 03.13.2024](#)

[Financial Policies](#)

[5 Year Capital Improvement Program 2025-2029](#)

**4A.9 For each budget cycle, the agency prepares balanced operational and capital budgets.**

## Description

Early in the budget process, Governing Board members are requested to provide input or guidance on the upcoming fiscal year's tax levy based upon economic information provided. With this input and guidance, staff prepares a detailed budget plan and five-year capital improvement program document that falls within the constraints of projected financial resources. Historically, each budget year has been fundamentally balanced between recurring revenues and recurring expenses.

## Appraisal

Each budget year is balanced and adopted, then loaded into the financial software for monitoring and analysis throughout the year. To ensure financial resources are in line with expenditures, the Governing Board and staff review monthly financial reports, to include an income statement and expenditure report to determine variances in spending or revenue. As needed, staff will make recommendations to the Governing Board concerning any recommended changes in financial methods and processes. This process has been largely successful in ensuring that expenditures are consistent with projected financial resources. The agency's current financial policies outline the requirements for a balanced budget, among other requirements regarding the budget process. Annually best practices and recommendations from other entities are considered and the District's policies are updated as needed.

## Plan

District staff and the Governing Board will continue to monitor the District's financial status, complying with the approved financial policies and systems to ensure fiscal responsibility and sustainability. In preparing the budget each year, staff will also ensure that all recurring expenditures are balanced with recurring revenues.

## References

[2024 0630 ACFR](#)

[FY24/25 Adopted Budget](#)

[Financial Policies](#)

### **Criterion 4B: Financial Practices**

*Agency financial management demonstrates sound budgeting and control, proper recording, reporting, and auditing.*

*NOTE: An agency that received the Distinguished Budget Presentation and Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Budget and Comprehensive Annual Financial Report may submit those certificates and reports as prima facie compliance with criterion 4B and therefore does not need to address performance indicators 4B1 through 4B.9.*

## Summary

The Northwest Fire District has exhibited sound budgetary and financial reporting by receiving an unmodified (“clean”) opinion on its Annual Comprehensive Financial Reports, as well as receiving a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) each year from 2007 forward. It is a Strategic Plan goal to submit the budget documents and achieve the GFOA Distinguished Budget Presentation Award.

## Reference

[GFOA Certificate of Excellence – 2023](#)

**4B.1 Financial resources management adheres to generally accepted accounting practices as used by Government Finance Officers Association of the United States and Canada, National Advisory Council on State and Local Budgeting Practices or authority having jurisdiction (AHJ), and all financial management including: budgeting, accounting, and reporting. Appropriate safeguards are in place for expenditures, fiscal reports are provided for administrative decision-making with sufficient flexibility to meet contingencies.**

## Description

Northwest Fire District has a comprehensive set of financial policies and procedures that adhere to the generally set provisions of the GFOA and that are reviewed on an annual basis. Policies are assessed to ensure that budgeting, accounting, and reporting management have appropriate safeguards in place that also align with state statutes.

The District Governing Board adopts all financial policies that guide agency financial management and comply with Arizona Revised Statutes (ARS). ARS requires monthly financial reports that are publicly posted and formally presented to the District Governing Board. Prior to the Governing Board meeting, these reports are distributed by email to all District personnel. Monthly budget to actual reports are

automatically distributed to each division head to track and adjust expenditures to stay within the annual adopted budget.

## Appraisal

The District follows all requirements set by GFOA and state statute. This is substantiated by consistently receiving the GFOA Certificate of Excellence in Financial Reporting and an unmodified ("clean") opinion from our independent auditors. Each year the auditors test the internal controls, internal processes, and review all policies to make sure they align with the requirements set forth by the GFOA and other regulatory agencies. The District's budgeting, accounting, and reporting processes continue to meet the agency's needs by aligning with the GFOA and complying with Arizona Revised Statutes.

## Plan

The District plans to continue reviewing all policies and procedures annually for alignment with best practices and regulatory agencies. Every year the independent auditors will also review and test all financial management aspects of the District. The District is currently working on adding the Distinguished Budget Presentation Award from the GFOA in upcoming budgeting cycles.

## References

[ARS 48-807](#)

[2024 0630 ACFR](#)

[FY24/25 Adopted Budget](#)

[Financial Policies](#)

[Governing Board Packet 06.25.2024](#)

**4B.2 The agency has established and implemented a comprehensive internal control framework that includes the control environment, risk assessment, control activities, information and communication, monitoring, and reporting.**

## Description

The District has Policy 1203 Internal Controls and regularly assesses any risk or possibility for risk. During the independent auditor's interim audit work, they review, test, and confirm that all accounting and finance internal controls are appropriate

and implemented in day-to-day processes. Along with accounting and finance internal controls, the independent auditors confirm other internal controls are in place. The Technical Services Division completes a detailed questionnaire for the auditors, and they interview the Fire Chief, Business Services Director, and Board Chair on the internal controls for fraud prevention or theft. Monthly updates from all divisions are provided to the Governing Board for monitoring and transparency purposes, including the required monthly financial reports. Additionally, the Executive Management Team meets weekly to review and discuss financial reports, and other operational areas.

## Appraisal

All financial policies and procedures are reviewed annually to ensure they follow Arizona Revised Statutes and reflect the best practices of the Government Finance Officers Association. During the independent auditors' interim audit work, the District has not received any recommendation regarding implementing additional controls or any significant changes to our current practices. As the District grows and adds positions, the Finance Services Division's accounting and finance internal controls are assessed and adjusted as needed. The reports provided to the Governing Board and the Executive Management Team are used to provide transparency and accountability for the District.

## Plan

The District plans to update its accounting and finance internal controls as needed with a goal of maintaining up-to-date documentation, providing transparency, informing our internal members and independent auditors, and staying up to date with recommendations from external agencies, to include the Government Finance Officers Association.

## References

[Policy 1203 Internal Control](#)

[2024 0630 Final Required Communication - NWFD](#)

[2024 0630 IT Risk Assessment Survey](#)

[Audit Internal Control Documents](#)

**4B.3 The agency explains projected operating deficit (expenditures exceeding revenues in a budget year) and develops a plan to rectify the deficit.**



## Description

When Procurement enters a requisition, the District's financial system allows budget notifications to advise the requestor of the budget capacity available for expenditures. If Procurement receives a message that the expense will exceed the budget, the requestor is notified and expected to identify available capacity. Then they submit a request to Finance for a budget adjustment between their accounts to prevent any possible deficits. Once the Finance Division validates the budget transfer, the requisition will be processed for the requestor. This has assisted in addressing any budgetary issues before the purchase rather than after. This process has functioned well for the District, but with the recent global pandemic, the challenge of expenditures exceeding revenues was unavoidable. This was a multi-tier situation, between vendor shutdowns, supplier shortages, back-ordered items, and unanticipated increases in all operating costs. During the global pandemic, the District focused on addressing priority expenses, such as purchasing personal protective equipment to protect its employees, to prevent a decline in the adopted services levels. In the years after the pandemic, the District has been able to apply for Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) funds to re-coup those expenses directly related to the pandemic response. Regularly monitoring operating expenditures and forecasting estimated year-end expenses ensures that the Governing Board has a clear and transparent picture of the District's financial status.

## Appraisal

The current process of monitoring the budget, enabling budget notifications during the procurement process, processing any necessary budget adjustments within a division, and forecasting estimated year-end expenditures (and revenues) has prevented and offset any operating deficits throughout the fiscal year. Also, strategically approaching the pandemic and/or statewide situations has resulted in never realizing a negative impact to agency emergency service delivery. To continue ensuring financial resources align with expenditures, the Governing Board and staff review monthly income statements and expenditure reports to determine variances in spending or revenue. Staff make recommendations to the Governing Board regarding the need to change any financial methods and processes. This process has been largely successful in ensuring that expenditures are consistent with projected financial resources.

## Plan

The District will continue to conservatively project revenues, anticipate and budget for known future expense increases, utilize budget notifications during the procurement process, and monitor budgets throughout the year.

## References

[Governing Board Minutes 06.25.2024](#)

[Governing Board Packet 06.25.2024](#)

[Financial Policies](#)

**4B.4 The agency reviews its financial position including actual and budgeted expenditures on a monthly basis and reviews overall financial performance with the authority having jurisdiction on an annual basis.**

## Description

Monthly budget-to-actual reports, such as the income statement, are provided to the Governing Board, District division heads, and posted publicly to provide regular updates and transparency of the District's financial health. The Executive Management Team also meets regularly to review, discuss, and disseminate information regarding the overall financial performance of the District.

## Appraisal

In compliance with Arizona Revised Statute 48-807, monthly financial reports are provided to the Governing Board, District division heads, and posted publicly. The reports that are provided compare expenditures and revenues to the current budget, projecting expenses and revenues through the end of the year, noting the status of fund balances to include dollar amounts and percentages, cash flow projections, check reports, pooled cash reports, all month-end fund balances, bank reconciliations, bank statements, and a balance sheet as of the end of the reconciling month. The District recognizes the importance of continually assessing its overall financial performance on a regular basis. Should current revenues fall short of budgeted estimates, reductions in current expenditures would occur first in those items that are considered discretionary and would not impact service levels.

## Plan

The District will continue to conservatively project revenues and monitor budgets monthly and throughout the year while providing all required reports to the Governing Board. District staff and the Governing Board will continue monitoring

the District's financial status, policies, and systems to ensure fiscal responsibility and sustainability.

## References

[Governing Board Minutes 06.25.2024](#)

[Governing Board Packet 06.25.2024](#)

[ARS 48-807](#)

[2024 0630 ACFR](#)

[FY24/25 Adopted Budget](#)

[Financial Policies](#)

**CC 4B.5 Qualified auditors conduct annual independent financial audits for the prior fiscal year. If deficiencies exist, the agency prepares a plan to resolve audit exceptions for approval by the AHJ.**

## Description

In 2021, the District chose an independent financial audit firm through a competitive Request for Proposal (RFP) process and awarded a three-year contract with the option to extend for an additional two years. BeachFleischman is the District's current contracted independent audit firm that completed the annual audit for the 2023/2024 fiscal year and the most recent single audit for the 2022/2023 fiscal year.

BeachFleischman communicates with District Finance staff throughout the year in preparation for performing the annual audit at the end of the fiscal year. Interim audit work is typically performed each June in preparation for the annual audit and is focused on evaluating internal controls and reviewing the District's financial policies and procedures. The internal controls are reviewed and tested to confirm they are in place and effective. Annual audit fieldwork typically takes place in September, a few months after the close of the fiscal year. During this phase of the audit, internal controls are evaluated for day-to-day processes and financial transactions are tested for the fiscal year.

## Appraisal

BeachFleischman, at the completion of the fiscal year 2023/2024 audit, expressed an unmodified (clean") opinion. There was no single audit required for this fiscal year due to not reaching the required threshold in awarded and received grant

reimbursements. This is the 22nd consecutive year an unmodified (“clean”) opinion audit letter has been issued with no notated deficiencies.

## Plan

The District plans to continue to select independent auditors through a competitive RFP process and provide all the requested documents during the annual audit. If, in a future audit year, any deficiencies were to be identified by the audit firm, the District would take any recommendations made by the audit firm into consideration and implement processes to prevent any identified deficiency in the future.

## References

[Governing Board Packet 12.10.2024](#)

[2024 0630 ACFR](#)

[2024 0630 IT Risk Assessment Survey](#)

[Audit Internal Control Documents](#)

[21-03-C26 Professional Audit Services](#)

[BeachFleischman PC Proposal](#)

**4B.6 The agency and any subsidiary entities or auxiliaries have financial risk management policies and programs that identify and evaluate risks, establish risk management strategies, and evaluate the risk management program to protect the agency, assets, and employees.**

## Description

Northwest Fire District has adopted comprehensive financial policies, and a variety of risk scenarios are addressed throughout. The policies are reviewed on an annual basis and updated according to any new legal requirements or best practices and recommendations by GFOA.

## Appraisal

The policies adopted and implemented by the District have been effective in protecting the District during normal operations and economic downturns. Technical Services and Finance’s internal control documents are also annually reviewed and tested by independent auditors to ensure they are appropriate and follow all processes to mitigate risk and potential fraud. The District also maintains

Payment Card Industry (PCI) compliance for the merchant processors associated with processing the District payments to further provide a reduction in risk.

#### Plan

Northwest Fire District will continue to review all District policies and procedures annually and incorporate Government Finance Officer Association (GFOA) internal control recommendations to ensure policies and procedures are current and appropriate. The District will also continue to complete all required PCI compliance for merchant processors.

#### References

[Financial Policies](#)

[2024 0630 IT Risk Assessment Survey](#)

[Audit Internal Control Documents](#)

**4B.7 Programs designed to solicit financial support from external sources are aligned with the objectives of the agency. Agency policies govern all fund-raising activities, comply with generally accepted accounting practices and other recognized financial principles, and are subject to public disclosure and periodic independent financial audits.**

#### Description

Arizona Revised Statutes will allow fire districts to accept donations; however, the Northwest Fire District does not solicit financial support from external sources. If, in the future, the District makes the decision to solicit financial support from external sources, the Division would put a policy in place to ensure generally accepted accounting practices and financial principles are followed, public disclosures occur, and it is included in the annual independent financial audit.

#### Appraisal

Currently, the agency does not have programs that solicit financial support from external sources.

#### Plan

If, in the future, the District's Governing Board decides to have programs that solicit financial support from external sources, a plan to create a policy to ensure it is

following generally accepted accounting practices and financial principles, public disclosures occur, and it is included in the annual independent financial audit aligning with currently established NWFD finance policies.

#### References

[2024 0630 Final Required Communication - NWFD](#)

[Financial Policies](#)

#### **4B.8 Any revenue producing organizations authorized to use the agency's name and/or reputation comply with agency principles of financial operation.**

##### Description

In the past, NWFD had allowed entities such as contracted private ground ambulance transport or air ambulance transport companies to use District branding on their apparatus, and authorizations were documented in contracts that required adherence to agency principles and financial operations. However, those authorizations ended before this accreditation cycle. Currently, the District does not allow revenue-producing organizations to use the agency's name or branding.

##### Appraisal

The agency does not currently operate a program that allows revenue-producing organizations to use the District's brand. Additionally, the agency has not had to pursue legal action against any revenue-producing organization for improperly commandeering the agency's name or reputation in the past five-year cycle.

##### Plan

In the future, if the District allows for revenue-producing organizations to use the agency's brand, those organizations would be required to sign contracts that stipulate that those organizations would comply with District principles of financial operations in alignment with currently established financial policies.

#### References

[Financial Policies](#)

#### **4B.9 The agency is in compliance with all granting agency requirements.**

##### Description

The Northwest Fire District's (NWFD) grant policy, Policy 1210, established the mechanism for seeking, applying for, and effectively administering federal, state, and all other grant awards which address the District's current strategic goals and priorities. The agency's Grants Manager position is responsible for grant compliance and adherence to policy 1210.

Additionally, the NWFD Procurement Policy, Policy 1215, outlines the controls and compliance for the agency to solicit supplies, materials, equipment, or services for which awarded grants are used. Procurement is within the Finance Division and is responsible for adherence to the procurement policy for acquiring the goods and materials of which the grant monies are encumbered.

#### Appraisal

The Grants Manager ensures compliance with all granting agency requirements in accordance with District policy. Having the Grants Manager as the primary point of contact for the agency concerning grants has proven effective. Compliance with all granting agency requirements is reflected by no findings or deficiencies with the District's Single Audit. Every year, when the District meets the dollar threshold for a Single Audit, the independent auditors will request all grant documents to confirm compliance with all federal, state, and local grant requirements. In fiscal year 2023/2024 the District did not meet the threshold and was not required to have a Single Audit completed.

#### Plan

There were no deficiencies found in fiscal year 2022/2023 or prior years. The District plans to continue to follow all federal, state, and local grant requirements and annually review and update the Grant Policy as required.

#### References

[Policy 1210 Grants](#)

[Policy 1215 Procurement](#)

[2023 0630 Single Audit Report](#)

[2022 0630 Single Audit Report](#)

#### **Criterion 4C: Resource Allocation**

*Appropriately allocated financial resources support the organizational mission, stated long-term plan, goals and objectives, and maintain the quality of programs, and services. The agency must ensure that programs and services provided can be supported by adequate fiscal resources using sound budgetary practices.*

## Summary

The District Strategic Plan identifies that the mission is to save lives, protect property, and care for our community. Financial resources are appropriately allocated according to the Strategic Plan to support this mission during the budget process which incorporates input from various levels of the organization. Operating and capital requests are reviewed and prioritized during each budget cycle to ensure the financial resources are utilized in the most efficient and effective manner for the District. The Finance Services Division provides budget-to-actual reports to managers and the Governing Board to assist in decision-making and provide for appropriate fiscal monitoring.

The District relies on its budget policies and GFOA's best practices to maintain financial stability. The Division has specific verbiage in policies which promote financial stability which includes the utilization of one-time/non-recurring revenues, the fund balance policy, and utilization of conservative forecasting techniques.

## References

[NWFD 2024-2029 Strategic Plan](#)

[Financial Policies](#)

### **4C.1 Given current and forecasted revenues, the agency sustains the levels of service adopted by the AHJ.**

## Description

Based on current and projected revenues the District can maintain current adopted levels of service as described in the Community Risk Assessment/Standards of Cover. Throughout the global pandemic, the challenge the District faced was expenses exceeding revenues. This was a multi-tier situation, between vendor shutdowns, supplier shortages and back-ordered items, and unanticipated increases in all operating costs. During the global pandemic the District focused on addressing priority expenses, such as purchasing personal protective equipment to protect our employees, to prevent a decline in the adopted levels of service. The District, in subsequent years applied for Coronavirus Aid, Relief, and Economic Security Act



(CARES) and American Rescue Plan (ARPA) funds to re-coup those expenses directly related to the pandemic response.

#### Appraisal

The District adequately maintained adopted levels of service based on anticipated revenues. The District budgets by fund, category, and department/division. Budgets are based on current and anticipated revenues utilizing conservative forecasting models. Projections are based on preliminary property assessed value reports from Pima County, incorporating new growth in the District. Monthly income statements detail out the budget to actual expenditures and are provided to the Governing Board and District managers to provide regular updates of the financial status of the District. In the event of revenue shortfalls, budgeted expenditure levels are adjusted throughout the year. Growth within the Town of Marana remains strong, which is indicative that future revenues will continue at a level to sustain current levels of service. Approaching global and/or stateside situations strategically has resulted in emergency service delivery never being negatively impacted.

#### Plan

The District will continue to conservatively project revenues, anticipate and budget for known future expense increases, and monitor budgets throughout the year. The Division will also continue to work with suppliers on the continued rising costs and adjusting its financial plans accordingly. To remain in compliance with Arizona Revised Statute 48-807, monthly financial reports will continue to be provided to the Governing Board, District division heads, and posted publicly.

#### References

[Pima County – 2024 Abstract of Values](#)

[NWFD CRA/SOC 10<sup>th</sup> Edition, 2023](#)

[Governing Board Packet 06.25.2024](#)

[ARS 48-807](#)

**4C.2 Adequate resources are budgeted for the payment of long-term liabilities and debts.**

#### Description

The Northwest Fire District annual budget process incorporates debt service obligations into the calculation of the tax levy. Per Arizona Revised Statutes (48-806), the District may levy a tax to cover the principal and interest payments due for general obligation debt approved by the voters within the District.

#### Appraisal

The District's policies and plan to pay debt service obligations are adequate. To ensure payment of long-term liabilities and debts, monies derived from the levy of the tax are deposited with the County Treasurer in the Debt Service Fund and are applied only to the payment of principal, interest, and fees associated with the bonds. For lease purchase obligations, principal and interest are paid by the operating property tax that flows through the General Fund.

#### Plan

The plan is to continue to evaluate and monitor long-term obligations and payment plans and follow established statutes, guidelines, and procedures for repayment.

#### References

[2024 0630 ACFR](#)

[FY24/25 Adopted Budget](#)

[Arizona Revised Statute 48-806](#)

### **4C.3 The agency budgets future asset maintenance and repair costs with related funding plans.**

#### Description

Northwest Fire District has ensured that projected asset maintenance costs are considered with related funding plans. Maintenance and anticipated repair costs are assessed and requested during the budget process each year; these maintenance costs include facilities, small tools and equipment, apparatus, and communications/information technology. In the past, the District budget included funding in the Capital Reserve Fund for concrete/asphalt, cardiac monitor replacement, and self-contained breathing apparatus (SCBA) cylinder replacements. Historically, if there were unanticipated large maintenance costs that could not be covered by the budgeted amount, it could be funded from contingency funds but to utilize those funds it must have prior approval by the Governing Board. There has also

been a separate budgeted expenditure line that covers emergency facility repair items such as HVAC replacement, roof repairs, etc.

#### Appraisal

The current system and budgeting process relies on input from each division regarding maintenance and anticipated repair costs. Each division manages and regularly analyzes all related repair and maintenance costs. By utilizing budget entry into the financial software, it allows for detailed tracking and explanation on budget requests or increases. Procurement has also partnered with the divisions to get the best pricing possible for maintenance costs by either utilizing cooperative contracts or through a competitively bid Request for Proposal (RFP). This assists with projecting future costs when the contracts span multiple years. Due to the District's positive financial reserves, if required, mission critical expenditures can be accommodated irrespective of when they are realized in the budget cycle.

#### Plan

In the budget process, the District will continue to utilize competitively bid contracts and division input to project future costs related to known maintenance or anticipated repair expenses. The current process is serving the District well, and the plan is to not deviate from current procedures, but to continually assess and adjust as needed.

#### References

[FY 24-25 Adopted Budget](#)

### **4C.4 Budgets avoid the use of one-time funding sources for recurring standard annual operating expenses.**

#### Description

Northwest Fire District's primary revenue source is property tax, which is an ongoing funding source. Every year when analyzing revenue sources and related expenditures the District has ensured that it is in compliance with its financial policies. It is stated in the District's Policy 1206 Budget Process that non-recurring revenue sources should only be used or budgeted to fund non-recurring expenditures.

#### Appraisal

The District's Governing Board approves all budget documents and financial policies to ensure appropriate utilization of one-time funding sources. The District does not

receive, either in number or amount, a lot of one-time revenues. Many of the one-time revenues the District does receive come in the form of grants, which are tracked in a separate fund.

#### Plan

The District plans to continue following the current policy since it has assisted with keeping the District financially stable. One-time revenue sources will continue to be tracked appropriately and analyzed to ensure continued compliance with the policy.

#### References

[FY24/25 Adopted Budget](#)

[Policy 1206 Budget Process](#)

**4C.5 The agency maintains contingency funds in accordance with generally accepted accounting practice recommendations and anticipate budgetary restrictions and or shortfalls.**

#### Description

Northwest Fire District has a set of comprehensive financial policies that dictate acceptable fund balance amounts and what happens to excess funds once the acceptable amounts are achieved. These amounts are represented in the annual budget as “Contingency”. The Governing Board-approved policy is based upon GFOA best practice recommendations, and addresses what fund balance may be used for, and what to do should the fund balance fall below the acceptable amounts.

#### Appraisal

The District’s Policy 1202 Fund Balance meets those recommendations by the Government Finance Officers Association (GFOA). Contingency funds are always available for District use but require prior authorization from the Governing Board. The District has not requested the Governing Board authorize a contingency budget reallocation in the past 14 years. The District analyzes the current budget to actual expenses monthly and as needed, reallocates from expense lines where there appears to be excess capacity, or a budgeted expense comes in below what was anticipated.

#### Plan

The District plans to continue to review the financial policies on an annual basis, update as needed, and continue to analyze the budget to actual expenditures monthly and make budget reallocations as needed.

## References

[Financial Policies](#)

[FY24/25 Adopted Budget](#)

## **Category 9:**

**9C.3 Organizational documents, forms, standard operating procedures or general guidelines, and manuals are reviewed at least every three years and updated as needed for all agency programs.**

## Description

NWFD's organizational documents, specifically District policies (reviewed annually through Lexipol) and Standard Operating Guidelines and manuals (reviewed at least every three years and updated as needed), are reviewed and in date. All known "critical" forms essential to the mission of the District are also reviewed at a minimum of a three-year interval. The District's contract with Lexipol was to ensure policy and procedure reviews are completed on the CPSE model's review schedule and in line with legislative updates.

## Appraisal

The District's new policy and procedure review methodology using Lexipol is working well to meet the agency's needs. The Lexipol service provides data and tracking of policy and procedure review by employees and continued legislative compliance. It provides organizational review and revision reminders to ensure that NWFD has notified the members of all policies and procedures, has continually met federal and state compliance, and that the CPSE review requirements for policies (every year) and procedures/other critical documents (every three years) are met.

As it specifically relates to the Finance Division documents, all policies and procedures are reviewed on an annual basis to ensure that we remain in alignment with GFOA best practices and legislation. Intradepartmental procedures are reviewed at least every three years or sooner if revisions are required.

## Plan

The District will continue to utilize Lexipol for annual review of policies and procedures. As updates are necessary, they will follow the standard process through final approval by the Governing Board and acknowledgement by each employee. The Finance Division will continue to review the financial policies and procedures on an annual basis and intradepartmental procedures every three years or sooner, as necessary.

## References

[Financial Policies](#)

[Financial Procedures](#)

### **Criterion 10B: External Agency Agreements**

*The agency maintains current agreements with those external agencies which support the identified programs. All external agency agreements required to be maintained in support of any program must be current, reviewed, and/or updated within the accreditation period and adopted by the appropriate governing bodies. All agreements should support the agency's effort to take advantage of any operational and cost-effective benefits. Data reports, at least annually, should reflect the impact of each agreement on the agency.*

## Summary

Northwest Fire District maintains current formal agreements with external agencies that support the District's goals and objectives. These agreements are reviewed at an administrative/legal level as well as at a user level to ensure they are still relevant and current in nature. This review process occurs on an annual basis to ensure that the agreements are still valid and of benefit to NWFD. Data is utilized, as appropriate, as part of the review process.

### **10B.1 External agency agreements are reviewed on an annual basis and revised as necessary to meet objectives.**

## Description

Northwest Fire District reviewed external agency agreements on an annual basis and revised them as necessary to ensure they remain relevant to the District's goals and objectives. Intergovernmental agreements, memorandums of understanding, and contracts are logged with commencement and expiration dates in the contract management software. The division managers overseeing the contract are responsible for ensuring the agreements are current and in compliance with the

agreement's terms. Formal Governing Board adoption and implementation of these agreements ensures that the terms of the agreement are properly reviewed and incorporated into the District's processes.

## Appraisal

In the past, the District utilized spreadsheets and manual email notifications for tracking purposes. In alignment with the 2020-2024 Strategic Plan the District sought out a software solution that could provide a more accurate and automated process. In December 2022, an agreement with Laserfiche was approved to utilize their document and contract management system. The software system was fully implemented and is currently being utilized for all contracts and agreements. It has allowed for more automated identification of expiration and renewal dates for the District's agreements and contracts. It provides electronic notifications to the Contract Specialist and each relevant division manager. It was set up to have agreements approaching expiration "flagged", and an email automatically sent out to provide a 180-day lead time for the agreement administrator to review and provide a recommendation for continuance or revision.

## Plan

Staff will continue utilizing the Laserfiche contract management system to ensure there is proper and timely review and notification of contracts.

## References

[2020-2024 Strategic Plan](#)

[Laserfiche Agreement](#)

[Laserfiche Quick Reference Guide](#)

**10B.2 The agency has a process by which their agreements are managed, reviewed, and revised.**

## Description

In the past, a spreadsheet contract log was maintained by District administrators. This log tracked the renewal and review dates specified in each agreement. In December 2022 an agreement with Laserfiche was approved to utilize their document and contract management system. The software system was fully implemented and is currently being utilized for all contracts and agreements. Even with the new software, the division manager responsible for the agreement initiates the review of the

agreement, it is then submitted for legal review and approved during a Governing Board meeting.

#### Appraisal

The new Laserfiche contract management software was fully implemented and is currently being utilized for all contracts and agreements. The software allowed for more automated identification of expiration and renewal dates for the District's agreements and contracts. It provides electronic notifications to the Contract Specialist and each relevant division manager. It was set up to have agreements approaching expiration "flagged", and an email automatically sent out to provide a 180-day lead time for the agreement administrator to review and provide a recommendation for continuance or revision. The software not only allows for more automated processes, but it also contains searchable electronic versions of the documents with all related backup.

#### Plan

Due to Laserfiche's customizable structure, the District will continue to streamline and build or change it to meet our needs. As contracts are uploaded or updated, staff will continue to make sure the required metadata is entered on each to ensure proper and timely tracking, notification, review, and renewal of all documents.

#### References

[2020-2024 Strategic Plan](#)

[Laserfiche Agreement](#)

[Laserfiche Quick Reference Guide](#)

#### **FINANCE BUDGET DEPARTMENT ID:**

<b>Department Finance ID #</b>	<b>Department(s)</b>
1250	Finance Services

#### **ANNUAL OPERATING BUDGET REQUEST**

\$2,207,841



## PROGRAM ECONOMIC EFFICIENCIES IDENTIFIED DURING PREPARATION OF PROPOSED BUDGET

N/A

## CAPITAL ITEM REQUEST DISCUSSION

N/A

## LINE-ITEM DISCUSSION

N/A

## PROPOSED FISCAL YEAR 2025-2026 BUDGET

Account	Account Name	2023-24 Actual	2024-25 Adopted Budget	2025-26 Proposed Budget	Variance	Comment
<b>1250 - Business Services</b>						
51110	Salaries	\$ 437,212	\$ 480,302	\$ 491,125	\$ 10,823	Step Increase
51120	Hourly	\$ 129,404	\$ 152,491	\$ 156,307	\$ 3,816	Step Increase
51150	Overtime	\$ 46	\$ -	\$ -	\$ -	
51190	PTO Paid Out	\$ 4,976	\$ 775,000	\$ 970,000	\$ 195,000	Normal Payout/Retirements
51211	Medical Insurance	\$ 63,490	\$ 99,439	\$ 106,320	\$ 6,881	Premium Increase
51212	Dental Insurance	\$ 2,649	\$ 3,863	\$ 3,800	\$ (63)	
51213	Vision Insurance	\$ 675	\$ 912	\$ 896	\$ (16)	
51216	Life Insurance	\$ 319	\$ 336	\$ 336	\$ -	
51218	STD Insurance	\$ 1,458	\$ 1,645	\$ 1,551	\$ (94)	
51230	Social Security	\$ 33,888	\$ 39,233	\$ 40,141	\$ 908	Step Increase
51231	Medicare	\$ 7,926	\$ 9,175	\$ 9,388	\$ 213	
51251	ASRS	\$ 69,643	\$ 77,644	\$ 77,692	\$ 48	
51290	PEHP	\$ 4,864	\$ 6,328	\$ 6,474	\$ 146	Step Increase
<b>Total Personnel</b>		<b>\$ 756,550</b>	<b>\$ 1,646,368</b>	<b>\$ 1,864,030</b>	<b>\$ 217,662</b>	
52115	Fees	\$ 6,441	\$ 29,300	\$ 27,000	\$ (2,300)	Based on Actuals
52120	Printing & Duplicating	\$ 347	\$ 550	\$ 550	\$ -	
52160	Dues, Memberships & Subscriptions	\$ 3,989	\$ 4,485	\$ 4,970	\$ 485	
52170	Travel & Per Diem	\$ 2,463	\$ 7,125	\$ 7,125	\$ -	
52180	Training	\$ 3,930	\$ 7,550	\$ 7,550	\$ -	
52198	Books & Periodicals	\$ 71	\$ 850	\$ 850	\$ -	
52210	Accounting & Auditing	\$ 15,021	\$ 19,175	\$ 24,400	\$ 5,225	Contractual Increase
52250	Job & Legal Advertising	\$ 334	\$ 580	\$ 580	\$ -	
52430	Gen. Liability & Auto Insurance	\$ 216,550	\$ 237,735	\$ 270,786	\$ 33,051	Premium Increase
52550	Equipment Supplies	\$ 491	\$ -	\$ -	\$ -	
<b>Total Non-Personnel</b>		<b>\$ 249,637</b>	<b>\$ 307,350</b>	<b>\$ 343,811</b>	<b>\$ 36,461</b>	
<b>Total Business Services 1250</b>		<b>\$ 1,006,187</b>	<b>\$ 1,953,718</b>	<b>\$ 2,207,841</b>	<b>\$ 254,123</b>	

## SUPPORTING DOCUMENTS, TABLES, CHARTS, ETC

N/A

## REFERENCES

N/A