



GOLDER RANCH

FIRE DISTRICT

PRINCIPLES
of
SOUND
FINANCIAL
MANAGEMENT



PROFESSIONALISM



RESPECT



INTEGRITY



DEPENDABILITY



EXCELLENCE

Community First

GOLDER RANCH FIRE DISTRICT

PRINCIPLES OF SOUND FINANCIAL MANAGEMENT

Adopted:

June 16, 2026

Resolution No. 2026-0007

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Introduction

The Golder Ranch Fire District (the "District") has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. In an environment of evolving state and federal requirements, changing property values, rising service demands, and expanded reporting obligations under governmental accounting standards, the District must ensure it can adequately fund and deliver the services expected by the community. Ultimately, the District's reputation and success depend on the public's awareness and acceptance of how the District manages and delivers its services.

These Principles of Sound Financial Management (the "Principles" or "Policy") establish guidelines for the District's overall fiscal planning and management. They are intended to foster and support the continued financial strength and stability of the District, and to ensure compliance with applicable Arizona law, generally accepted accounting principles, and best practices recognized by the Government Finance Officers Association (GFOA) and the Governmental Accounting Standards Board (GASB).

The District's broad financial goals are:

- To deliver quality services on an affordable, efficient, and cost-effective basis, providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of services, thereby preserving the quality of life within the communities the District serves.
- To have the ability to withstand local and regional economic fluctuations, adjust to changes in the service requirements of the community, and respond to changes in federal and state priorities and funding as they affect residents.
- To comply fully with Arizona Revised Statutes (A.R.S.) Title 48, Chapter 5 (Fire Districts), related state laws, and all applicable pronouncements of the Governmental Accounting Standards Board.

Following these Principles will enhance the District's financial health as well as its image and credibility with its citizens, the public, taxpayers, and creditors. Because the District continues to grow and evolve, these Principles will be reviewed and updated on a recurring basis to reflect changes in the legal and accounting environment, the District's operations, and the services it provides.

Policy 1 — Fiscal Planning and Budgeting

Fiscal planning is the process of identifying resources and allocating them among numerous and complex competing purposes. The primary vehicle for this planning is the preparation, monitoring, and analysis of the District's budget. It is increasingly important to incorporate a long-term perspective and to monitor the performance of programs competing for funding.

1. The Fire Chief shall submit to the Governing Board a proposed annual budget, based on the Governing Board's established goals, and shall execute the budget as finally adopted, pursuant to **A.R.S. §§ 48-805.02 and 48-807**. The District's fiscal year begins July 1 and ends on June 30. The Governing Board shall adopt the budget for the following fiscal year in the manner and within the timeframes prescribed by A.R.S. § 48-805.02, including publication of the proposed budget, notice of public hearing, the holding of a public hearing, and final adoption.
2. Pursuant to **A.R.S. § 48-805.02** Section A, a complete copy of the adopted budget shall be posted in a prominent location on the District's official website within seven (7) business days after final adoption and shall remain posted for at least sixty (60) months. Proposed budgets and related hearing notices shall also be made publicly available as required by statute.
3. The District will prepare its budget in accordance with GFOA best practices and in a format consistent with the criteria of the GFOA **Distinguished Budget Presentation Award** program. The proposed budget will, at a minimum, contain:
 - Revenue estimates by major category, by fund;
 - Expenditure estimates by program and major expenditure category, by fund;
 - Estimated beginning and ending fund balances by fund, including restricted and unrestricted unencumbered balances as required by A.R.S. § 48-805.02(B)(13);
 - Debt service, by issue, showing principal and interest amounts;
 - Proposed personnel staffing levels, with employee salaries shown separately from employee-related expenses (including retirement costs and health care costs) as required by A.R.S. § 48-805.02(B)(3);
 - A detailed schedule of capital projects;
 - Amounts necessary to pay interest and principal on outstanding voter-approved bonds under A.R.S. § 48-806;
 - Amounts necessary for services procured from other providers under A.R.S. § 48-805;
 - An amount for unanticipated contingencies or emergencies;
 - A separate statement of the secondary property tax rate for District operations and for the repayment of bonds, along with amounts levied under the Fire District Assistance Tax (A.R.S. § 48-807);
 - For each item in the proposed budget, an estimate of revenue or expense for the next two fiscal years, as required by A.R.S. § 48-805.02(B)(14);

- Any additional information, data, or analysis requested by the Governing Board.
4. The District maintains its financial records in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the **Governmental Accounting Standards Board (GASB)**. Although the District's budget is prepared on a modified cash or modified accrual basis that may differ from GAAP, the District will minimize these differences and will clearly disclose them in the annual budget document and the annual audit.
 5. The operating budget will be based on the principle that current operating expenditures, including debt service, will be funded with current revenues. Funds will pay the appropriate indirect cost charges for services provided by another fund. The budget will not use one-time (non-recurring) sources to fund continuing (recurring) uses, postpone necessary expenditures, or use external borrowing for ongoing operational requirements. The budget will incorporate the best available estimates of revenues and expenditures.
 6. Ideas for improving the efficiency and effectiveness of the District's programs and the productivity of its employees will be considered during the budget process.
 7. Unspent appropriations for significant programs and major projects may be considered for reappropriation in the subsequent fiscal year. Such carryover of appropriation shall be included in the proposed budget and shall comply with A.R.S. § 48-805, subsection D, which prohibits the District from incurring debt or liability in excess of taxes levied and to be collected and monies actually available and unencumbered in the fund.
 8. The District's annual budget will include a contingency appropriation to provide for unanticipated increases in service delivery costs, emergencies, and needs that may arise throughout the fiscal year, as contemplated by A.R.S. § 48-805.02(B)(6). The contingency appropriation may only be expended upon separate action by the Governing Board, except in true emergencies as addressed in Policy 2.
 9. The District shall establish appropriate management controls to monitor expenditure budgets to ensure they do not exceed authorizations. For operating budgets, this control shall be exercised at the department/fund level. For capital budgets, this control shall be exercised at the project level.
 10. A monthly report on the status of the General Fund budget and key financial trends shall be prepared and presented to the Governing Board. In accordance with **A.R.S. § 48-807(O)**, the District shall reconcile all balance sheet accounts for each calendar month of the fiscal year within thirty (30) days after the end of that calendar month.
 11. If a deficit is projected during the course of a fiscal year, the District will take steps to reduce expenditures, increase revenues, or—if the deficit is caused by an emergency—consider using the Emergency Reserve as addressed in Policy 2. The Fire Chief may institute a cessation of hirings, promotions, transfers, capital equipment purchases, and capital projects during the fiscal year. Such action will not be taken arbitrarily and will be communicated to the Governing Board as soon as practical.

12. If the District proposes to amend its budget after initial adoption, the Governing Board shall comply with the public hearing, posting, and notice requirements of **A.R.S. § 48-805.02(E)**.
13. The District shall maintain written procedures providing for levels of approval by the Fire Chief and/or the Governing Board for budgetary transfers, including transfers between funds, transfers of expenditure authority over base amounts, transfers among personnel, contractual, commodities, and capital outlay categories, transfers between capital projects, transfers to or from debt service accounts, and transfers to or from contingency accounts.

Policy 2 — Fund Balance and Reserves

Fund balance is an important indicator of the District's financial position. Maintaining appropriate reserves is considered a prudent management practice and is recommended by the Government Finance Officers Association (GFOA). Adequate fund balances allow the District to continue providing essential services to the community in case of unexpected emergencies, revenue shortfalls, or economic downturns.

This Policy establishes the amounts the District will strive to maintain in its General Fund balance, the conditions under which fund balance may be spent, and the method by which fund balances will be restored. Classifications and terminology used in this Policy are consistent with **GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions**, as subsequently amended and clarified by other GASB pronouncements. These amounts are expressed as goals, recognizing that fund balance levels can fluctuate from year to year in the normal course of operations.

2.1 General Framework

14. It is the intent of the District to limit the use of unassigned General Fund balance to addressing unanticipated, non-recurring needs or known and planned future obligations. Fund balances shall not normally be applied to recurring annual operating expenditures. Unassigned balances may, however, be used to allow the District time to restructure its operations in a deliberate manner, but only in the context of long-term financial planning.
15. Consistent with GFOA best practice "**Fund Balance Guidelines for the General Fund**," beginning in the FY 27/8 Budget year, the District will strive to maintain total unrestricted fund balance in the General Fund equivalent to no less than four (4) months (approximately 33%) of regular General Fund operating expenditures, with the specific reserve components described below.

2.2 Emergency Reserve

16. The District will maintain a General Fund "Emergency Reserve" with an upper goal of fifteen percent (15%) of the average actual General Fund operating expenditures for the preceding three fiscal years. The Emergency Reserve is intended to address true emergencies, including declared natural or man-made disasters, catastrophic loss of apparatus, stations, or critical equipment, mass-casualty incidents, pandemic response, and other unforeseeable events that threaten life, safety, or the continuity of essential District services.
17. Expenditure of Emergency Reserve funds requires Governing Board approval at a duly noticed public meeting, except that the Fire Chief may expend Emergency Reserve funds without prior Board approval in response to an imminent threat to life, safety, or property, provided that the Fire Chief reports the action to the Governing Board at the next regular meeting and the Board ratifies the expenditure. All uses of the Emergency Reserve shall comply with A.R.S. § 48-805(D), which prohibits the District from incurring debt or liability in excess of taxes levied and to be collected and monies actually available and unencumbered in the fund.
18. Any use of Emergency Reserve funds shall be accompanied by a written replenishment plan, approved by the Governing Board, providing for restoration of the Emergency Reserve to the

upper goal of fifteen percent (15%) level within three (3) fiscal years following the fiscal year in which the event occurred. If full restoration within three (3) fiscal years is not practicable without materially impairing essential services, the Governing Board may, by resolution, extend the replenishment period and shall document the rationale for the extension.

2.3 Operating Reserve

19. The District will maintain an additional General Fund "Operating Reserve" with an upper goal of five percent (5) of the average actual General Fund revenues for the preceding three fiscal years. The Operating Reserve is intended to provide a cushion for unexpected events whose impact exceeds \$500,000, such as failure of the State to remit revenues to the District, delay in the collection of property tax revenues by the county treasurer, unexpected mandates, unexpected loss of property tax collections, the continuance of critical District services in the face of unanticipated events, or to offset the unexpected loss of a significant funding source for the remainder of the fiscal year.
20. Any use of Operating Reserve funds must be approved by the Governing Board and must include a repayment plan that projects restoration of the Operating Reserve to the upper goal of five percent (5%) level within two (2) fiscal years following the fiscal year in which the event occurred.

2.4 Budget Stabilization Reserve

21. The District will maintain an additional General Fund "Budget Stabilization Reserve" with an upper goal of five percent (5%) of the average actual General Fund revenues for the preceding three fiscal years. The Budget Stabilization Reserve may be used to provide funding to address fluctuations in the fiscal cycle(s) and operating requirements that exceed \$500,000. The reserve will provide the District with time to restructure its operations deliberately to ensure the continuation of critical District activities.

Any use of Budget Stabilization Reserve funds must be approved by the Governing Board and must include a repayment plan, based on a multi-year financial projection, that provides for restoration of the Budget Stabilization Reserve to the upper goal of five percent (5 %) level within the three (3) fiscal years following the fiscal year in which the event occurred.

2.5 Capital and Other Assigned Reserves

22. The District may establish and maintain additional assigned fund balance amounts, including but not limited to reserves for apparatus and vehicle replacement, facility replacement, self-insurance, compensated absences under GASB Statement No. 101, and pension and other post-employment benefit obligations. Such reserves shall be established by action of the Governing Board and reported in accordance with GASB Statement No. 54.

2.6 Use of Fund Balance Above Policy Levels

23. Funds in excess of the reserves described above will be classified as unassigned General Fund balance, unless otherwise assigned in accordance with GASB Statement No. 54, and may be considered to supplement "pay-as-you-go" capital outlay and one-time operating expenditures, to prepay existing District debt, or to address unfunded pension liabilities under the Public Safety Personnel Retirement System (PSPRS). These funds shall not be used to establish or support costs that are recurring in nature.

2.7 Fund Balance Classifications

The Finance Director (or equivalent) is authorized to classify available fund balance for specific purposes in accordance with GASB Statement No. 54, as amended. When expenditures are incurred for which more than one category of fund balance could be used, the District's default order of use shall be: Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance, unless the Governing Board specifies otherwise for a particular transaction.

The following classifications are used for financial reporting:

- **Nonspendable Fund Balance** — amounts that are not in spendable form, such as inventory and prepaid items, or amounts that are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** — amounts that can be spent only for specific purposes stipulated by external resource providers (for example, grants or donors), by constitutional provisions, or by enabling legislation.
- **Committed Fund Balance** — amounts that have been limited to specific purposes through formal action of the Governing Board (for example, adoption of a Board resolution or policy) and that can only be changed by equivalent formal action.
- **Assigned Fund Balance** — amounts that are intended to be used for specific purposes, as expressed by the Governing Board or by an official to whom the Board has delegated such authority, but which are neither restricted nor committed.
- **Unassigned Fund Balance** — the residual classification for the General Fund. Only the General Fund should report a positive unassigned fund balance. In other governmental funds, a negative unassigned fund balance may be reported if expenditures incurred for specific purposes exceeded amounts restricted, committed, or assigned to those purposes.

Policy 3 — Expenditure Control

Management must ensure compliance with the legally adopted budget. In addition, purchases and expenditures must comply with applicable Arizona law and District policies and procedures.

24. Expenditures will be controlled by an annual appropriated budget at the department/fund level. The Governing Board shall establish appropriations through the budget process and may transfer these appropriations as necessary through the budget amendment process set forth in **A.R.S. § 48-805.02(E)**. Written procedures shall be maintained for the administrative approval and processing of budget transfers within funds.
25. Department heads are responsible for monitoring expenditures to prevent exceeding their total departmental appropriation. Department heads must immediately notify their supervisor and the Finance Director of any circumstances that could result in a departmental appropriation being exceeded.
26. Consistent with **A.R.S. § 48-805, subsection D**, the District shall not incur any debt or liability in excess of taxes levied and to be collected and monies actually available and unencumbered in the fund, except as expressly permitted by A.R.S. §§ 48-805(B)(2), 48-805(B)(3), 48-806, and 48-807.
27. The District will maintain a purchasing system that provides needed commodities and services in a timely manner to avoid interruptions in service delivery. All purchases shall be made in accordance with the District's procurement and purchasing policies and all applicable state and federal laws. The District will endeavor to obtain supplies, equipment, and services that provide the best value. For purchases involving federal grant funds, the District shall comply with the applicable procurement standards of 2 CFR Part 200 (Uniform Guidance), as amended.
28. A system of internal controls and procedures using established best practices shall be maintained for the procurement and payment processes. Internal controls shall be designed to provide reasonable assurance regarding the safeguarding of assets, the reliability of financial reporting, and compliance with applicable laws and regulations, and shall reflect guidance such as the COSO Internal Control — Integrated Framework and the Green Book (Standards for Internal Control in the Federal Government) as adapted for governmental entities.
29. The District will endeavor to make all payments within established terms. The District shall pay applicable contractor and vendor invoices in accordance with the requirements of the Arizona Revised Statutes, including applicable prompt-pay provisions.
30. Warrants, substitute checks, or electronic funds transfers on the county treasurer shall be drawn by the Chairperson and Clerk of the District Board (or their respective designees) in accordance with **A.R.S. § 48-805(D)** and shall be limited to amounts authorized by the adopted budget.

Policy 4 — Revenues and Collections

In order to provide funding for service delivery, the District must have reliable revenue sources. These revenues must be assessed and collected equitably, timely, and efficiently, within the framework established by Arizona law.

31. The District's goal is a diversified General Fund revenue base that includes the District's secondary property tax levy authorized under **A.R.S. § 48-807**, the Fire District Assistance Tax distributed by the county treasurer under A.R.S. § 48-807(A), fees and charges for services, grant revenues, intergovernmental revenues, and investment earnings.
32. The Governing Board recognizes the statutory tax rate limit on fire district secondary property taxes under **A.R.S. § 48-807(F)**, which is \$3.75 per \$100 of assessed valuation for tax year 2024 and each tax year thereafter, and shall set the annual levy within *the applicable current limit set by state statute* and in accordance with any statutory growth cap (*currently* the lesser of the statutory rate limit or the prior year's levy multiplied by 1.08).
33. The District will strive to maintain a diversified and stable revenue base to shelter it from economic changes or short-term fluctuations by doing the following:
 - Periodically conducting a cost-of-service study to determine if all allowable fees are being properly calculated and set at an appropriate level;
 - Establishing new charges and fees as appropriate and as permitted by law, including fee schedules adopted by resolution under A.R.S. § 48-805(B);
 - Pursuing legislative change, when appropriate, to permit changes to or the establishment of user charges and fees;
 - Aggressively collecting all revenues, late penalties, and related interest as authorized by the Arizona Revised Statutes.
34. The District shall periodically review its revenue estimating methodology to ensure that estimates are based on reasonable and supportable assumptions. Significant revenue sources shall be disclosed in accordance with **GASB Statement No. 102, Certain Risk Disclosures**, including concentrations that could create a vulnerability for the District.

Policy 5 — Grants

Many grants require Governing Board appropriation of funds, either for the original grant or to continue programs after grant funding has expired. The Fire Chief shall review grant opportunities prior to determining whether an application should be submitted.

35. The District shall apply only for grants that are consistent with the objectives and high-priority needs identified by the Governing Board. The potential for incurring ongoing costs — including the assumption of support for grant-funded positions from local revenues — will be considered prior to applying for a grant.
36. The District shall attempt to recover all allowable costs, both direct and indirect, associated with the administration and implementation of programs funded through grants. The District may waive or reduce indirect cost recovery if doing so will significantly increase the effectiveness of the grant or is required by the grantor.
37. All grant submittals shall be reviewed for cash match requirements, potential impact on the operating budget, and the extent to which they meet the District's policy objectives. When the potential for District expenditures (match, indirect, or future support) is \$100,000 or more, departments shall seek approval from the Governing Board prior to submission of the grant application. Should time constraints under the grant make this impracticable, the department shall obtain written approval from the Fire Chief and then, at the earliest feasible time, seek formal ratification from the Governing Board. Any required cash match shall have its source of funding identified prior to application.
38. For grants subject to **2 CFR Part 200 (Uniform Guidance)** or the federal Single Audit Act (31 U.S.C. §§ 7501–7507), the District shall maintain policies and procedures for procurement, cost allowability, subrecipient monitoring, and financial reporting that satisfy applicable federal requirements. Federal awards shall be tracked and reported in the Schedule of Expenditures of Federal Awards (SEFA) and, when expenditures of federal awards meet the Single Audit threshold in a given fiscal year, a Single Audit shall be obtained.
39. The District shall terminate grant-funded programs and associated positions when the grant has expired and funds are no longer available, unless alternate funding has been identified and approved.

Policy 6 — Cost of Service and User Fees

User fees and charges are payments for voluntarily purchased, publicly provided services that benefit specific individuals. The District relies on user fees and charges, as permitted by Arizona law, to supplement other revenue sources in order to provide public services. Indirect cost charges will be assessed to reflect the full cost of identified services.

40. The District may establish user fees and charges for services provided to users receiving a specific benefit, including the fee types authorized by **A.R.S. § 48-805(B)** (such as plan reviews, standby charges, fire cause determination, emergency medical services, and facilities benefit assessments). Fee schedules shall be adopted by resolution of the Governing Board.
41. On a regular basis, the District will conduct a cost-of-service study to identify the full cost of providing a service for which fees are charged. The calculation of full cost will include all reasonable and justifiable direct and indirect cost components.
42. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary. Competing policy objectives may result in fees that recover only a portion of service costs; any such decisions should be documented.
43. Ambulance transportation service revenues, when the District is authorized to provide such services under a Certificate of Necessity pursuant to Title 36, Chapter 21.1, shall be accounted for in accordance with A.R.S. § 48-807 and applicable GASB guidance, and may be held in a separate account as permitted by A.R.S. § 48-807(M).

Policy 7 — Capital Improvement Program

The purpose of the Capital Improvement Program (CIP) is to systematically identify, plan, schedule, finance, track, and monitor capital projects to ensure cost-effectiveness as well as conformance to established policies and the District's strategic plan.

44. The Fire Chief will annually submit a financially balanced, multi-year Capital Improvement Program (typically covering a minimum of five years) for review by the Governing Board pursuant to the timeline established in the annual budget preparation schedule. The Capital Improvement Program will incorporate a methodology to determine project priority according to developed criteria, including life-safety, operational impact, condition assessment, and cost-benefit.

The Capital Improvement Program shall provide:

- A statement of the CIP's objectives and its relationship to the District's Strategic Plan, Community Risk Assessment/Standards of Cover, departmental master plans, service-level objectives, and expected facility needs;
 - An implementation schedule for each capital improvement, including the coordination and timing of project construction among District departments;
 - An estimate of each project's costs, the anticipated sources of revenue for financing the project, and an estimate of the impact of each project on District revenues and operating budgets. No capital project shall be funded unless operating impacts have been assessed and the necessary funds can be reasonably anticipated to be available when needed;
 - Provisions for the systematic improvement, maintenance, and replacement of the District's capital infrastructure as needed;
 - A schedule of proposed debt requirements, including any voter-approved bonds issued under A.R.S. § 48-806 and any capital lease or lease-purchase obligations authorized under A.R.S. § 48-805(B)(2)–(3).
45. The District will match programs and activities identified in the Capital Improvement Program with associated funding sources.
 46. The performance and continued use of capital infrastructure are essential to delivering public services. Deferring essential maintenance and/or asset replacement can negatively impact service delivery and increase long-term costs. The District will periodically assess the condition of its assets and infrastructure and appropriately plan for required major maintenance and replacement. Efforts will be made to allocate sufficient funds in the multi-year capital plan and operating budgets for condition assessment, preventative and major maintenance, and repair and replacement of critical infrastructure assets.
 47. The District's objective is to incorporate "pay-as-you-go" funding (using available cash resources) in the annual Capital Improvement Program. This will supplement funding from other sources such as intergovernmental agreements (IGAs), voter-approved bonds, lease-purchase financing, grants, and impact fees or development contributions where authorized.

48. When current revenues or resources are available for capital improvement projects, consideration will be given first to those capital assets with the shortest useful life and/or to those capital assets whose nature makes them comparatively more difficult to finance with bonds or lease financing. Using cash for projects with shorter lives and long-term financing for projects with longer lives facilitates "intergenerational equity," wherein projects with long useful lives are paid for over several generations of users through debt service payments.
49. The first year of the adopted capital plan will be the capital budget for that fiscal year.
50. Staff will monitor projects in progress to ensure their timely completion or the adjustment of the Capital Improvement Program as approved by the Governing Board if a project is delayed or deferred. Periodic status reports will be presented to the Governing Board to share project progress and identify significant issues.
51. Within ninety (90) days of the completion of a capital project, any remaining appropriated funds for the project will revert to the fund balance of the funding source.
52. The Capital Improvement Program will be updated annually as a multi-departmental effort.

Policy 8 — Capital Asset Accounting, Leases, and Replacement

An effective capital asset accounting system is important in managing the District's capital asset investment and in meeting the District's reporting obligations under GAAP.

53. The District will maintain a schedule of individual capital assets with values in excess of **\$10,000** and an estimated useful life in excess of one year. The Governing Board may periodically review and adjust this capitalization threshold consistent with GFOA best practice (which has trended toward thresholds of \$5,000 to \$10,000 for many governments) and with industry practice for fire districts. Items with an original value below the capitalization threshold, or with an estimated useful life of one year or less, will be recorded as operating expenditures.
54. The District will provide replacement funding for fleet vehicles, apparatus, and certain technology and equipment. Replacement schedules will be updated as part of the annual budget and Capital Improvement Program process and will reflect the District's **vehicle and apparatus replacement plan** and condition assessments.
55. The District shall maintain a listing, outside the capital asset system, of all computers, mobile devices, and other attractive assets below the capitalization threshold, and shall conduct a periodic physical inventory of those items.
 - a. A physical inventory of all capital assets acquired with federal funds will be done every two years.
56. The District's Fleet Services program shall maintain a Fleet Master Listing of all vehicles, apparatus, and other large, motorized equipment. The capital asset listing for vehicles shall be reconciled to the Fleet Master Listing at least annually. The District's vehicle inventory control shall be maintained through the fleet maintenance program.
57. Leases shall be accounted for in accordance with **GASB Statement No. 87, Leases**, and related implementation guidance. The District shall maintain a lease inventory, identify contracts that convey control of the right to use a nonfinancial asset for a period of more than twelve (12) months, and record right-to-use lease assets and corresponding lease liabilities as required.
58. Subscription-based information technology arrangements shall be accounted for in accordance with **GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs)**. The District shall maintain an inventory of qualifying SBITAs, identify contracts subject to GASB 96, and recognize right-to-use subscription assets and corresponding subscription liabilities as required, including capitalizable implementation costs.
59. Disclosures for certain capital assets — including capital assets held for sale, intangible right-to-use assets arising from leases and SBITAs, and other categories identified in **GASB Statement No. 104, Disclosures of Certain Capital Assets** — shall be presented in the District's annual financial statements in accordance with the effective date of that Statement.
60. Compensated absences (accrued leave) shall be measured, recognized, and disclosed in accordance with GASB Statement No. 101, Compensated Absences. The District shall maintain

supporting records and calculations adequate to support the liability reported in the annual financial statements.

Policy 9 — Cash Management and Investment

Cash management includes the activities undertaken to ensure maximum cash availability, reasonable investment yield on the District's idle cash, and efficient cash collection, consistent with Arizona law.

61. The District's funds are held by the **county treasurer** pursuant to A.R.S. Title 48, Chapter 5, and disbursements are made by warrant, substitute check, or electronic funds transfer as provided in A.R.S. § 48-805(D). The District shall collect, deposit, and disburse all funds on a schedule that ensures optimum cash availability for investment in accordance with the Arizona Revised Statutes.
62. Consistent with **A.R.S. § 48-807(M)**, the District may maintain separate accounts with a financial institution authorized to do business in Arizona for the purpose of operating a payroll account or holding special revenues or ambulance revenues (or both), as necessary to fulfill the District's fiduciary responsibilities.
63. Investment of District monies by the county treasurer, State Treasurer, or by the District (where permitted) shall comply with **A.R.S. Title 35, Chapter 2 (Handling of Public Funds)**, including the list of permitted investments and applicable collateralization requirements under A.R.S. §§ 35-323 and 35-323.01, as applicable. The District's primary investment objectives, in order of priority, are (a) safety of principal, (b) liquidity to meet operating requirements, and (c) yield.
64. Bond proceeds shall be segregated from all other funds for arbitrage and accounting purposes. The District shall comply with all applicable federal tax-exempt bond requirements, including arbitrage rebate calculations under Internal Revenue Code § 148 and related continuing disclosure obligations under **SEC Rule 15c2-12**, where applicable.
65. The District will conduct its treasury activities with financial institution(s) based upon written contracts.
66. All District bank accounts, and all balance sheet accounts, shall be reconciled and reviewed on a monthly basis, in accordance with **A.R.S. § 48-807(O)**, which requires reconciliation within thirty (30) days after the end of each calendar month.
 - a. In addition to internal reviews, the District will contract with an outside financial professional to review the month-end bank reconciliations
67. The District will maintain a cash collection, handling, training, and procedures program with appropriate separation of duties, physical safeguards, and documented review to protect against loss or misappropriation.
68. The District shall consider and document risks related to concentrations of investments and depositories as required by **GASB Statement No. 40, Deposit and Investment Risk Disclosures**, and, more broadly, **GASB Statement No. 102, Certain Risk Disclosures**.

Policy 10 — Accounting, Auditing, and Financial Reporting

Accounting, auditing, and financial reporting form the informational infrastructure for public finance. Internal and external financial reports provide important information to the Governing Board, management, citizens, taxpayers, grantors, and creditors.

69. The District will comply with accounting principles generally accepted in the United States of America (GAAP), as established by the **Governmental Accounting Standards Board (GASB)**, and will follow **Generally Accepted Auditing Standards (GAAS)** and **Generally Accepted Government Auditing Standards (GAGAS)** (the "Yellow Book") in its accounting and financial reporting. The District will implement new and revised GASB pronouncements as of their effective dates. Monthly financial reports will be made available to all departments, summarizing financial activity and comparing actual revenues and expenditures to budgeted amounts. Key financial information shall be provided to the Governing Board at each regular meeting as contemplated by A.R.S. § 48-805(A)(1).
70. A system of internal accounting controls and procedures will be maintained to provide reasonable assurance regarding the safeguarding of assets, the proper recording of financial transactions, and compliance with applicable laws and regulations. The District shall periodically review and document its internal controls and shall remediate material weaknesses or significant deficiencies identified by management or external auditors.
71. An independent annual audit of the District's financial statements shall be performed by a certified public accountant engaged pursuant to **A.R.S. § 48-805(B)(10)** and consistent with **A.R.S. §§ 48-251 and 48-253**. The auditor shall be selected through a full-scale competitive process in which the principal factor is the auditor's ability to perform a quality audit, consistent with GFOA best practice, and the District should consider entering into multi-year audit engagements with appropriate periodic rotation considerations.
72. The annual audit report shall be presented in person to the Governing Board by the auditor, and the Board shall accept the audit or report. The audit shall include the auditor's certification required by **A.R.S. § 48-805.02(D)** regarding the District's compliance with statutory debt limitations and other requirements.
73. The District will prepare an **Annual Comprehensive Financial Report (ACFR)** in accordance with the principles and guidelines established by GASB and the GFOA, and will aim to satisfy the criteria for the GFOA **Certificate of Achievement for Excellence in Financial Reporting**. The ACFR will include all required disclosures, including (where applicable) ongoing continuing disclosures required by SEC Rule 15c2-12 for outstanding bond obligations.
74. The District shall timely file the Annual Report required by **A.R.S. § 48-251** with the Arizona Office of the Auditor General, through the relevant county clerk of the board, no later than 240 days following the close of the District's fiscal year (generally February 25 for a fiscal year ending June 30). The District shall also timely file any other reports required by the Auditor General's Office, the county treasurer, or the county board of supervisors.

75. The District's Governing Board shall provide independent oversight of financial reporting processes, internal controls, and the external audit, consistent with GFOA best practices.
76. The District shall publicly post its budget, financial statements, audit reports, and other required disclosures on the District's official website in accordance with A.R.S. § 48-807(G) and applicable public records laws.

Policy 11 — Debt Management

Prudent use of debt enables the District to finance long-lived capital assets while preserving intergenerational equity. Debt shall be used strategically and within the limits established by Arizona law and the Arizona Constitution.

77. General obligation bonds may be issued only with the consent of a majority of the qualified electors of the District voting at an election held for that purpose, in accordance with **A.R.S. §§ 48-805(B)(4) and 48-806**, and subject to applicable debt limitations.
78. Lease-purchase financings and other secured financings authorized by **A.R.S. § 48-805(B)(2) and (3)** (including financings to pay amounts owed to the Public Safety Personnel Retirement System and related pension prefunding investments) may be undertaken only upon Governing Board approval and upon a demonstrated ability to make all payments from lawfully available revenues.
79. The District shall not incur debt or liability in excess of taxes levied and to be collected and monies actually available and unencumbered in the fund, except as expressly authorized by A.R.S. §§ 48-805(B)(2)–(3), 48-806, and 48-807.
80. Debt shall not be issued for periods longer than the useful life of the assets being financed. The District will strive to maintain a debt service schedule that is consistent with intergenerational equity principles and that does not place an undue burden on future taxpayers.
81. The District shall adopt and maintain written post-issuance compliance procedures addressing federal tax law requirements for tax-exempt obligations (including arbitrage rebate, private use monitoring, and record retention) and continuing disclosure obligations under **SEC Rule 15c2-12**, consistent with GFOA best practices.
82. The District shall periodically evaluate refunding opportunities consistent with GFOA best practice for analyzing and issuing refunding bonds, with particular attention to present-value savings thresholds, call provisions, and the impact on overall debt service.

Policy 12 — Ethics, Transparency, and Fraud Prevention

Public trust requires that the District's financial affairs be conducted with the highest standards of ethics, transparency, and accountability.

83. Members of the Governing Board, officers, and employees of the District shall comply with applicable Arizona conflict-of-interest requirements, including **A.R.S. §§ 38-501 through 38-511**, and shall disclose any substantial interest in contracts or decisions of the District as required by law.
84. All meetings of the Governing Board at which District finances are addressed shall comply with the Arizona Open Meeting Law, **A.R.S. §§ 38-431 through 38-431.09**.
85. District records, including financial records, shall be maintained and produced in accordance with the Arizona Public Records Law, **A.R.S. §§ 39-121 through 39-127**, and consistent with applicable records-retention schedules issued by the Arizona State Library, Archives and Public Records.
86. The District shall maintain a written fraud prevention, detection, and response framework, including: (a) a code of ethics; (b) segregation of duties to the extent practicable given District size; (c) confidential reporting mechanisms for suspected fraud, waste, or abuse; (d) anti-retaliation protections for good-faith reporters; and (e) documented procedures for investigation and response.
87. The District shall periodically conduct and document a fraud risk assessment covering revenue, expenditure, payroll, procurement, capital asset, information technology, and grant cycles, and shall remediate identified risks through control improvements or other appropriate measures.
88. Members of the Governing Board designated under A.R.S. § 48-805(E) shall have full access to the financial books and records of the District as authorized by law.

Policy 13 — Policy Review

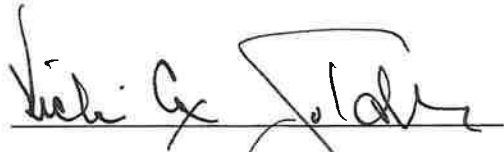
By their nature, policies must change and evolve over time. These financial policies shall be subject to periodic review and revision.

89. The Governing Board will review and reaffirm the financial policies contained in this document at least once every three (3) years, and will review them more frequently if warranted by changes in Arizona law, GASB pronouncements, GFOA best practices, or the District's operations or financial condition.
90. The Fire Chief and Finance Director shall bring forward proposed amendments to these Principles whenever new Arizona legislation, GASB pronouncements, or federal requirements materially affect the District's financial management. Amendments shall be adopted by resolution of the Governing Board.

Adoption

These Principles of Sound Financial Management are affirmed by the Governing Board as set forth below.

ADOPTED AND APPROVED by the Governing Board of the Golder Ranch Fire District at a duly noticed public meeting held on this 16th day of June 2026, by Resolution No. 2026-0007.



Chair, Governing Board

ATTEST:



Clerk, Governing Board