

510 – Financial Management Policy

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1.0 Purpose

The Tukwila Pool Metropolitan Park District (District) is accountable to its citizens for its use of public money. The establishment and maintenance of wise financial and fiscal policies enables officials of the District to protect the public interest and ensure public trust. This Financial Management Policy defines the current policies to be used by the District to meet its immediate and long-term service goals and operate in a financially prudent manner. The individual policies contained herein serve as general guidelines for financial planning, internal financial management of the District and all the District's operations.

This policy ensures that the District is positioned to respond to changes and the economy or new service requirements without an undue amount of financial stress. This policy is also established to maintain a good credit rating in the financial community and assure taxpayers that the District is well managed financially and maintained in sound fiscal condition. The District should strive to adhere to the highest accounting and management policies as set by the Government Finance Officers' Association, the Governmental Accounting Standards Board, and other professional standards for financial reporting and budgeting.

Depending on the Board of Commissioners (BOC) choice for District Treasurer (*see policy 505 District Treasurer*), the District Accountant and the District Treasurer can be a dual role by one individual or firm, In the event the BOC has chosen the King County Treasurer as the District Treasurer, the District Accountant will be responsible for the financial management of District funds as outlined in this policy and the District Treasurer policy (505) referenced above. For clarity, the terms District Accountant and District Treasurer can be interchanged if only one person is responsible for both roles.

2.0 General Responsibilities

The District Board is responsible for approving the annual Operating Budget as well as establishing the policy direction for the District under Washington State Law. Sound business practice and good government dictates that the Board establishes policies regarding the fiscal activities of the District in accordance with applicable local, state, and federal laws and regulations. District staff, under the direction of the Executive Director, is responsible for proposing programs, recommending funding levels, and formulating budget proposals for implementing service programs in accordance with established goals and directives.

3.0 Objectives

The objectives of the Financial Management Policy are:

- To guide the BOC, Executive Director and District Accountant for policy decisions having significant fiscal impact;
- To set forth operating principals to minimize the cost of government and limit financial risk;
- To maintain appropriate financial capacity for bonded indebtedness for present and future needs;
- To promote sound financial management by providing accurate and timely information regarding the District's financial condition;
- To protect the District's credit rating and provide for adequate resources to meet the provisions of the District's debt obligations;
- To facilitate the evaluation of District programs by providing the means to measurably examine the financial activity of the District programs over time.
- To ensure the legal use of financial resources through an effective system of internal controls; and
- To promote cooperation and coordination with other governments, non-profits, and the private sector in the financing and delivery of services.
- To employ balance and fair revenue policies for programs and

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4.0 Financial Responsibilities

4.1 Financial Responsibilities of the District Board of Commissioners

Sound business practice and good government dictates that the BOC establishes policies regarding the fiscal activities of the District in accordance with applicable local, state, and federal laws and regulations.

The District Board of Commissioners is responsible for approving:

1. The Annual Operating Budget;
2. Any amended Annual Budgets
3. The Capital Improvement Plan
4. The Strategic Plan, and;
5. Approval of the Financial Management Policy.

The BOC financial responsibilities are presented to the BOC and adopted annually during the budget process and semi-annually if any budget amendments are required.

4.2 Financial Responsibilities of the Executive Director

The Executive Director, in collaboration with the District Accountant, is responsible for:

1. Maintaining adherence to the approved Annual Budget
2. Proposing any changes to the Annual Budget
3. Developing programs within the constraints of the Annual Budget
4. Develop and propose the Capital Improvement Plan
5. Develop and propose the Strategic Plan

The Executive Director presents to the BOC the Annual Budget, Capital Improvement Plan and the Strategic Plan annually during the budget process. A Strategic Plan review is done annually during the budget review process.

4.3 Financial Responsibilities of the Treasurer and/or District Accountant

The Treasurer and/or District Accountant duties and responsibilities are outlined in the District Administrative Policy 505 (*505-Treasurer Policy*). The Treasurer/Accountant is responsible but not limited to the following:

- Monthly financial condition report to the BOC
- Maintaining adequate cash for approved expenditures
- Provide any information requested by the Executive Director, BOC or State Auditor
- Assist in the budget process as necessary

5.0 Financial Planning Process

The District engages in the financial planning process, which encompasses important policy considerations and provides guidelines for all aspects of the District's financial management strategy, is done during the annual budget process.

6.0 Fund Policies

In accordance with Washington State RCW's, the accounts of the District are organized on the basis of funds, each which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose.

The Board is required to approve any newly established Funds. To be consistent with text contained in the

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annual budget, the following is a list of District Financial Funds that can be used by the District:

6.1 Fund Accounting

6.1.1 General Fund

The General Fund is the general operating fund of the District. This fund is used to account for all financial resources and expenditures of the District, which are not accounted for in other funds. The General Fund provides general purpose governmental services to the citizens. This fund is used to account for all general financial resources except those that must be accounted for in a special revenue fund.

6.1.2 Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specific purposes.

6.1.2.1 Reserve Fund

Use of funds must be authorized by a Resolution of the District Commission.

6.1.2.2 Debt Service Fund

The Debt Service Fund is used only to account for the accumulation of resources for, and the payment of, long-term debt, principal and interest. This fund contains several types of debt including but not limited to:

- Long term loans greater than one year
- Any type of Bonds issued by the District

6.1.2.3 Permanent Funds

Permanent Funds are legally restricted so only earnings, not principal, may be used to support the specific government program. The Board will adopt separate policies governing the management of restricted funds such as endowments.

6.1.2.4 Capital Improvement Funds

Capital improvement funds account for the purchase, construction, replacement, addition, or major repair of public facilities and major equipment. These projects differ from routine maintenance in that their cost is generally greater than \$25,000 and they have a useful life of generally ten years or more. Examples may include, but are not limited to buildings, bridges, parks, major trails, and significant pieces of equipment.

6.2 District Funds

The District has two funds, The General Fund and the Capital Fund for the financial management of the District. Additional Fund accounts can be set up by the District Accountant at the request of the Executive Director and approval of the BOC.

6.2.1 General Fund (001)

The General Fund is for the District's revenue and operating expenses including expenditures for salaries and wages, benefits, supplies, services, and charges which are necessary to support primary services. Capital Improvement Debt payments are paid through the Capital Improvement Fund (301)

6.2.1.1 General Fund Reserved Balance (Reserve)

The General Fund's targeted restricted General Fund balance for reserves will be a three months of average operational expense that includes current debt payments

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to a maximum of six months of current operational expense that includes current debt payments, excluding capital expenditures or extraordinary expenses. An extraordinary expense is an accounting term used to describe expenses that are infrequent, unusual, and material in size.

6.2.1.2 Use of General Fund Reserved Balance

The restricted General Fund balance is maintained to:

1. Offset unanticipated downturns and necessary revisions in any general municipal purpose fund; and
2. Provide a sufficient cash flow for daily financial needs at all times.

6.2.2 Capital Improvement Fund (301)

The Capital Improvement Fund is for the District's Capital Improvement expenses, funding the Capital Improvement Plan, Capital Improvement debt, and replacement of old equipment.

6.2.2.1 Capital Improvement Fund Reserved Balance (Reserve)

The Capital Improvement Fund targeted reserved fund balance will be an annual allocation of funds sufficient for the replacement of all major mechanical equipment and building components at the end of the effective service life. This is done by an annual payment to the reserved fund balance.

6.2.2.2 Use of General Fund Reserved Balance

The Capital Improvement fund reserve balance is maintained to fund the replacement of equipment that has an effective service life. It can also be used also for extraordinary expenses. An extraordinary expense is an accounting term used to describe expenses that are infrequent, unusual, and material in size..

7.0 Annual Budget

The annual budget process is the single most comprehensive analysis of available resources and the allocation of those resources to fund services for District's citizens. The budget document is designed to illustrate clearly the resources that are available for appropriation, an analysis of the decisions about the allocation of resources, and the resulting budget plan.

7.1 Annual Budget Purpose

The Annual Budget will define the District's annual financial and management plan. In conjunction with the Capital Improvement Plan and the Strategic Plan it establishes the goals and objectives for the ensuing year. The District uses a calendar year for the Annual Budget and financial reporting.

7.2 Annual Budget Development

The Annual Budget document is developed in a manner to study and review the direction of the District. This document outlines the manner in which financial resources will be managed during the year. The course the District is taking can be changed through the allocation of financial resources. The major groups who participated in the budget process are the Executive Director Committee, Tukwila Pool Advisory Committee, District Accountant, Executive Director, District staff and interested District residents.

The District Annual Budget is adopted by resolution by the BOC in accordance with the requirements and time limitations as mandated in state law Revised Code of Washington (RCW 35.61). The Annual Budget must be adopted as a balanced budget and must be in place prior to the expenditure of any District funds.

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7.3 Budget Structure

The District Annual Budget structure is based upon the Government Officers Association Best Practices. The Annual Budget is organized on the basis of Fund groups, each of which is considered a separate accounting entity. Each Fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on what they are to be spent for and how they are controlled. The District budgets each Fund individually.

7.4 Balanced Budget

RCW 35.33.07 requires that the District adopt a balanced budget is based on the total estimated annual revenues plus the unencumbered fund beginning balance equals the total annual expenditures of the current fiscal year.

The District adopts a statutorily balanced budget, as described in RCW 35.33.07, but also seeks to adopt a structurally balanced budget. In a structurally balanced budget, the total expenditures is limited to the annual estimated revenues. In a structurally balanced budget, beginning fund balance may not be used as a revenue source.

The budget will reflect the projection of all anticipated expenditures and reserve requirements necessary. The District will avoid budgetary and accounting practices that balance the current budget at the expense of future budgets. The District will maintain a level of expenditures, which will provide for the Mission, Vision and Values established by the District BOC.

7.5 Annual Budget Priorities

The budget will give first consideration to ongoing mission led programs before the addition of any new programs are added. Budgets associated with any proposed new program should be submitted and reviewed prior to adoption and incorporation into the budget. Additional personnel should be recommended only after the need has been fully substantiated. The District BOC must approve personnel not authorized in the budget.

7.6 Amending the Annual Budget

During the course of the year the budget may need to be amended as necessary. The District Accountant and the Executive Director have the authority to transfer budgeted amounts between programs within any fund; however, the BOC must approve any revisions that increase the total expenditures of a fund. When BOC determines that it is in the District's best interest to increase or decrease the appropriation for a particular fund, it may do so by resolution.

8.0 Financial and Budget Control Policies

The financial and budget policies will be developed and administered in compliance with applicable State of Washington budgetary statutes.

8.1 Accounting Basis

The District uses a cash basis of accounting standards when submitting annual financial reports to the Washington State Auditor Office. The District utilizes a modified accrual basis of accounting for presenting our Annual Budget and Annual Report. As a result, annual budgets and the monthly/annual financial reports may be directly comparable, but the annual financial reports submitted to the State Auditors Office may not be comparable to our Annual Report and Annual Budget.

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8.2 Monitoring and Financial Reporting

The District will maintain a system for monitoring the District's financial performance. Accounting and reporting practices will be maintained to provide accurate and timely monitoring of the District's financial performance. Monthly financial reports will be issued by the District Accountant or his or her designee to report on the actual performance compared to budget estimates to the District BOC.

The Executive Director in conjunction with the District Accountant will develop a midyear financial report to determine if the revenues and expenditures are on target to achieve the end of year financial goals. The Executive Director will present this report at the June BOC meeting.

8.3 Fund Allocation

The budget is adopted at the fund level with allocations made for administrative control. Reallocation is approved for administrative control of existing appropriation that do not change the adopted budget balanced budget "bottom line". It may become necessary to shift allocations between line items, programs, to meet unanticipated needs, emergencies or changes in work plan. As long as the bottom line is not changed, the adjustment can be done administratively with the authorization of the District Accountant and approval of the Executive Director. The District Accountant and the Executive Director has the authorization for the transfer of funds between funds as part of the adopted budget.

8.4 Maintenance and Replacement Schedule

A multi-year maintenance and replacement schedule will be maintained by the Executive Director and based upon the District's projections of its future replacement and maintenance needs and funds and be reserved in the Capital Improvement Fund (301) reserved fund balance. The projections will be updated and the schedule revised on an annual basis. The budget will provide sufficient levels of maintenance and replacement funding to ensure that all capital facilities and equipment are properly maintained and that such future costs will be minimized.

8.5 Year-end Surplus Funds and Unreserved Fund Balances

Year-end surpluses and unreserved fund balances in the General Fund may be used for nonrecurring capital expenditures or dedicated to the Capital Improvement Plan funding. The following criteria must be met to qualify any portion of the General Fund surplus for these purposes:

- There are surplus balances remaining after all reserves and fund allocations are made;
- An analysis has occurred assuring that the District has an adequate level of short and long term resources to support the proposed use of surplus balances; and
- The funds expenditure is approved by the District BOC.

8.6 Uniformed Accounting Codes

The District's accounting and financial reporting will follow the Washington State Auditor's Office prescription for the accounting reporting of local governments in the State of Washington under RCW 43.09.200.

8.7 State Auditor's Reporting System

The State Auditor's Office provides a standard account classification system through its Budgeting Accounting and Reporting System (BARS). The District is classified as a Special Purpose Governmental District and will maintain its records on a basis consistent with the Category 2 BARS manual.

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8.8 Fixed Asset Management

The Executive Director or his or her designee shall maintain fixed asset records for all capital assets owned by the District. The threshold for capitalization of non-infrastructure assets is \$5,000.

8.9 State Audits and Reviews

The State Auditors Office may perform a financial and compliance audit on a scheduled basis and issue an audit report. Results of the audit will be provided to the BOC and the public. The District will conduct an internal financial review on an annual basis as part of the budgeting process.

9.0 Debt Management Policies

The District will maintain reserve funds sufficient to meet requirements for the guarantee of debt service in compliance with debt agreements.

The basic objectives of the District's debt management policy are:

- To achieve the lowest possible cost for borrowing;
- If needed, to ensure access to the bond market to adequately provide the capital needed to finance public improvement and other long-term development objectives. Debt can be used as a mechanism to equalize costs of needed improvements to both present and future citizens and as a way to reduce the costs of substantial public improvements;
- To maintain strong and sound credit demonstrated by its commitment to meet all obligations in a timely fashion;
- To maintain a level and structure of outstanding indebtedness that does not lead to excessive debt service requirements, thereby avoiding unnecessary strains on the operating budget; and
- To maintain the confidence of lending markets and the taxpayers.

The District Commissioners approval is required prior to the issuance of debt. Long-term debt issuance is subject to a super majority approval of the District Commissioners and will be part of the District's approval Strategic Plan. The District Accountant or his or her designee has the authority to act as debt manager in the duties of debt issuance and related repayment activities.

9.1 Bond Procedures

The District will use the services of legally certified and credible bond counsel in the preparation of all presentations. An independent outside financial advisor may be used to provide the District with objective advice and analysis on debt issuance. The District will generally issue its debt through a competitive process but may use a negotiated process. A fiscal agent will be used to provide accurate and timely securities processing and timely payment to bondholders. As provided by RCW chapter 43.80 the District will use the fiscal agent appointed by the state. An underwriter will be used for all debt issued in a negotiated or private placement sale method. The underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to the investors. The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life, or a maximum of 20 years. (*see Policy 518-Post Issuance Bond Compliance Procedures*)

9.2 Short Term Debt

It is the District's policy to avoid the use of short-term indebtedness to the extent possible. Short-term borrowing (one year or less) will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received or to cover temporary cash flow shortages resulting from delay in receipting tax revenues or to finance capital construction.

Interfund loans may be used to meet short-term cash flow needs as an alternative to outside debt

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instruments. Interfund loans will be permitted only if an analysis of the lending fund indicates excess funds are available and that the use of these funds will not adversely affect current operations.

9.3 Long Term Debt

The District will not use long-term debt to support current operations. Prior to the issuance of debt, the District will prepare revenue projections to ensure there is adequate revenue to make principal and interest payments. The District will confine long-term borrowing to capital improvements that cannot be financed from current revenues.

Refunding bond issues designed to restructure current outstanding debt is an acceptable use of bond proceeds. A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant or restructure debt repayment due to cash flow needs, a debt refunding will attempt to achieve a present value savings of five percent of the principal amount of the refunding debt being issued. The District will maintain communications with bond rating agencies regarding its financial condition. The District will follow a policy of full disclosure on financial reports and bond prospectuses. The District will use bond proceeds pursuant to the bond resolutions, contracts, and Internal Revenue Codes applicable to government bonds. The District will maintain a system of recordkeeping and reporting to meet and satisfy calculations necessary for yield restriction requirements and arbitrage rebate requirements on the District's tax exempt bonds.

9.4 General Obligation Bonds, Limited General Obligation Bonds and Lease Purchase Policies

Projects proposed for financing through general obligation debt will be accompanied by an analysis of the future operating and maintenance costs associated with the project. The District shall pay all interest and repay all debt in accordance with the terms of the bond resolutions. Bonds will not be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed. The financing of lease purchases should be done in accordance with (RCW 39.36.020 (2) and RCW 35.42.200).

10.0. Capital Improvement and Capital Budget Policies

It is the District's policy to ensure that adequate resources are allocated to preserve existing infrastructure and other capital assets before targeting resources toward construction or acquisition of public facilities or major equipment. The District will maintain its physical assets at a level adequate to protect its capital investment and minimize future maintenance and replacement costs. The budget will provide for the orderly replacement of the capital assets from current resources where possible. Long term borrowing for capital facilities is considered an appropriate method of financing large facilities that benefit more than one generation of users (*see Policy 512-Capital Improvement Plan Policy*)

11.0. Cash and Purchasing Policies

The Executive Director and the District Accountant will develop, maintain, and constantly seek to improve cash management systems, which ensure the accurate and timely accounting, investment and security of all cash assets. Written cash handling procedures are updated periodically and made available to all staff. Purchase of goods and services will be accomplished by a separate purchasing policy (see policy 520-Purchasing) adopted by the District Board. Payroll costs are authorized by budget adoption. Expenditures will be within current resource projections at the fund level.

12.0 Grant Management

12.1 Funding

The District recognizes that grant funding provides significant resources to enhance the District's ability to provide programs and do Capitol Improvements. The District will seek

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grant funding for activities that are determined to further the Strategic Objectives of the District or that provide for programs, which are in the best interests of our citizens. The District will examine the benefits of grant funding prior to application and decline funding determined not to meet the above criteria.

12.2 Grant Process for New Programs or Capitol Improvements

Grant applications to fund new programs or capitol improvements with state or federal funds will be reviewed by the Executive Director and the Executive Director Committee prior to application. Among other issues, consideration will be given to whether grant activities further the District's mission and strategic objectives and whether locally generated revenues will be required to support grant activities when grant funding is no longer available.

13.0 Investment Policy

Funds are managed by the King County Treasurer (see King County Investment Policies).

511- Revenue Policy

1.0 Purpose: To set a fair and reasoned methodology in setting and developing the District revenue and pricing structure, and any future increases which may be needed.

2.0 Background:

The District should try to maintain a stable revenue system to protect against short-term fluctuations in any one revenue source. The District depends on the property tax levy passed by the voters in August, 2011. Although the District seeks to increase programming and admission revenue to supplement the tax levy revenue, the revenue generated by programming and admissions is not sufficient to maintain the facility or it's programs.

2.1 Public Interest: The public has an interest in the availability of a broad range of organized recreation opportunities that encourage good health, lifelong learning, respect for the environment, and a sense of community.

2.2 Balance of Benefits: Benefits of participation in recreation, and specifically swimming, accrue to both the participant and to the public and, therefore, it is appropriate that recreation be funded by a balance of participant fees and public resources.

2.3 Targeted or Focused Groups: The mission and goals for recreation activities and programs by the District apply to all citizens within the District boundaries and interests in particular activities are determined by individual participants. The public interest lies in encouraging participation and reducing barriers to access available recreation opportunities. Hence, cost of service analysis and fee structures need to be expressed in broad demographic groups for which there is particular public interest or for whom there exist significant barriers to participation. These groups are identified as follows:

- Youth: in order to invest in the future of our community.
- Adults: in order to increase the diversity of community participation in public recreation.
- Low income citizens: in order to ensure access and mitigate financial barriers to participation.
- Disabled citizens and seniors: in order to improve opportunities for inclusion and participation.
- Veterans: In order to increase awareness of, and improve access to, recreation programs.

3.0 Types of Revenue

Revenues are divided into two groups, Earned Revenue and Non Earned Revenue. The following is a breakdown of both revenue streams:

3.1 Earned Revenue:

3.1.1 Admission Fees: Fees to enter a District building recreational purposes and special events

3.1.2 One Time Rental Fees: One time payments made for the privilege of exclusive use of a portion or the entire District facility.

3.1.3 Contracted Rental Fees: Recurring payments made by contracted agreement for the privilege of exclusive use of a portion or the entire District facility

3.1.4 Membership Fees: Fees paid for the unlimited use of the facility and amenities for a set duration of time (i.e., annual membership)

3.1.5 Instructional and Exercise Fees: Fees for the use of a facility, participation in an activity such as a group program or instructional class.

3.1.6 Merchandise Sales Revenues: Revenue obtained from the operation of stores, concessions, and from the sale of merchandise and other property.

3.2 Non Earned Revenue

3.2.1 Compulsory Revenues: Revenue from mandatory payments such as tax revenues or special assessments.

3.2.2 Alternative Revenues: Revenue sources other than compulsory revenues. These revenues may include gifts, sponsorships, donations, grants, fees and charges.

4.0 Other Definitions Used in this Policy

4.1 Service: Any program, class, event, activity, sales or rental opportunity provided by the department.

4.2 Direct Costs: Those costs that can be directly and exclusively attributed or assigned to a specific service.

4.3 Indirect Costs: Those costs that can be attributed to more than one (1) program or service. Examples would include departmental administrative staff salaries, insurance, acquisition/construction depreciation or the costs of operating an activity bus that may be used for several different programs.

4.4 Cost of Service or Full Costs: These are both the direct costs and a pro rated percentage of the indirect costs that can be attributed to a specific service.

4.5 Bundled or Discounted Fees: The use of combining fees or extended length of commitment to encourage use and to reduce the costs of fee collection and provide a higher level of convenience to repetitious users. An example is Annual Pass or Membership pass with exercise add on.

4.6 District Sponsored: Services that are organized, promoted, and conducted exclusively by County staff and are the responsibility of the District.

4.7 District Co-Sponsored: Services that are organized, promoted, and conducted in part by District staff and in-part by an outside agency, organization, or individual(s) and are the negotiated responsibility of both parties as defined by a performance contract. Any fees assessed to the outside group for facility use of staff time shall be established to recover the District's direct costs at minimum.

4.8 District Facilitated: Services that are organized, promoted, and conducted by an outside agency, organization, or individual(s) with limited assistance from District staff. These services are the responsibility of the outside group. District involvement often includes permission to use a District facility or promotional assistance. Normally, these levels of service are defined by the warranties/guarantees of a contract. Any fees assessed to the outside group for facility use

or staff time shall be established to recover the District's direct and indirect costs. An example would be the use of the facility by the local swim club or the high school swim team.

4.9 Director: The District Executive Director or designee.

5.0 Policy

The budget will reflect the projection of all anticipated revenue from all sources including tax revenue. One time or unanticipated revenue will not be included in the Annual Budget but can be accounted for in amended budgets once the revenue has been received. The annual budget revenue will establish the level of programs and services the District will provide to the community.

5.1 Revenue Estimates: Because revenues, especially those of the General Fund, are sensitive to local and regional economic conditions, revenue estimates will be conservative and will be made by an objective, analytical process.

5.2 Pricing: Prices shall be recommended by the District Executive Director to be approved by the District Board of Commissioners. In setting prices, the District fees and charges are evaluated in an identical manner, which includes the following process:

- Determine the direct and indirect costs of providing the service. The hourly rate for volunteer labor has been defined by the IRS or the Washington State Auditor's Office.
- Determine the focus of the activity (Section 2.3) and demographics of the targeted group.
- Identify the market rate or current fee being charged for a similar service.
- Consider inflationary factors for services (Western Washington Consumer Price Index)
- Availability and affordability within the constraints of Annual Budget
- The District priorities as expressed in the current Strategic Plan
- Local economic conditions
- Specific needs of the District community

5.3 Financial assistance: In addition to pricing, which reflects the item referenced above, the District will seek to ensure affordability of activities through:

- Scholarships,
- Certain free youth activities
- Time-limited price promotions
- Cultivating volunteers and partnerships.
- Other opportunities approved by the BOC

5.4 Rentals and Contract Use of Facilities: Rentals are available for use by groups and private parties. Pricing should be set to recover 100% of direct costs for rentals during normally open hours. For events during normally closed hours, prices should be set to recover all incremental costs incurred by the District, including staff, maintenance, and utilities

5.5 Reducing, Increasing and Waiving of Fees and Charges: On occasions, fees and charges may be increased, reduced or waived completely when such action is determined by the Director to be in the best interest of the District and the service applicant. Setting,

Increasing, waiving or reducing fees and charges for activities and admissions can be made at the discretion of the District Director for:

- One time events or activities
- Special promotions or events that last no more than 30 days.
- Instructional classes to ensure cost recovery

The District Board of Commissioners will approve any fee structure for admissions, events, and activities that last in excess of 30 days. The Director may bundle and/or create new pricing structures for admissions and activities in excess of 30 days without Commissioner approval if the overall price does not significantly change the end cost.

5.6 Review of Pricing: The District Board of Commissioners will review and adjust the fee structures once per year as part of the annual budget process. Any increases will be documented in the annual budget. Contracted use agreements will be reviewed and prices set at the time of renewal or during the contract negotiation process.

5.7 Interagency Use: Services provided to other governmental agencies should recover 100% of their full costs.

5.8 Acceptance of Donations: The District will occasionally receive requests from individuals or organizations to accept cash donations. The Executive Director will have the authority to accept restricted and unrestricted cash donations and place them into restricted use funds in coordination with the District Accountant and Treasurer.

5.9 Cost Recovery from Programs and Users: As much as reasonably possible, District programs should be supported by fees and charges in order to provide maximum flexibility in the use of general revenues to meet the cost of services of broader public benefit. Rate adjustments for services utilizing user fees and charges should be recalculated annually to consider inflation and other costs. The District should be sensitive to the balance between the need for programs and services and the District's ability to raise fees, charges, and taxes to support those services.