

**Policy Name:** Financial and Revenue Policy  
**Section:** 3000 Operational: 3300 Finance  
**Policy Number:** 0000

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**Purpose:** To provide a framework of operating standards and ensure compliance with federal, state, and local legal and reporting requirements

**Reference:** None applicable

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### **Policy:**

The Park District is committed to the highest standards of responsible financial management. The District including the Commissioners, Executive Director and staff will work together to ensure that all financial matters of the District are addressed with care, integrity, and in the best interest of the District

#### **1. General Fund Balance**

- To maintain the District's credit rating and meet seasonal cash flow shortfalls, the budget shall provide for an anticipated undesignated fund balance between 5% and 8% of estimated annual revenues for the District's General Fund. The fund balance shall be exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies.
- Should the fund balance fall below 5% of revenues a plan for expenditure reductions and/or revenue increases shall be submitted to the Park Board of Commissioners by the Executive Director.
- Generally, the fund balance levels are dictated by:
  - ✓ Cash flow requirements to support operating expenses;
  - ✓ Relative rate stability from year to year for enterprise funds
  - ✓ Susceptibility to emergency or unanticipated expenditure
  - ✓ Credit worthiness and capacity to support debt service requirements
  - ✓ Legal or regulatory requirements affecting revenues, disbursements and fund balances; and
  - ✓ Reliability of outside revenues

#### **2. Contingency**

If the General Fund balance is below 10% of estimated annual revenues, the General Fund shall maintain a contingency in the amount of 2% of estimated annual operating revenues to help maintain services during short periods of economic decline and to meet emergency conditions. The Board may suspend this requirement by resolution.

#### **3. Commissioner Reserves**

In addition to the Fund Balance and Contingency the General Fund may provide for funds equivalent to 1% of estimated annual revenues. These funds can be part of the budget process or be paid from excess reserves. These Commissioner Reserves are established to provide for non-recurring community requests. These reserves shall be suspended during times of significant economic downturn especially if the General Fund balance falls below 5%.

#### **4. Executive Director Discretionary Reserve**

Each year the general fund budget will provide for \$25,000 of funds for the Executive Director to use for unplanned and necessary expenses. Unspent funds at year end will expire.

## **5. Balanced Budgets**

The District will maintain a balanced budget. Spending in any financial period must not exceed the total of current revenues plus any carryover from prior years. Use of reserve funds will be shown in the final budget as a reduction of the ending fund balance and will be noted in the resolution adopting the final budget.

## **6. Financial reports**

Financial reports comparing actual revenue and expenses to budgeted revenue and expenses will be prepared monthly by the Finance Manager, and regular updates will be provided to the Board.

## **7. Transfers**

To the maximum extent possible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific projects or services. Unexpended funds will revert back to the General Fund balance, unless the Board approves otherwise.

For short term cash deficits in non General Funds during the course of a year, short term loans are preferred to advances, except in cases where the receiving fund is legally precluded from paying interest on loans or where loan transactions would be to numerous and/or costly to be effective.

Transfers will be reconciled with expenditures in the year end closing process.

Where it is necessary to make advances of General Funds to another fund, this action shall be board approved and:

- Not contrary to applicable Federal and State Law
- All excess cash balances shall be invested for the benefit of the General Fund (investment income will be credited to the General Fund)
- The General Fund will be repaid as soon as practical

## **8. Audit**

The District will be audited by the Washington State Auditor's office every two years unless circumstances require an annual audit.