

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

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

Reference: None applicable

Policy:

The District is committed to the highest standards of responsible financial management. The District including the Board of 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 General Fund balance of three months of operation expenses. The fund balance shall be exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies. The board will determine if additional reserves are desired for upcoming projects etc.
- Should the fund balance fall below an amount equal to three months of operation expenses, a plan for expenditure reductions and/or revenue increases will be submitted to the Board 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 emergencies or unanticipated expenditure
 - ✓ Credit worthiness and capacity to support debt service requirements
 - ✓ Legal or regulatory requirements affecting revenues, disbursements, and fund balances
 - ✓ Reliability of outside revenues

2. Executive Director Discretionary Reserve

Each year, the General Fund budget may include an Executive Director Discretionary Reserve, if recommended by staff. These funds are intended to assist with emergency or unplanned expenses. The amount will be determined annually and must be approved by the Board. Any unspent funds at the end of the fiscal year will expire and not be carried forward.

3. Balanced Budgets

The District will maintain a balanced budget. Expenditures in any fiscal period must not exceed the total amount of appropriated expenses. Reserves can be utilized to balance the budget.

Use of reserve funds must be clearly identified in the final budget as a reduction of the ending fund balance and noted in the resolution adopting the final budget.

If a grant or major donation that is included in the budget is not awarded or received, any related expenses must be reviewed and approved by the Board before the associated project or event may proceed.

4. Financial reports

Financial reports comparing actual revenue and expenses to budgeted revenue and expenses will be prepared by the Accounting Department, and regular updates will be provided to the Board. Individual managers will monitor their budgets at least monthly. The Accounting Department will ensure that revenue and expenses are kept up to date in a timely manner.

5. 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 to the General Fund balance, unless the Board approves otherwise.

For short-term cash deficits in non-General Funds during 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 too 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

6. Audit

The District will be audited by the Office of the Washington State Auditor every year, or on the recommendation of the Office of the Washington State Auditor, or if any grant or donor agreement requires a change.