



2014 Annual Budget

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William Shore Memorial Pool District
Finance Committee and Citizens Advisory Committee

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Section 1: Executive Director's Budget Message

INTRODUCTION

I respectfully submit to you the 2014 Budget for the William Shore Memorial Pool District (District).

This submitted annual budget is intended to serve as the financial plan, operational plan and operations guide for the District. This is a documented means of financial accountability to the public as the District aims to maintain high service levels at the lowest possible cost while addressing the District's goals and priorities.

The District's budget is balanced and in compliance with the provisions of the Park District Policy. All required hearings have been held or are scheduled with the appropriate notices provided.

DIRECTOR'S COMMENTS

Our local economy in Clallam County, as well as the rest of the State of Washington is starting to pull out of the economic downturn that started in 2009. The housing market is starting to increase with inventory beginning to be reduced to normal levels. It is anticipated that property values will start to increase for the first time since 2009.

Even with the increase in property values, the persistent slow economy severely hurt local property values to an extent that the District may not see a return to 2009 property value levels for several more years. With this in mind the 2014 budget recommends a return to the tax levy rate of 2010 of \$475,000. This return to the 2010 rate will assist in making the payments of our capital improvement loans for our Energy Upgrade Project. This modest increase of \$10,000 is still \$50,000 less than what was anticipated the District would need when the District was established in 2009. And even with this \$50,000 annual reduction in tax revenue, the District was able to accomplish over two million in capital improvement projects related to energy reduction that added an additional 20-25 years of life into the facility.

One bright spot with a slow economy is that public works projects are coming in lower than engineer's estimates and interest rates are at an all time low. To take advantage of these circumstances the District decided to continue with our energy improvement plan. We were able to finish our two phase energy project in July of 2013, with a total expense of two million dollars. This was offset by \$415,000 in energy grants from the Washington Department of Commerce and an anticipated rebate in February 2014 from the Bonneville Power Authority of \$200,000. The benefits of this project are already showing with electrical usage down by almost 50% and having little to no maintenance on the new equipment that enabled us to cancel the maintenance contract with the City of Port Angeles for a savings of \$24,000 per year.

Our 2014 Budget was crafted with numerous new variables in mind:

1. New pool equipment
2. New air handling equipment
3. Reduction in maintenance and repairs
4. Reduction of electrical usage
5. Elimination of City of Port Angeles maintenance contract
6. Establishing a preventive maintenance plan for new equipment
7. Payment of the capital improvement loans

We also made a priority to look beyond 2014 and the commitment to prudent fiscal management and providing our District citizens with the highest quality facility and programs possible.

Since the District inception in 2009, the Board and staff have proactively monitored and adjusted the budget based on current indicators on our local and state economy, leading to changes in long-range

plans and budget projections, reducing operating expenses, prioritizing capital projects and offering reductions in fees of certain community-wide programs. Cost containment measures implemented have worked effectively as total expenses are consistent with past performance and resulted in balanced budgets and healthy revenue levels which has been used to reduce the short term debt of the District.

As staff continues to monitor economic recovery forecasts, competition, and revenue trends, the 2014 proposed budget reflects only conservative increases in areas with proven growth.

2013 HIGHLIGHTS

The District uses four core functional areas as the starting foundation when we develop our current and future budget recommendations. These areas are:

1. Customer Service
2. Programming
3. Facilities/Capital Improvements
4. Administration

Based upon these core functions, the 2013 highlights are as follows:

CUSTOMER SERVICE

In 2013, the District continued to simplify our membership plans. The District also continued to provide online registration and purchasing of memberships. We have also expanded our communication with District patrons with a new Facebook page and updated website. Currently we have over 1200 patrons we send a monthly newsletter too. We also use this email database to contact patrons of any changes or closures that may occur. We have also seen a dramatic increase of online registrations for lessons and classes thereby eliminating the time and expense of our staff doing the registrations.

PROGRAMMING

In 2013, the District continued to utilize the StarGuard programs for lifeguarding and swim lessons. This has enabled the District to keep our fee's down and do more in house training and certifications. The District has one certified lifeguard instructors on staff and will increase to two certified instructors in 2014.

Our first full month of being open after our shutdown for undergoing our upgrades saw a new record in people using the facility. We had over 7,600 people use the facility in a one month time period.

One of the new attractions was the addition of our new Aquatic Rock Climbing Wall. The District is the first facility in the State of Washington to install one. The Wall was paid for by a generous 50% matching grant from the Mac Ruddell Foundation.

Our exercise classes have seen exponential growth and finding room for the expanding classes has been an on-going issue. Membership sales for exercise classes grew ??% in 2013.

The District continues to participate with several organizations to provide specialized proگرامing, including:

- United State Coast Guard
- Port Angeles Swim Club
- Port Angeles School District
- Olympic Medical Center
- Peninsula College

FACILITIES/CAPITAL IMPROVEMENTS

In 2011 the District started the process of upgrading the pool facility to bring it up to current energy and safety codes, know as the "Energy Improvement Project". In 2012, the District started the upgrades and

completed to project in July of 2013. This was the largest public works project the since the facility was opened in 1962. At the conclusion of the project the pool facility was completely upgraded with new mechanical equipment, domestic plumbing, pool plumbing and lighting. The total cost of the project was \$2.1 million. This project is estimated to save the District approximately \$50,000 per year in electrical expense and has extended the life of the District facility by 25 years and the return on investment is between 7-9 years. The project items completed during 2013 were:

- Replacement of the Main Boiler
- Replacement of the Natatorium Air Handling Unit
- Replacement of the Locker Room Air Handling Units
- The Addition of a new Air Handling Unit for the entry and office space.
- The Installation of a New Water Source Heat Pump to supplement the Main Boiler
- Installation of an extra 300 gallon Domestic Hot Water storage tank to bring our total domestic hot water storage of 600 gallons.
- Installation of our new Salt water disinfection system
- Installation of Ultra Violet Disinfection system
- Installation of 8 new energy efficient motors and Variable Speed Drives
- Replacement of the overhead lighting in the hallways and locker rooms.
- New Pool covers for use during closed hours.
- New Co2 pH application system to replace the use of liquid Muriatic Acid
- Replacement of the main transformers from 416v to 480v
- Replacement of the main switch gear and subpanels
- Replacement of new chemistry control system
- Installation of a new Digital Control system for all energy related items

ADMINISTRATION

The District hired a new Aquatics Manger, Christi Wojnowski in August 2013 and has seen the benefits of bringing on a skilled and experienced aquatics manager already.

All of our policy and procedures are now online and available to the public for review. We have also produced an employee and supervisor handbook. All the board meetings and resolutions are now available online as well.

We also have increased our training for staff with nationally accredited training programs. We sent staff to the following training programs:

- Aquatic Facility Operators School
- Starfish Aquatics International
- Aquatic Exercise Association Certification (all our exercise instructors participated)
- Certified Pool Operator School
- Washington Recreation and Park Association Aquatic Management School
- Certified National Recreation and Parks Executive and Professional.

2014 DISTRICT STRATEGIC GOALS AND PRIORITIES

The Districts Strategic Plan is developed in five-year increments. The 2011-2016 Strategic Plan is divided into five Strategic Themes. Each year the District works at accomplishing objectives related to the goals established in each of the five Strategic Themes. While we desire to accomplish all the objectives as soon as possible, most objectives will take several years to accomplish. A comprehensive list of goals and objectives can be found in the 2011-2016 Strategic Plan and is available online at our website.

The William Shore Memorial Pool District Strategic Plan is composed of five strategic themes, which address our core functional area and maintain our strategic values. These themes are based upon work

and input from the Citizens Advisory Committee, staff and customer surveys. Below are the relevant Strategic Plan goals and current objectives that will be focused on in 2014 and beyond:

STRATEGIC THEME #1: EXCEEDING CUSTOMER EXPECTATIONS

Objective #1: Provide diverse and innovative programs and events for all ages.

Objective #2: Develop consistent and exceptional customer service.

Objective #3: Develop and maintain positive cooperative relationships and partnerships.

Objective #4: Increase the use of certified instructors for programming.

STRATEGIC THEME #2: FINANCIAL STABILITY

Objective #1: Reduce reliance upon tax revenues.

Objective #2: Create and maintain adequate fund balance levels and provide for long-term stability.

Objective #3: Reduce operating costs and increase efficiencies.

Objective #4: Implement best practices in finance and accounting.

STRATEGIC THEME #3: SAFETY AND OPERATIONAL EXCELLENCE

Objective #1: Maintain a comprehensive administrative infrastructure.

Objective #2: Establish best practices of park and recreation districts.

Objective #3: Provide the safest possible environment for the public and District employees.

Objective #4: Increase safety awareness.

STRATEGIC THEME #4: TEAM DEVELOPMENT

Objective #1: Create a staff empowerment environment.

Objective #2: Align staff responsibilities to strengths and needs.

Objective #3: Provide growth and development opportunities.

STRATEGIC THEME #5: FACILITY AND ENERGY CONSERVATION STEWARDSHIP

Objective #1: Develop a District Comprehensive Maintenance Plan for the facility and equipment.

Objective #2: Develop and maintain a high quality facility that is reliable and energy efficient and is functional for current and future programming.

BUDGET SUMMARY

To remain economically stable, the District's long-term budget plan and the 2014 budget continue the Board's past philosophy and policy of positioning the District financially so that it can carefully move forward in some major capital projects along with a long-term plan to maintain and build reserves.

The 2014 total District budget is \$1,132,350 in revenue and \$1,127,064 in expenditures. The following is a breakdown by Fund:

Chart 1: 2014 Summary of Budget by Fund

| Fund | Beginning Balance | 2014 Revenue | 2014 Expenditures | Ending Balance |
|--------------------------------|-------------------|--------------------|--------------------|------------------|
| General Fund (001) | \$247,345 | \$1,007,350 | \$979,159 | \$275,536 |
| Capital Improvement Fund (301) | \$90,661 | \$125,000 | \$147,905 | \$67,756 |
| Total | \$338,006 | \$1,132,350 | \$1,127,064 | \$343,292 |

This proposed spending plan reflects a disciplined operating philosophy and a responsible maintenance strategy for our facility. The 2014 Budget highlights are:

- A \$10,000 increase in tax revenue to return the District to 2010 tax revenue rates.
- Completion of all major capital improvement projects
- A continuation of our capital loan debt service which totals \$122,000 annually.
- Anticipated receipt of \$200,000 electrical rebate from BPA, which will be used to pay off our operational loan from Clallam County when the District was established in 2009.
- Elimination of our maintenance contract with the City of Port Angeles, a savings of \$24,000.

The District will continue the 2014 budget cycle with 3 salaried employees and 30 part time hourly employees, which calculate to a total of 13 Full Time Equivalent (FTE's).

ACKNOWLEDGEMENTS

This budget builds on our priorities and community values. Developing a budget is a shared effort that involves people throughout the District organization. I commend the Commissioners, Finance Committee, Pool Managers and our District Accountant for their hard work and commitment they have invested during this year's budget process. I encourage you to join me in thanking them for crafting a budget that establishes reasonable priorities for meeting the increasing demands on our resources.

I can assure you that we will do whatever needs to be done to continue providing quality services to our District residents, even if it requires some sacrifice.

I look forward to working with the Board of Commissioners in the coming year.

Respectfully,



Steven D Burke, AFO

Executive Director

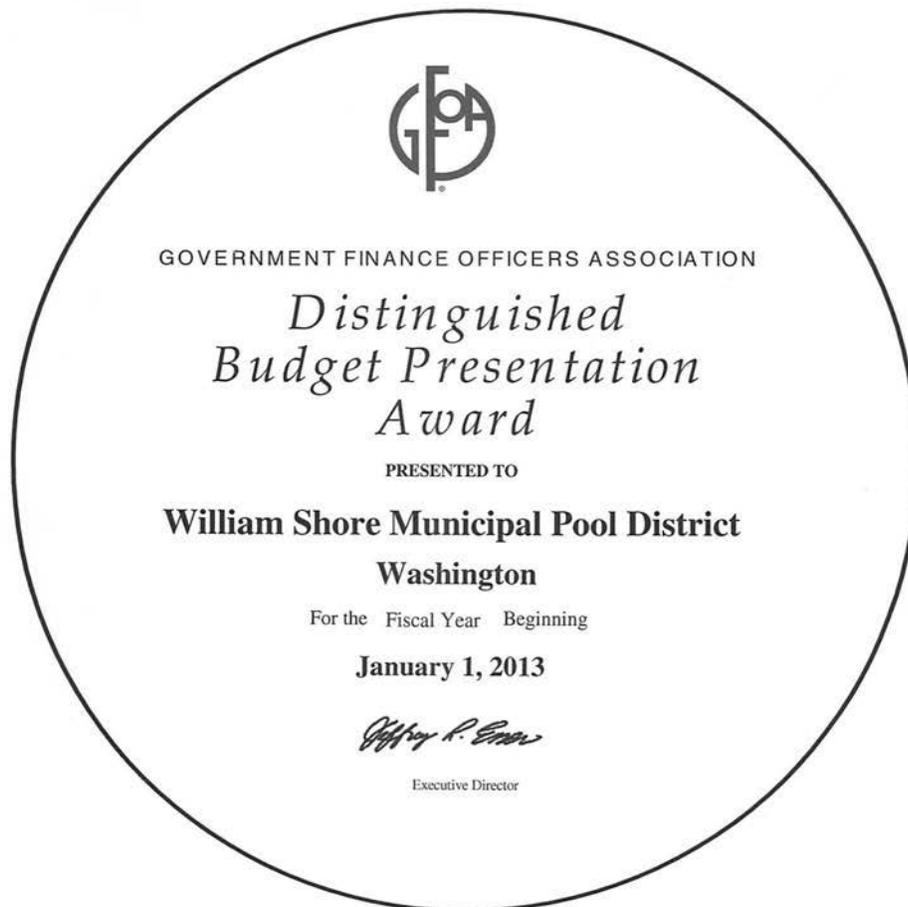
William Shore Memorial Pool District

Section 2: Awards and Audits

BUDGET AWARDS

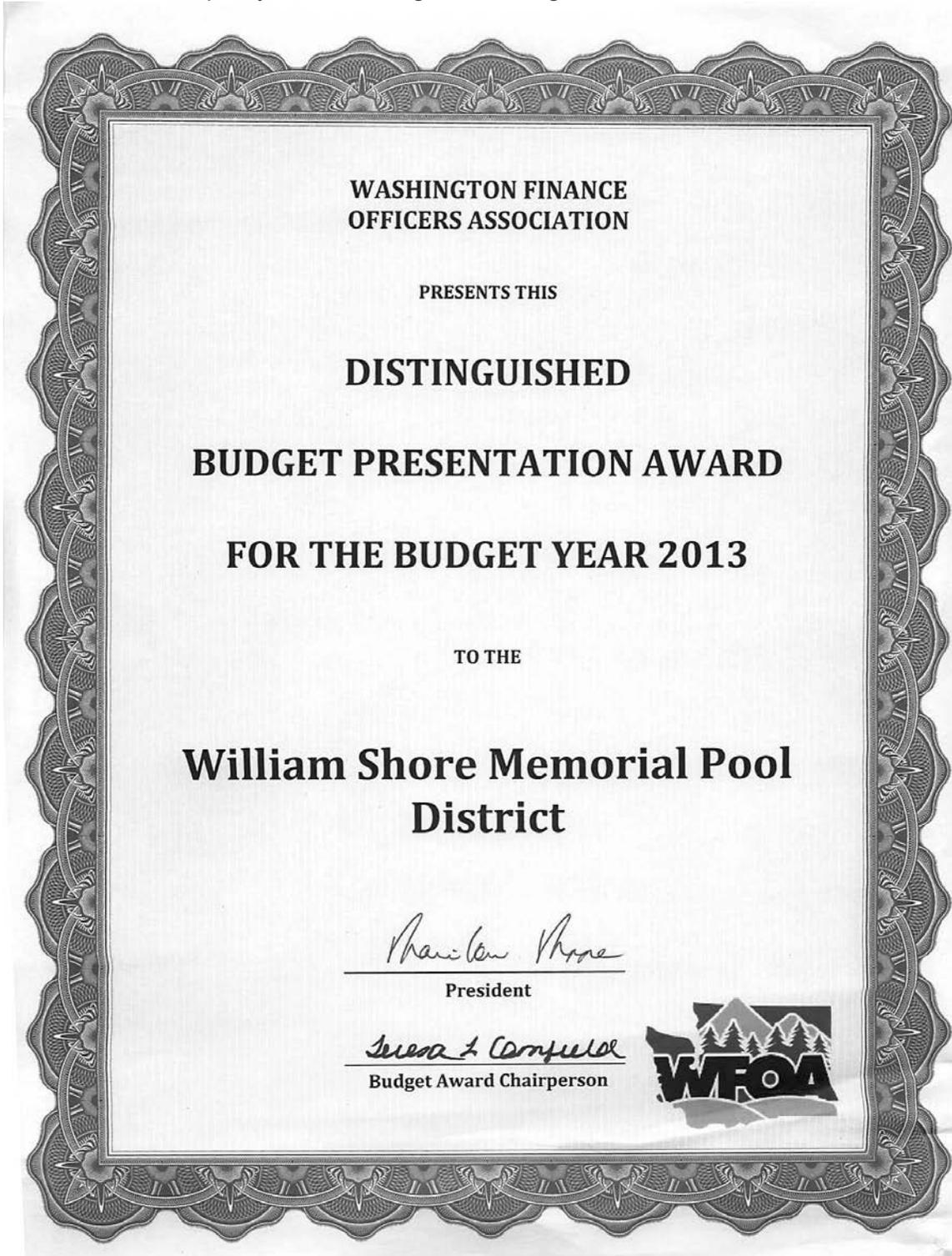
GOVERNMENT FINANCE OFFICERS ASSOCIATION BUDGET AWARD

The Government Finance Officers Association is a nonprofit professional association serving over 17,600 government finance professionals throughout North America. The GFOA's Distinguished Budget Presentation Awards Program is the only national awards program in governmental budgeting. The William Shore Memorial Pool District 2013 Budget Report received the Distinguished Budget Presentation Award from GFOA. The 2014 budget has been done to the GFOA Distinguished Budget Presentation Award standards and will be submitted to the GFOA to qualify for the Distinguished Budget Presentation Award.



WASHINGTON STATE FINANCE OFFICERS ASSOCIATION BUDGET AWARD

The Washington State Finance Officers Association (WFOA) is a nonprofit association which promotes the improvement of governmental finance in Washington State as developed and recommended by recognized authorities in the field of municipal administration. The William Shore Memorial Pool District's 2013 Budget Report was awarded the Distinguished Budget Presentation Award from WFOA. The 2014 budget has been done to the WFOA Distinguished Budget Presentation Award standards and will be submitted to the WFOA to qualify for the Distinguished Budget Presentation Award.



Section 3: District Profile and Organization

HISTORY OF WILLIAM SHORE MEMORIAL POOL DISTRICT

The William Shore Pool was built in 1961 and opened in May of 1962. The facility was dedicated to the memory of William Shore who was a coach and swim teacher in Port Angeles. From 1962 to 2008 the City of Port Angeles owned and operated the pool facility. In 2008, the City of Port Angeles no longer wanted to operate the pool facility and planned on shutting the facility down. A group of pool users decided to try to keep the pool open by suggesting the pool facility be separated from the city and be operated and owned by a newly established Park District. City and county officials approved the matter to be brought to the people for a vote.

The voters established the Park District in 2009. It is a separate governmental entity known as a "Metropolitan Park District" and serves all of the residents who live within the District's service area, which is currently the Port Angeles School District boundary.

The William Shore Memorial Pool District is a governmental agency responsible for operating, maintaining and improving the William Shore Memorial Pool facility. The District also plans, develops, and implements a wide range of recreational programs and activities that reflect the interests of all age groups.

Pool District operations are funded by revenue generated through program fees, tax dollars, grants, donations, and interest. These funds pay the staff members who care for the facility, plan and supervise programs, and help you register for classes. They also pay for all the materials, supplies, utilities, and other resources required to keep the facility functional, attractive, and safe. Your Pool District responsibly uses available funds to plan, design, and construct new features and programs at the facility, renovate and upgrade the existing facility for you and your neighbors to enjoy.

A board of five appointed Commissioners set policy and carry out the official business of the District. All Board Commissioners serve without pay.

DISTRICT PROFILE

The William Shore Memorial Pool District is structured by the same boundaries as the Port Angeles School District.

DISTRICT FACTS:

- **The William Shore Pool District Founded:** June 2009
- **Type of Government:** Metropolitan Park District
- **Governing Body:** Appointed Board of Commissioners (5)
- **Board of Commissioners Positions:** Non paid appointments consisting of:
 - Two City of Port Angeles Council members (permanent appointment)
 - Two Clallam County Commissioners (permanent appointment)
 - One at large citizen (3 year term)
- Geographic Size of District: 347 Sq./Miles
- Population of District: 28,000
- Registered Voters in District: 19,719
- Age Profile: Median age 49
- Income Profile: Median Income \$44,310
- Racial Diversity Profile: 76.4% White, 6.5% Hispanic, 4.3% Native American, 2.9% Asian, 1.1% Black, 10.3% two or more races.

SCHOOLS LOCATED WITHIN DISTRICT

There are 5 elementary schools in the District with a total enrollment of 1,732; one middle school with an enrollment of 561; and one high school with an enrollment of 1,032. The District is also home to the Peninsula Community College with total enrollment of 8,737 (2012-2013).

MAJOR EMPLOYERS LOCATED WITH DISTRICT

The District has several major employers:

- Olympic Medical Center: 1062 employee
- Peninsula College: 544 employees
- Port Angeles School District: 505 Employees
- Clallam County: 466
- Westport Shipyard: 416 employees
- United States Coast Guard: 400 servicemen and employees
- Nippon Paper Industries: 242 Employees

ECONOMIC AND FINANCIAL STATICS FOR DISTRICT AREA

- Median Household Income: \$44,310 (2012)
- Median Housing Price: \$197,720 (2012)

WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD OF COMMISSIONERS

| | |
|----------------|----------------|
| Pat Downie | President |
| Mike Chapman | Vice President |
| Mike Doherty | Commissioner |
| Brad Collins | Commissioner |
| Gary Holmquist | Commissioner |

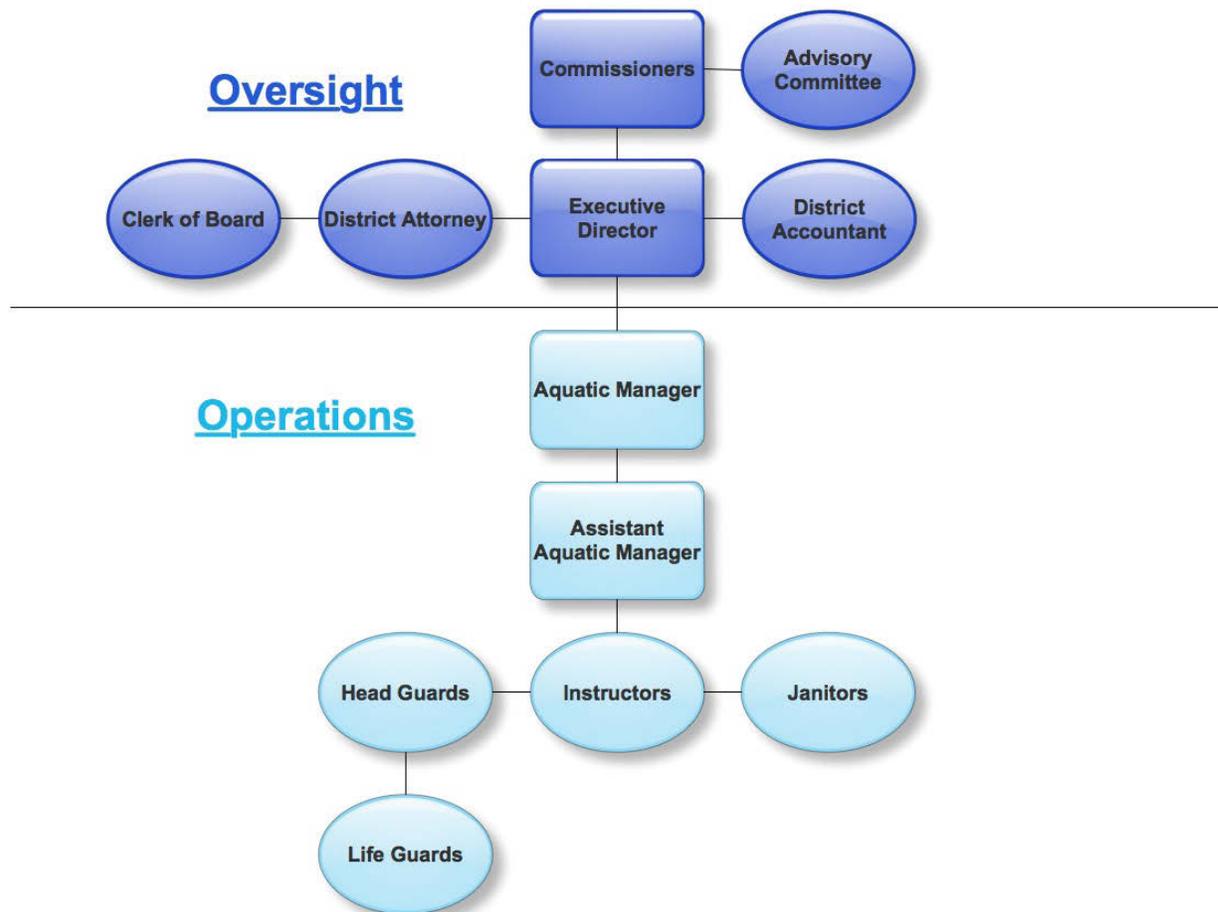
DISTRICT STAFF

| | |
|-------------------|---|
| Steven D. Burke | Executive Director |
| Charlie McClain | District Accountant |
| Christi Wojnowski | Aquatic Manager |
| Vacant | Assistant Aquatic Manager |
| Tammy Sullenger | District Clerk and Public Records Officer |
| Craig Miller | District Attorney |

CITIZEN ADVISORY COMMITTEE

| | | | |
|----------------|-----------------|--------------|---------------|
| Tom Bock | Linda Fairchild | Eric Wade | Mike Jakubcin |
| Brain Albright | Anna Manildi | Bill Roberds | |

DISTRICT ORGANIZATIONAL CHART



MISSION STATEMENT AND STRATEGIC PRIORITIES

Mission Statement

The mission of the William Shore Memorial Pool District is to provide a variety of high quality aquatic activities that are safe and enjoyable in a clean and wholesome environment. These activities will contribute to the health of the community and to its well-being.

Strategic Priorities

- **Fiscal Sustainability:** Development of strategies to ensure the long-term financial strength of the swimming pool facility and programs.
- **Facility Improvement:** Development of an improvement plan, which focuses on energy savings, safety, and expanded usability.
- **Community Needs:** Regularly evaluate aquatic recreational needs of the community and work to meet these needs, keeping in mind budgetary and other resource constraints.
- **Diverse Programing and Safety:** Provide a variety of safe aquatic recreational experiences. Meet the recreational needs of all ages, physical conditions and lifestyles by providing appropriate programs to serve the needs of the entire community.

Section 4: Budget Process and Financial Policies

The budget document sets forth the District's financial plan for the 2014 fiscal year. For the District, annual budgeting begins with general direction provided by the District Board of Commissioners. The District budget process serves the function of creating a framework to implement the policies set forth by that body to administer the District organization and deliver the various services to the community. Under the general guidance of the Finance Committee, the District Accountant and the Executive Director has the primary responsibility for formulating budget proposals in line with the Executive Director and Board of Commissioner's priorities.

Budgeting begins with an understanding of the needs and issues important to the community that the District serves. General goals and priorities are identified in order to apply the available financial resources of the District to specific funding proposals. Previous budgets are considered in this process, thereby providing continuity with previous programming.

The budgeted expenditures must, by law, be balanced with either revenues and/or unreserved fund balances. The 2014 budget not only addresses operating expenditures for 2014 but also incorporates major capital outlays to be undertaken during the year. These major capital outlays, in many respects, set the course of the District for many years to come.

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 Board of Commissioners must approve any revisions that alter the total expenditures of a fund. When the Board of Commissioners 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.

BASIS OF BUDGETING

The District utilizes Governmental Funds and no Proprietary or Enterprise Funds. The Governmental Fund types (i.e., the General Fund, Capital Improvement Fund) are budgeted on a modified accrual 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.

The modified accrual basis differs from the accrual basis in the following ways:

1. Purchases of capital assets are considered expenditures.
2. Redemptions of long-term debt are considered expenditures when due.
3. Revenues are recognized only when they become both measurable and available to finance expenditures of the current period.
4. Inventories and prepaid items are reported as expenditures when purchased.
5. Interest on long-term debt is not accrued but is recorded as an expenditure when due.
6. Accumulated unpaid vacation and sick pay and other employee benefits are considered expenditures when paid.
7. Depreciation is recorded on an accrual basis only.

BUDGET PROCESS

The 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.

This 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 were the Finance Committee, District Accountant, Executive Director, District staff and interested District residents.

The District budget is adopted by resolution in accordance with the requirements and time limitations as mandated in state law Revised Code of Washington (RCW 35.61). The budget must be adopted as a balanced budget and must be in place prior to the expenditure of any District funds. The calendar for the District 2014 Budget was as follows:

Chart 2: Budget Process Timeline

| Budget Process Steps | July | Aug | Sept | Oct | Nov | Dec |
|---|------|-----|------|-----|-----|-----|
| 1. Review New and Current Programs and Requests | | | | | | |
| 2. Executive Director Prepares Revenue and Expenditures | | | | | | |
| 3. Review of Budget by Finance Committee | | | | | | |
| 4. Review of Budget by District Accountant | | | | | | |
| 5. Preliminary Budget Submitted to Clerk | | | | | | |
| 6. Public Hearings held at Board Meetings | | | | | | |
| 7. Certification of Levy | | | | | | |
| 8. Budget approved by Board before Dec 31. | | | | | | |

BUDGET STRUCTURE

The accounts of the District are organized on the basis of funds 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. The District currently budgets with the following funds:

- (001) General Fund
- (301) Capital Improvement Fund (*used for debt service as well*).

OPERATING BUDGET POLICIES

The operating budget will define the District's annual financial plan as developed by the District Board and the Finance Committee in establishing goals and objectives for the ensuing year. The intent of the budget is that one-time and routine expenditures will be financed with current resources.

OPERATING BUDGET PRIORITIES

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

OPERATING BUDGET REVENUE

The budget will reflect the projection of all revenues from all sources and all expenditures and present the level of governmental services and method of allocating costs in the provision of these services to the community.

OPERATING BUDGET EXPENDITURES

Current operating expenditures will be paid from current revenues and cash carried over from the prior year after reserve requirements are met. 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 that will provide for the public well-being and quality of life for the residents of the community.

MAINTENANCE AND REPLACEMENT SCHEDULE

A multi-year maintenance and replacement schedule will be developed based on the District's projections of its future replacement and maintenance needs. 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.

YEAR-END SURPLUS FUNDS

Year-end surpluses in the General Fund may be used for nonrecurring emergency capital expenditures or dedicated to the Capital Plan. 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 Board specifically appropriates the funds.

BUDGETARY CONTROL POLICIES

BALANCED BUDGET

The District adopts a 12-month balanced calendar year budget. The balanced budget means budgeted expenditures will not exceed the available resources of the beginning fund balance plus new revenues. The adopted budget is for a 12-month fiscal period with annual financial reporting.

BALANCING THE OPERATING BUDGET

RCW 35.33.07 requires that the District adopt a balanced budget based on the following requirement: *"Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal year."*

The District adopts a *statutorily* balanced budget, but also seeks to adopt a *structurally* balanced budget. A budget is *statutorily* balanced when total estimated resources (beginning fund balance plus revenues) equal the total appropriation (expenditures plus ending fund balance). In a *statutorily* balanced budget, beginning fund balance may be used as a revenue source. In contrast, in a *structurally* balanced budget, the total expenditure appropriation is limited to the annual estimated revenues. In a *structurally* balanced budget, beginning fund balance may not be used as a revenue source.

BUDGET MONITORING AND REPORTING

The District will maintain a system for monitoring the District's budget performance. Accounting and reporting practices will be maintained to provide accurate and timely monitoring of the District's budget performance. The Executive Director or his or her designee will issue monthly budget reports on the actual performance compared to budget estimates to the District Commissioners. The system will include provisions for amending the budget during the year in order to address unanticipated needs or emergencies.

FUND ALLOCATION

The budget is adopted at the fund level with allocations made for administrative control. Reallocation of existing appropriation does not change the adopted 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 total fund budget is not changed, the adjustment can be done administratively with the authorization of the Finance Committee and approval of the Executive Director.

REVENUE POLICIES

REVENUE SOURCES

The District will 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 May, 2009. 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 its programs.

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.

INVESTMENT POLICY

Investment funds, by RCW, mandate are managed by the Clallam County Treasurer (see Clallam County Investment Policies).

DISTRICT FUNDS

Under the accounting rules, which the District is required to use (known as “fund accounting”), the money received (revenues) and the money spent (expenditures) are accounted for in what amount to separate legal entities (funds). This is done to ensure that money collected for a special purpose is spent for the purpose intended. The District budget has two budgeted funds:

- **(001) General Fund** – This fund is used to account for the District’s ongoing activities. It includes such things as recreation programming, aquatics programming, financial management, legal services, planning and facility and park maintenance. The General Fund accounts for the majority of the District budget.
- **(301) Capital Improvement Fund** – This fund accounts for major capital construction projects and payments for any debt service for the capital projects.

DEBT MANAGEMENT POLICIES

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 loan or 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. 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.

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.

Inter-fund loans may be used to meet short-term cash flow needs as an alternative to outside debt instruments. Inter-fund 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.

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.

Section 5: Budget Summary

DISTRICT FUND BALANCES

The District fund balances have consistently improved as a result of a very controlled approach to both revenues and expenditures. At the start of 2013 the District had a total funds balance of \$255,780. By the end of 2013, the unreserved and undesignated balances for all funds balance is estimated to be \$371,056. The estimated 2014 ending balance for all funds is estimated to be \$343,292.

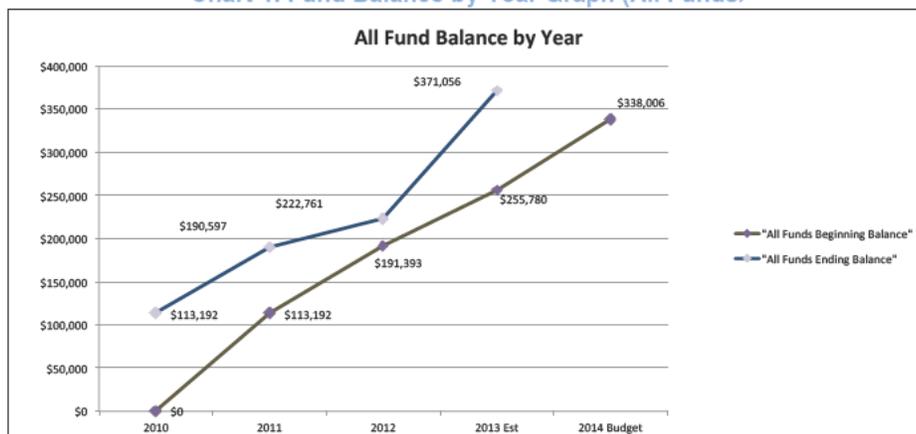
The General Fund balance is in compliance with the District's Financial Management Policy, which requires the unreserved fund balance to be a minimum three months average operational expense that includes current debt payments to a maximum of six months of current operational expense that includes current debt payments and excludes capital expenditures. For 2014, the ending General Fund balance will not continue to grow at the same rapid increase since the District will be using revenue for the debt service payments for the completed capital improvement projects.

Chart 3: Fund Balances by Year

| Fund | 2010 | 2011 | 2012 | 2013 Est | 2014 Budget | % Variance over 2012 Est. |
|---|------------------|------------------|------------------|------------------|------------------|---------------------------|
| General Fund (001) | | | | | | |
| Beginning Balance | \$0 | \$113,192 | \$191,393 | \$243,133 | \$247,345 | 1.73% |
| Revenues | \$747,295 | \$747,792 | \$754,707 | \$786,767 | \$1,007,350 | 28.04% |
| Expenditures | \$629,786 | \$670,353 | \$735,986 | \$749,505 | \$979,159 | 30.64% |
| Ending Balance | \$113,192 | \$190,597 | \$243,133 | \$247,345 | \$275,536 | 11.40% |
| Accrued Liabilities* | -\$42,566 | -\$42,532 | -\$75,551 | -\$42,500 | -\$42,500 | |
| Capital Improvement Fund (301)** | | | | | | |
| Beginning Balance | | | \$0 | \$12,647 | \$90,661 | 616.86% |
| Revenues | | | \$532,250 | \$1,701,814 | \$125,000 | -92.65% |
| Expenditures | | | \$519,603 | \$1,623,800 | \$147,905 | -90.89% |
| Ending Balance | | | \$12,647 | \$90,661 | \$67,756 | -25.26% |
| All Funds | | | | | | |
| Beginning Balances | \$0 | \$113,192 | \$191,393 | \$255,780 | \$338,006 | 32% |
| Revenues | \$747,295 | \$747,792 | \$1,286,957 | \$2,488,581 | \$1,132,350 | -54% |
| Expenditures | \$629,786 | \$670,353 | \$1,255,589 | \$2,373,305 | \$1,127,064 | -53% |
| Ending Balances | \$113,192 | \$190,597 | \$222,761 | \$371,056 | \$343,292 | -7% |
| Accrued Liabilities* | -\$42,566 | -\$42,532 | -\$75,551 | -\$42,500 | -\$42,500 | |

*Accrued Liabilities due to modified accrual Basis accounting. **Capital Improvement Fund was activated for the 2012 budget year.

Chart 4: Fund Balance by Year Graph (All Funds)



BUDGET REVENUE BY CATEGORY (ALL FUNDS)

Property tax revenue continues to be the largest revenue category. The District estimates it will receive 59% of total revenue from property taxes for 2014. The Average Washington State Park District received 80% of total revenue from property taxes in 2011.

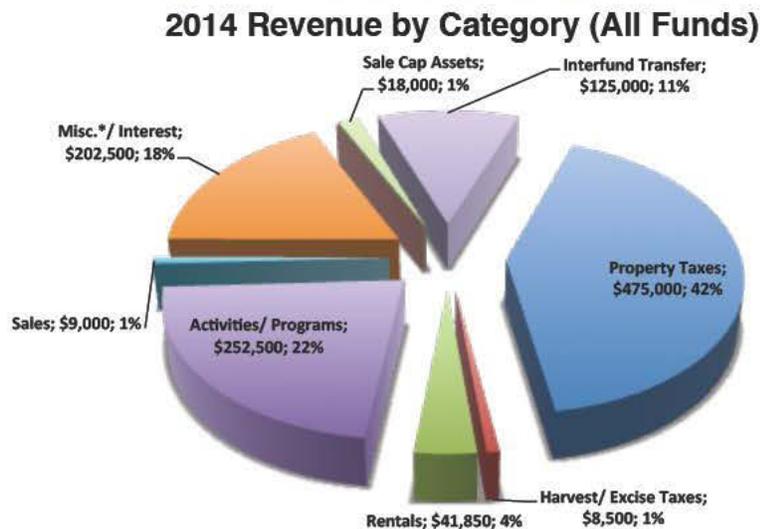
The District will receive a utility rebate from the Bonneville Power Authority for completing our Energy Improvement Project. It is anticipated the rebate will be approximately \$200,000. Revenue from harvest sales and excise tax continues to be difficult to predict which makes its very difficult to budget for from year to year.

Chart 5: 2014 Revenue by Category (All Funds)

| Fund | Property Taxes | Harvest/Excise Taxes | Rentals | Activities/Programs | Sales | Misc./Interest | Grants/Gifts | Proceeds from LT Debt | Sale Cap Assets | Interfund Transfer | Total by Fund |
|--------------------------------|------------------|----------------------|-----------------|---------------------|----------------|------------------|--------------|-----------------------|-----------------|--------------------|--------------------|
| General Fund (001) | \$475,000 | \$8,500 | \$41,850 | \$252,500 | \$9,000 | \$202,500 | \$0 | \$0 | \$18,000 | \$0 | \$1,007,350 |
| Capital Improvement Fund (301) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$125,000 | \$125,000 |
| Total by Category | \$475,000 | \$8,500 | \$41,850 | \$252,500 | \$9,000 | \$202,500 | \$0 | \$0 | \$18,000 | \$125,000 | \$1,132,350 |

*Anticipated Energy savings rebate of \$200,000 from BPA

Chart 6: 2014 Revenue by Category Graph (All Funds)



*Anticipated Energy Savings Rebate of \$200,000 from BPA

BUDGET EXPENDITURES BY CATEGORY (ALL FUNDS)

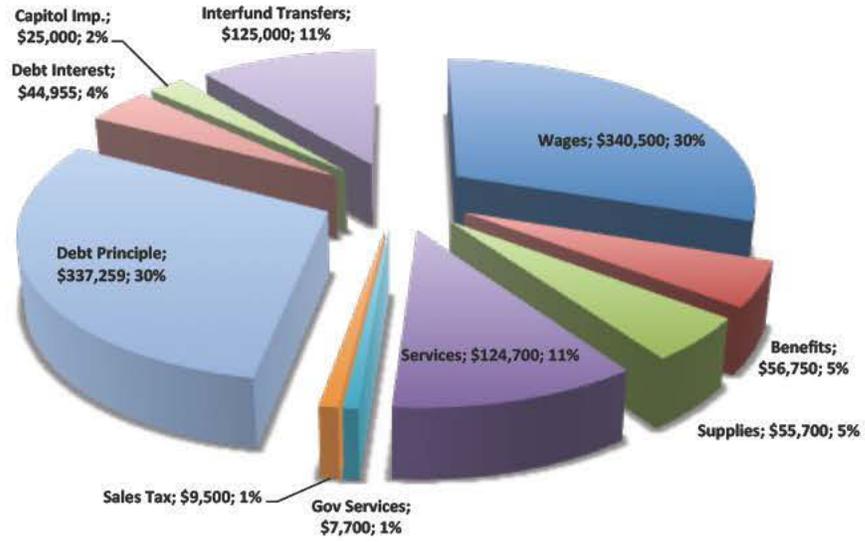
For the District, 2014 will be the first year after the completion of the Energy Improvement Project. The District will begin the debt service payments for the Energy Improvement Project. The District will also finish paying off Clallam County's line of credit in 2014, which is 2 years ahead of schedule.

Chart 7: 2014 Expenditures by Category (All Funds)

| Fund | Wages | Benefits | Supplies | Services | Gov Services | Sales Tax | Debt Service | Debt Interest | Capitol Imp. | Interfund Transfers | Total by Fund |
|--------------------------------|------------------|-----------------|-----------------|------------------|----------------|----------------|------------------|-----------------|-----------------|---------------------|--------------------|
| General Fund (001) | \$340,500 | \$56,750 | \$55,700 | \$124,700 | \$7,700 | \$9,500 | \$259,309 | \$0 | \$0 | \$125,000 | \$979,159 |
| Capital Improvement Fund (301) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$77,950 | \$44,955 | \$25,000 | \$0 | \$147,905 |
| Total by Category | \$340,500 | \$56,750 | \$55,700 | \$124,700 | \$7,700 | \$9,500 | \$337,259 | \$44,955 | \$25,000 | \$125,000 | \$1,127,064 |

Chart 8: 2014 Expenditures by Category Graph (All Funds)

2014 Expenditures by Category (All Funds)



Section 6: General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial revenue and expenditures of the District, which are not accounted for in other funds. Taxes and earned revenue are the major sources of revenue.

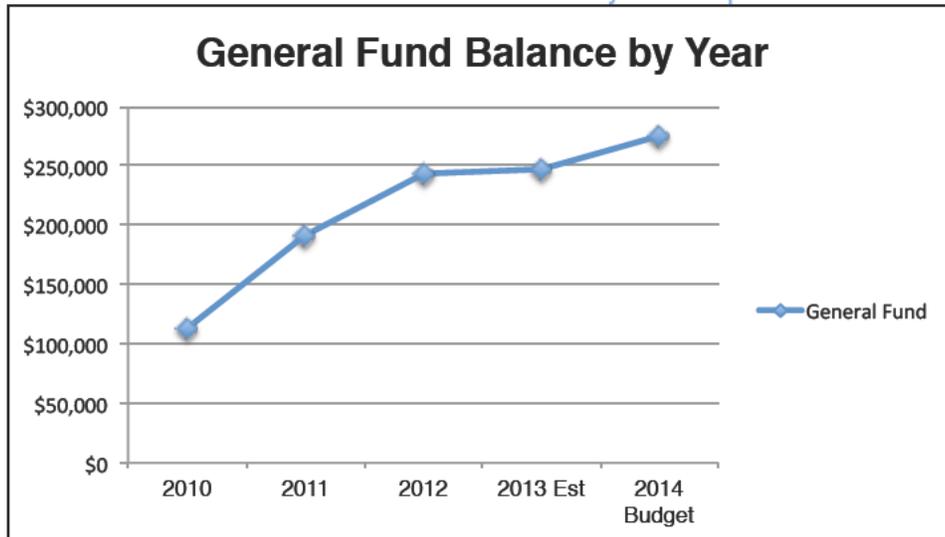
GENERAL FUND BALANCES

Chart 9: General Fund Balances by Year

| Fund | 2010 | 2011 | 2012 | 2013 Est | 2014 Budget | % Variance over 2012 Est. |
|---------------------------|-----------|-----------|-----------|-----------|-------------|---------------------------|
| General Fund (001) | | | | | | |
| Beginning Balance | \$0 | \$113,192 | \$191,393 | \$243,133 | \$247,345 | 1.73% |
| Revenues | \$747,295 | \$747,792 | \$754,707 | \$786,767 | \$1,007,350 | 28.04% |
| Expenditures | \$629,786 | \$670,353 | \$735,986 | \$749,505 | \$979,159 | 30.64% |
| Ending Balance | \$113,192 | \$190,597 | \$243,133 | \$247,345 | \$275,536 | 11.40% |
| Accrued Liabilities* | -\$42,566 | -\$42,532 | -\$75,551 | -\$42,500 | -\$42,500 | |

*Accrued Liabilities due to modified accrual basis accounting.

Chart 10: General Fund Balances by Year Graph



GENERAL FUND BALANCE ANALYSIS AND ASSUMPTIONS

- The 30% increase in revenue and expenditures in 2014 is the result of the District expecting to receive approximately \$200,000 utility rebate as a result of the Energy Improvement capital project. This rebate will be placed into the General Fund and pay off the balance on District's line of credit with Clallam County of \$257,809.
- A lower rate of increase in General Fund balance is due to the annual transfer of \$125,000 to the Capital Fund for debt service payments on the capital improvement projects.

2014 GENERAL FUND REVENUE

The 2014 General Fund revenue shows a 33% increase over the 2014 Budget. This increase is the result of:

- \$200,000 Utility rebate from BPA;
- \$10,000 increase in our property tax levy;
- 13% increase in earned revenue due increase in programming.

Timber and excise tax revenue continues to be difficult to project on an annual basis.

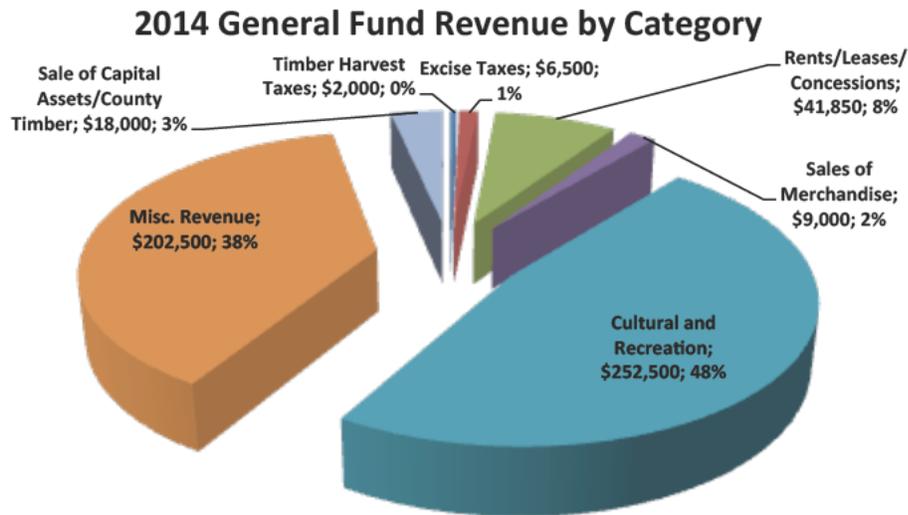
Chart 11: 2014 General Fund Revenue by Category Details

| Account/BARS | Description | 2013 Budget | 2013 Est | 2014 Budget | Variance over 2014 Budget |
|----------------|---|------------------|------------------|------------------|---------------------------|
| 311.10.00.0000 | Real and Personal Property Tax | \$465,000 | \$468,907 | \$475,000 | 2% |
| 311.30.00.0000 | Sale of Tax Title Property | \$0 | \$126 | \$0 | |
| 311.00 | Total General Property Tax* | \$465,000 | \$469,033 | \$475,000 | 2% |
| 312.10.00.0000 | Forest Excise Tax/Private Harvest Tax | \$7,000 | \$1,125 | \$2,000 | -71% |
| 312.00 | Total Timber Harvest Taxes* | \$7,000 | \$1,125 | \$2,000 | -71% |
| 317.20.00.0000 | Leasehold Excise Taxes | \$4,000 | \$5,050 | \$5,000 | 25% |
| 317.40.00.0000 | Timber Excise Tax | \$0 | \$1,808 | \$1,500 | |
| 317.00 | Total Excise Taxes* | \$4,000 | \$6,858 | \$6,500 | 63% |
| 341.70.10.0000 | Vending Revenue | \$0 | \$141 | \$500 | |
| 341.71.00.0000 | Sales of Taxable Merchandise | \$7,000 | \$8,436 | \$8,500 | 21% |
| 341.70 | Total Sales of Merchandise* | \$7,000 | \$8,577 | \$9,000 | 29% |
| 347.30.10.0000 | Activity Fees (Pass Sales) | \$58,000 | \$50,879 | \$55,000 | -5% |
| 347.30.10.0010 | Activity Fees (General Admissions) | \$50,000 | \$45,038 | \$47,500 | -5% |
| 347.60.00.0035 | Program Fees (Swim Classes/Instruction) | \$78,000 | \$74,067 | \$75,000 | -4% |
| 347.60.00.0045 | Program Fees (Exercise Classes) | \$31,000 | \$64,882 | \$65,000 | 110% |
| 347.60.10.0040 | Program Fees (Camps and Special Events) | \$6,500 | \$9,749 | \$10,000 | 54% |
| 347.00 | Total Cultural and Recreation* | \$223,500 | \$244,615 | \$252,500 | 13% |
| 361.90.00.0000 | Other Interest Earnings | \$0 | \$0 | \$0 | |
| 361.90 | Total Interest and Other Earnings* | | \$0 | \$0 | |
| 362.40.10.0020 | Rentals (Short-Term) (One Time) | \$8,000 | \$5,647 | \$8,000 | 0% |
| 362.40.20.0000 | Equipment and Locker Rentals | \$2,000 | \$2,545 | \$2,500 | 25% |
| 362.50.00.0000 | Lease of County Land (DNR Other) | | \$337 | \$350 | |
| 362.50.00.0062 | Rentals (Long-Term) (Contracted) | \$31,000 | \$24,379 | \$31,000 | 0% |
| 362.00 | Total Rents, Leases and Concessions* | \$41,000 | \$32,908 | \$41,850 | 2% |
| 367.11.00.0000 | Gifts, Pledges, Grants and Bequests | \$0 | \$500 | | |
| 367.11 | Total Contribution and Donations from Private Sources* | \$0 | \$500 | \$0 | |
| 369.90.00.0000 | Misc. Other | \$500 | \$3,008 | \$2,500 | |
| 369.90.00.0014 | BPA Energy Rebate | | | \$200,000 | |
| 369.90 | Total Other Misc. Revenue | \$500 | \$3,008 | \$202,500 | |
| 386.00.00.0000 | Sales Tax Collected/Agency Deposits | \$0 | \$0 | \$0 | |
| 386.00 | Total Agency Deposits* | \$0 | \$0 | \$0 | |
| 389.00.00.0100 | Line of Credit from Clallam County | | | | |
| 389.00 | Total Other Non-Revenues* | \$0 | \$0 | \$0 | |
| 391.90.00.0000 | Local Loan Program Proceeds | | | | |

| | | | | | |
|----------------|--|------------------|------------------|--------------------|------|
| 391.90 | Total Proceeds of Long Term Debt* | \$0 | \$0 | \$0 | |
| 395.10.00.0030 | Sale of Capitol Assets/County Timber | \$8,000 | \$20,143 | \$18,000 | 125% |
| 395.10 | Disposition of Capitol Assets* | \$8,000 | \$20,143 | \$18,000 | 125% |
| 397.76.90.0020 | Transfer in from other Funds | | \$0 | | |
| 397.76 | Total Transfer In | \$0 | \$0 | \$0 | |
| 448.50.00.0000 | Gov't Grants | | | | |
| 448.50 | Total Gov't Grants | \$0 | \$0 | \$0 | |
| | TOTAL REVENUE | \$756,000 | \$786,767 | \$1,007,350 | 33% |

*Indicates BARS Summary Account

Chart 12: 2014 General Fund Revenue by Category Graph



GENERAL FUND REVENUE ANALYSIS AND ASSUMPTIONS

- The 2014 General Fund Budget projects revenue to increase by 33% from the 2013 budget. This increase is the result of a one time payment of \$200,000 from BPA for an energy savings rebate.
- Removing the rebate revenue the revenue increase is 7% over the 2013 budget.
- Anticipated earned revenue is the bulk of the revenue increase at 13% over the 2013 budget.
- Increase of property tax revenue by 2%.
- Several tax revenue streams continue to swing dramatically and are difficult to anticipate and budget (i.e. excise tax and county timber sales).
- The major revenue sources will continue to be property taxes and earned revenue

GENERAL FUND REVENUE YEARLY COMPARISON

Chart 13: General Fund Revenue Yearly Comparison by Category

| Description | 2010 | 2011 | 2012 | 2013 Budget | 2013 Est | 2014 Budget |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Real and Personal Property Tax | \$462,231 | \$460,022 | \$462,259 | \$465,000 | \$468,907 | \$475,000 |
| Sale of Tax Title Property | \$0 | \$0 | \$169 | \$0 | \$126 | \$0 |
| Total General Property Tax* | \$462,231 | \$460,022 | \$462,428 | \$465,000 | \$469,033 | \$475,000 |
| Forest Excise Tax/Private Harvest Tax | \$20,034 | \$7,313 | \$2,460 | \$7,000 | \$1,125 | \$2,000 |
| Total Timber Harvest Taxes* | \$20,034 | \$7,313 | \$2,460 | \$7,000 | \$1,125 | \$2,000 |
| Leasehold Excise Taxes | \$5,755 | \$4,760 | \$3,540 | \$4,000 | \$5,050 | \$5,000 |

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|
| Timber Excise Tax | \$0 | \$0 | \$0 | \$0 | \$1,808 | \$1,500 |
| Total Excise Taxes* | \$5,755 | \$4,760 | \$3,540 | \$4,000 | \$6,858 | \$6,500 |
| Vending Revenue | \$0 | \$0 | \$336 | \$0 | \$141 | \$500 |
| Sales of Taxable Merchandise | \$4,856 | \$4,567 | \$7,167 | \$7,000 | \$8,436 | \$8,500 |
| Total Sales of Merchandise* | \$4,856 | \$4,567 | \$7,503 | \$7,000 | \$8,577 | \$9,000 |
| Activity Fees (Pass Sales) | \$122,793 | \$56,477 | \$54,794 | \$58,000 | \$50,879 | \$55,000 |
| Activity Fees (General Admissions) | \$9,545 | \$56,354 | \$42,023 | \$50,000 | \$45,038 | \$47,500 |
| Program Fees (Swim Classes/Instruction) | \$56,964 | \$76,389 | \$72,289 | \$78,000 | \$74,067 | \$75,000 |
| Program Fees (Exercise Classes) | \$10,754 | \$27,732 | \$42,845 | \$31,000 | \$64,882 | \$65,000 |
| Program Fees (Camps and Special Events) | \$100 | \$1,947 | \$7,035 | \$6,500 | \$9,749 | \$10,000 |
| Total Cultural and Recreation* | \$200,156 | \$218,899 | \$218,986 | \$223,500 | \$244,615 | \$252,500 |
| Other Interest Earnings | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Interest and Other Earnings* | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Rentals (Short-Term) (One Time) | \$863 | \$4,844 | \$6,953 | \$8,000 | \$5,647 | \$8,000 |
| Equipment and Locker Rentals | \$1,342 | \$2,075 | \$2,356 | \$2,000 | \$2,545 | \$2,500 |
| Lease of County Land (DNR Other) | \$18,506 | \$103 | \$358 | | \$337 | \$350 |
| Rentals (Long-Term) (Contracted) | \$29,790 | \$32,423 | \$31,196 | \$31,000 | \$24,379 | \$31,000 |
| Total Rents, Leases and Concessions* | \$50,500 | \$39,445 | \$40,863 | \$41,000 | \$32,908 | \$41,850 |
| Gifts, Pledges, Grants and Bequests | \$0 | \$0 | \$0 | \$0 | \$500 | |
| Total Contribution and Donations from Private Sources* | \$0 | \$0 | \$0 | \$0 | \$500 | \$0 |
| Misc. Other | \$3,764 | \$4,624 | \$2,561 | \$500 | \$3,008 | \$2,500 |
| BPA Energy Rebate | | | | | | \$200,000 |
| Total Other Misc. Revenue | \$3,764 | \$4,624 | \$2,561 | \$500 | \$3,008 | \$202,500 |
| Sales Tax Collected/Agency Deposits | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Agency Deposits* | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Line of Credit from Clallam County | | | | | | |
| Total Other Non-Revenues* | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Loan Program Proceeds | | | | | | |
| Total Proceeds of Long Term Debt* | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sale of Capitol Assets/County Timber | \$0 | \$8,163 | \$16,366 | \$8,000 | \$20,143 | \$18,000 |
| Disposition of Capitol Assets* | \$0 | \$8,163 | \$16,366 | \$8,000 | \$20,143 | \$18,000 |
| Transfer in from other Funds | \$0 | \$0 | \$0 | | \$0 | |
| Total Transfer In | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gov't Grants | | | | | | |
| Total Gov't Grants | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL REVENUE | \$747,295 | \$747,792 | \$754,707 | \$756,000 | \$786,767 | \$1,007,350 |

GENERAL FUND EARNED REVENUE

In determining the financial health of a Park District, the key indicator is the growth of the District's Earned Revenue. Earned revenue incorporates all the charges for service and program revenues for the District. Even though the largest single source of revenue for the all Park Districts will be property tax revenue, earned revenue is still the best indicator of the financial health of the District. The 2014, District property tax revenue will be 59% of the total revenue. The next greatest revenue source will be earned revenue at

38%. The average earned revenue for operating a Park District in Washington State in 2011 was 20% of total revenue. The chart below (*Chart 14*) shows the yearly increase of earned revenue and the yearly decrease of property tax revenue as a percentage of the total revenue. The chart shows that each year we are continuing to rely less on the property tax revenue and more on the earned revenue, which is a good indicator of the financial health of the District.

Chart 14: Yearly Comparison between Property Tax Revenue and Earned Revenue

| Earned and Tax Revenue Comparison by Year* | | | | | |
|--|-----------|-----------|-----------|-----------|-------------|
| | 2010 | 2011 | 2012 | 2013 Est. | 2014 Budget |
| Earned Revenue | \$259,275 | \$267,534 | \$269,913 | \$289,108 | \$305,850 |
| Earned Revenue % of Revenue | 35% | 36% | 36% | 37% | 38% |
| Property Tax Revenue | \$462,231 | \$460,022 | \$462,428 | \$469,033 | \$475,000 |
| Property Tax % of Revenue | 62% | 62% | 61% | 60% | 59% |

*Total revenue adjusted to remove non-revenue line items.

2014 GENERAL FUND EXPENDITURE

Expenditures in the 2014 General Fund budget reflects a decrease in operational expenditures by -9%. This is a result of our Energy Improvement Project, new mechanical equipment and the elimination of the maintenance service contract with the city of Port Angeles. Because of a large debt service payment, overall expenditures will show an increase of 33% as a result of paying off the line of credit with Clallam County of \$257,809. Wages and labor costs remains unchanged for 2014.

Chart 15: 2014 General Fund Expenditures by Category Details

| Account/BARS | Description | 2013 Budget | 2013 Est | 2014 Budget | Variance over 2014 Budget |
|------------------|---------------------------------------|------------------|------------------|------------------|---------------------------|
| | OPERATIONAL EXPENDITURES | | | | |
| 576.20.10.0020 | Wages Lifeguard | \$86,000 | \$97,556 | \$98,000 | 14% |
| 576.20.10.0030 | Wages Instructor | \$60,000 | \$43,355 | \$45,000 | -25% |
| 576.20.10.0040 | Wages Head Guard | \$47,000 | \$54,867 | \$55,000 | 17% |
| 576.20.10.0050 | Wages Supervisors | \$86,000 | \$69,590 | \$80,000 | -7% |
| 576.20.10.0060 | Wages Maintenance | \$13,000 | \$12,233 | \$13,000 | 0% |
| 576.20.10.0070 | Wages Executive Director | \$45,000 | \$45,000 | \$45,000 | 0% |
| 576.20.10.0090 | Sick and Vacation Pay | \$2,500 | \$4,810 | \$4,500 | 80% |
| 576.20.10.0500 | Overtime | \$2,500 | \$20 | \$0 | -100% |
| 576.20.10 | Total Salaries and Wages | \$342,000 | \$327,431 | \$340,500 | 0% |
| 576.20.20.0020 | Benefits | \$27,000 | | | |
| 576.20.20.0030 | Retirement | \$0 | | | |
| 576.20.20.0032 | Cafeteria Plan | \$13,000 | | | |
| 576.20.20.0040 | Unemployment | \$9,500 | | | |
| 576.20.20.0045 | Department of L&I | \$13,300 | | | |
| 576.20.20 | Total Personnel Benefits | \$62,800 | \$54,570 | \$56,750 | -10% |
| | Office Supplies | | | | |
| 576.20.31.0010 | Office Supplies | \$5,500 | \$8,459 | \$7,500 | 36% |
| 576.20.31.0012 | Printing and Copying Supplies | \$100 | | | -100% |
| 576.20.31.0028 | Computer Supplies | \$0 | | | |
| | Program Supplies and Equipment | | | | |
| 576.20.31.0300 | Exercise Classes | \$1,800 | \$523 | \$750 | -58% |
| 576.20.31.0310 | Swim Classes/Instruction | \$1,800 | \$1,640 | \$1,800 | 0% |

| | | | | | |
|------------------|---|------------------|------------------|------------------|-------------|
| 576.20.31.0320 | Camps and Special Events | \$1,500 | \$2,171 | \$2,150 | 43% |
| | Maintenance and Repairs Supplies | | | | |
| 576.20.31.0026 | Uniforms and Clothing | \$2,000 | \$2,254 | \$2,000 | 0% |
| 576.20.31.0030 | Pool Chemicals | \$12,500 | \$16,745 | \$12,500 | 0% |
| 576.20.31.0035 | Cleaning and Janitorial Supplies | \$7,500 | \$6,544 | \$7,000 | -7% |
| 576.20.31.0056 | Lifeguard Supplies and Equip. | \$4,000 | \$3,303 | \$4,000 | 0% |
| 576.20.31.0135 | Maintenance Supplies | \$8,500 | \$7,412 | \$8,500 | 0% |
| | Miscellaneous Supplies | | | | |
| 576.20.34.0035 | Supplies Purchased For Inventory/Resale | \$6,100 | \$5,004 | \$7,000 | 15% |
| 576.20.35.0010 | Small Tools and Minor Equip. | \$4,500 | \$1,980 | \$2,500 | -44% |
| 576.20.30 | Total Supplies | \$55,800 | \$56,035 | \$55,700 | 0% |
| | Professional Services | | | | |
| 576.20.41.0013 | Network/Computer Service | \$1,200 | \$2,184 | \$2,000 | 67% |
| 576.20.41.0020 | Professional/Transaction Services | \$2,000 | \$2,632 | | -100% |
| 576.20.41.0041 | Accounting Services | \$12,600 | \$12,600 | \$12,600 | 0% |
| 576.20.41.0071 | Legal Services | \$3,000 | \$7,433 | \$3,000 | 0% |
| | Communications | | | | |
| 576.20.42.0010 | Telephone | \$2,400 | \$1,630 | \$1,500 | -38% |
| 576.20.42.0020 | Postage and Mailing | \$200 | \$847 | \$800 | 300% |
| 576.20.42.0023 | Website/Internet | \$600 | \$0 | \$0 | -100% |
| | Travel | | | | |
| 576.20.43.0010 | Travel Conferences/Conventions | \$3,000 | \$2,441 | \$3,000 | 0% |
| 576.20.43.0020 | Training | \$2,500 | \$1,159 | \$2,500 | 0% |
| | Travel Misc. | \$0 | | | |
| | Advertising | | | | |
| 576.20.44.0010 | Program Advertising | \$1,650 | \$2,454 | \$2,000 | 21% |
| | Operating Rentals and Leases | | | | |
| 576.20.45.0030 | Office Equipment Leases/Rents | \$1,850 | \$1,832 | \$1,850 | 0% |
| | Insurance | | | | |
| 576.20.46.0030 | Liability Insurance | \$8,500 | \$11,106 | \$11,500 | 35% |
| | Utility | | | | |
| 576.20.47.0090 | Electrical | \$85,000 | \$97,457 | \$65,000 | -24% |
| | Repairs and Maintenance-Contracted | | | | |
| 576.20.48.0010 | Building Repairs | \$9,500 | \$4,995 | \$5,000 | -47% |
| 576.20.48.0040 | Equipment Repairs | \$2,500 | \$2,929 | \$2,500 | 0% |
| 576.20.48.0115 | Office Equipment Maintenance | \$350 | \$1,179 | \$1,200 | 243% |
| | Miscellaneous | | | | |
| 576.20.49.0031 | Print and Copying Service | | \$858 | \$750 | |
| 576.20.49.0040 | Memberships and Dues | \$1,550 | \$3,104 | \$3,000 | 94% |
| 576.20.49.0041 | Subscriptions | \$3,850 | \$35 | \$0 | -100% |
| 576.20.49.0090 | Misc. Service | \$5,000 | \$6,365 | \$6,500 | 30% |
| 576.20.40 | Total Services | \$147,250 | \$163,240 | \$124,700 | -15% |
| 5762.0.50.0066 | Board Clerk | \$4,100 | \$4,032 | \$4,100 | 0% |
| 576.20.51.0005 | State Auditor | \$0 | \$0 | \$3,400 | |
| 576.20.51.0010 | PA City Maintenance Services | \$29,500 | \$6,100 | \$0 | -100% |
| 576.20.51.0060 | Election Costs | \$0 | \$0 | \$0 | |
| 576.20.53.0050 | External Taxes and Operating Assessments | \$200 | \$243 | \$200 | 0% |

| | | | | | |
|----------------|--|-----------|-----------|-----------|-------|
| 576.20.50 | Total Intergovernmental Services | \$33,800 | \$10,375 | \$7,700 | -77% |
| 576.20. | OPERATIONAL EXPENSES TOTAL | \$641,650 | \$611,651 | \$585,350 | -9% |
| | NON-OPERATIONAL EXPENDITURES | | | | |
| 586.00.00.0000 | Sales Tax/Agency | \$12,000 | \$9,068 | \$9,500 | -21% |
| 586.00.00 | Total Non Expenditures | \$12,000 | \$9,068 | \$9,500 | -21% |
| 591.76.79.0010 | County Loan Line of Credit (principle) | | | \$257,809 | |
| 591.76.79.0020 | Intergovernmental Loans (principle) | \$0 | \$0 | \$1,500 | |
| 591.76.70 | Total Debt Service Principle | \$0 | \$0 | \$259,309 | |
| 592.76.83.0020 | Intergovernmental Loans (interest) | \$6,500 | \$3,786 | | -100% |
| 592.76.80 | Total Debt Service Interest | \$6,500 | \$3,786 | \$0 | -100% |
| 594.76.62.0110 | Building and Structures | \$0 | \$0 | \$0 | |
| 594.76.64.0010 | Machinery and Equipment | \$0 | \$0 | \$0 | |
| 594.76.60 | Total Capital Outlays | \$0 | \$0 | \$0 | |
| 597.76.90.0020 | Transfer Out to Capital Improvement Fund | \$75,000 | \$125,000 | \$125,000 | |
| 597.76.90 | Total Transfers Out | \$75,000 | \$125,000 | \$125,000 | |
| | TOTAL NON-OPERATIONAL EXPENDITURES | \$93,500 | \$137,854 | \$393,809 | |
| | TOTAL EXPENDITURES | \$735,150 | \$749,505 | \$979,159 | 33% |

Chart 16: 2014 General Fund Expenditure by Category Graph

2014 General Fund Expenditures by Category

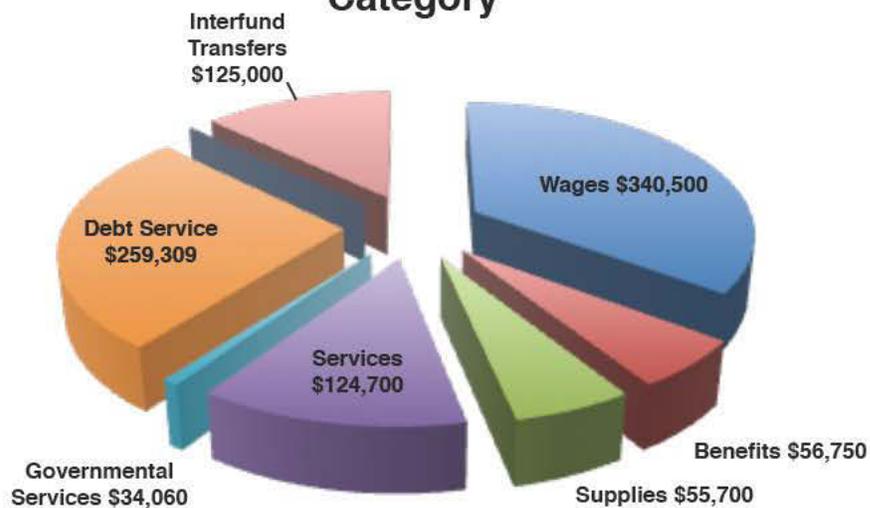
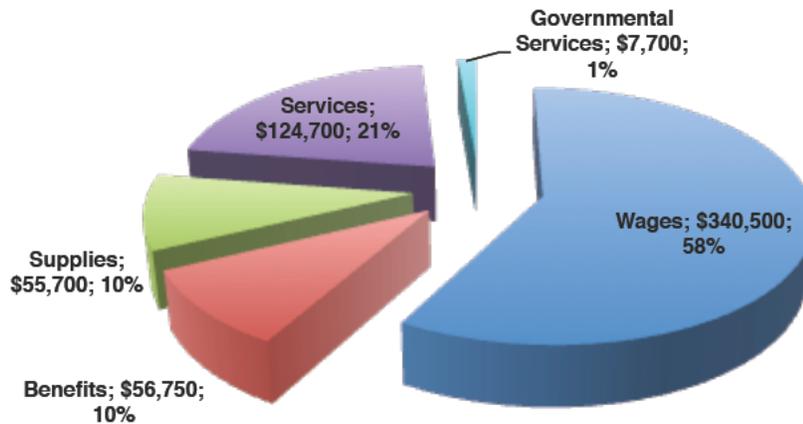


Chart 17: 2014 General Fund Operational Expenditures by Category

2014 General Fund Operational Expenditures



GENERAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

- No increase in the cost of employee Wages, Salaries and benefits
- -7% reduction on service expenses which includes utilities and telephone costs.
- Contract maintenance reduced by cancelling the City of Port Angeles maintenance contract
- \$259,309 Payment to eliminate our line of credit balance with Clallam County.
- \$125,000 Transfer from General Fund to Capital Improvement Fund for debt service on LOCAL capital loan and Bond payments.

GENERAL FUND EXPENDITURE YEARLY COMPARISON

Chart 18: General Fund Expenditure Yearly Comparison by Category

| Description | 2010 | 2011 | 2012 | 2013 Budget | 2013 Est | 2014 Budget |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| OPERATIONAL EXPENDITURES | | | | | | |
| Wages Lifeguard | \$273,849 | \$95,691 | \$80,082 | \$86,000 | \$97,556 | \$98,000 |
| Wages Instructor | | \$40,143 | \$43,935 | \$60,000 | \$43,355 | \$45,000 |
| Wages Head Guard | | \$40,122 | \$49,445 | \$47,000 | \$54,867 | \$55,000 |
| Wages Supervisors | | \$107,485 | \$79,396 | \$86,000 | \$69,590 | \$80,000 |
| Wages Maintenance | \$9,514 | | \$5,051 | \$13,000 | \$12,233 | \$13,000 |
| Wages Executive Director | | \$38,750 | \$45,000 | \$45,000 | \$45,000 | \$45,000 |
| Sick and Vacation Pay | | \$1,449 | \$4,384 | \$2,500 | \$4,810 | \$4,500 |
| Overtime | \$3,718 | \$4,417 | \$1,360 | \$2,500 | \$20 | \$0 |
| Total Salaries and Wages | \$287,080 | \$328,057 | \$308,653 | \$342,000 | \$327,431 | \$340,500 |
| Benefits | \$32,486 | \$27,511 | \$24,351 | \$27,000 | | |
| Retirement | \$5,080 | \$0 | \$0 | \$0 | | |
| Cafeteria Plan | \$4,040 | \$11,675 | \$12,227 | \$13,000 | | |
| Unemployment | \$8,727 | \$8,956 | \$7,438 | \$9,500 | | |
| Department of L&I | \$6,448 | \$13,295 | \$12,000 | \$13,300 | | |
| Total Personnel Benefits | \$56,781 | \$61,437 | \$53,935 | \$62,800 | \$54,570 | \$56,750 |
| Office Supplies | | | | | | |
| Office Supplies | \$13,707 | \$6,956 | \$6,176 | \$5,500 | \$8,459 | \$7,500 |

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Printing and Copying Supplies | \$2,364 | \$0 | | \$100 | | |
| Computer Supplies | \$0 | \$70 | \$0 | \$0 | | |
| Program Supplies and Equipment | | | | | | |
| Exercise Classes | \$0 | \$4,368 | \$655 | \$1,800 | \$523 | \$750 |
| Swim Classes/Instruction | \$872 | \$1,870 | \$1,874 | \$1,800 | \$1,640 | \$1,800 |
| Camps and Special Events | \$541 | \$1,098 | \$2,135 | \$1,500 | \$2,171 | \$2,150 |
| Maintenance and Repairs Supplies | | | | | | |
| Uniforms and Clothing | \$48 | \$4,702 | \$2,394 | \$2,000 | \$2,254 | \$2,000 |
| Pool Chemicals | \$8,913 | \$17,120 | \$12,249 | \$12,500 | \$16,745 | \$12,500 |
| Cleaning and Janitorial Supplies | \$4,921 | \$7,921 | \$5,032 | \$7,500 | \$6,544 | \$7,000 |
| Lifeguard Supplies and Equip. | \$1,194 | \$4,075 | \$4,571 | \$4,000 | \$3,303 | \$4,000 |
| Maintenance Supplies | \$30,201 | \$9,244 | \$10,557 | \$8,500 | \$7,412 | \$8,500 |
| Miscellaneous Supplies | | | | | | |
| Supplies Purchased For Inventory/Resale | \$4,665 | \$6,140 | \$6,890 | \$6,100 | \$5,004 | \$7,000 |
| Small Tools and Minor Equip. | \$185 | \$3,414 | \$3,714 | \$4,500 | \$1,980 | \$2,500 |
| Total Supplies | \$67,611 | \$66,977 | \$56,247 | \$55,800 | \$56,035 | \$55,700 |
| Professional Services | | | | | | |
| Network/Computer Service | \$339 | \$1,274 | \$2,011 | \$1,200 | \$2,184 | \$2,000 |
| Professional/Transaction Services | \$0 | \$5,004 | \$1,634 | \$2,000 | \$2,632 | |
| Accounting Services | \$7,995 | \$11,850 | \$12,600 | \$12,600 | \$12,600 | \$12,600 |
| Legal Services | \$14,115 | \$3,658 | \$4,038 | \$3,000 | \$7,433 | \$3,000 |
| Communications | | | | | | |
| Telephone | \$3,429 | \$2,364 | \$1,943 | \$2,400 | \$1,630 | \$1,500 |
| Postage and Mailing | \$76 | \$158 | \$779 | \$200 | \$847 | \$800 |
| Website/Internet | \$0 | \$568 | \$157 | \$600 | \$0 | \$0 |
| Travel | | | | | | |
| Travel Conferences/Conventions | \$1,452 | \$2,595 | \$3,123 | \$3,000 | \$2,441 | \$3,000 |
| Training | \$1,330 | \$3,149 | \$1,350 | \$2,500 | \$1,159 | \$2,500 |
| Travel Misc. | \$95 | \$0 | \$0 | \$0 | | |
| Advertising | | | | | | |
| Program Advertising | \$1,082 | \$1,084 | \$1,173 | \$1,650 | \$2,454 | \$2,000 |
| Operating Rentals and Leases | | | | | | |
| Office Equipment Leases/Rents | \$150 | \$1,730 | \$1,818 | \$1,850 | \$1,832 | \$1,850 |
| Insurance | | | | | | |
| Liability Insurance | \$8,318 | \$8,249 | \$10,081 | \$8,500 | \$11,106 | \$11,500 |
| Utility | | | | | | |
| Electrical | \$87,573 | \$94,642 | \$91,722 | \$85,000 | \$97,457 | \$65,000 |
| Repairs and Maintenance-Contracted | | | | | | |
| Building Repairs | \$4,343 | \$9,323 | \$6,843 | \$9,500 | \$4,995 | \$5,000 |
| Equipment Repairs | \$62 | \$2,181 | \$2,709 | \$2,500 | \$2,929 | \$2,500 |
| Office Equipment Maintenance | \$72 | \$453 | \$1,259 | \$350 | \$1,179 | \$1,200 |
| Miscellaneous | | | | | | |
| Print and Copying Service | \$0 | \$308 | \$533 | | \$858 | \$750 |
| Memberships and Dues | \$0 | \$1,615 | \$1,909 | \$1,550 | \$3,104 | \$3,000 |
| Subscriptions | \$0 | \$3,810 | \$58 | \$3,850 | \$35 | \$0 |
| Misc. Service | \$2,359 | \$3,616 | \$6,000 | \$5,000 | \$6,365 | \$6,500 |
| Total Services | \$132,789 | \$157,631 | \$151,740 | \$147,250 | \$163,240 | \$124,700 |

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Board Clerk | \$4,368 | \$4,032 | \$4,032 | \$4,100 | \$4,032 | \$4,100 |
| State Auditor | \$0 | \$1,129 | \$2,577 | \$0 | \$0 | \$3,400 |
| PA City Maintenance Services | \$14,400 | \$29,321 | \$29,280 | \$29,500 | \$6,100 | \$0 |
| Election Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| External Taxes and Operating Assessments | \$0 | \$163 | \$165 | \$200 | \$243 | \$200 |
| Total Intergovernmental Services | \$18,768 | \$34,645 | \$36,054 | \$33,800 | \$10,375 | \$7,700 |
| OPERATIONAL EXPENSES TOTAL | \$563,029 | \$648,746 | \$606,629 | \$641,650 | \$611,651 | \$585,350 |
| NON-OPERATIONAL EXPENDITURES | | | | | | |
| Sales Tax/Agency | \$8,996 | \$10,057 | \$9,311 | \$12,000 | \$9,068 | \$9,500 |
| Total Non Expenditures | \$8,996 | \$10,057 | \$9,311 | \$12,000 | \$9,068 | \$9,500 |
| County Loan Line of Credit (principle) | | | | | | \$257,809 |
| Intergovernmental Loans (principle) | \$54,860 | \$0 | \$0 | \$0 | \$0 | \$1,500 |
| Total Debt Service Principle | \$54,860 | \$0 | \$0 | \$0 | \$0 | \$259,309 |
| Intergovernmental Loans (interest) | \$2,901 | \$5,027 | \$3,480 | \$6,500 | \$3,786 | |
| Total Debt Service Interest | \$2,901 | \$5,027 | \$3,480 | \$6,500 | \$3,786 | \$0 |
| Building and Structures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Machinery and Equipment | \$0 | \$6,523 | \$0 | \$0 | \$0 | \$0 |
| Total Capital Outlays | \$0 | \$6,523 | \$0 | \$0 | \$0 | \$0 |
| Transfer Out to Capital Improvement Fund | \$0 | \$0 | \$116,566 | \$75,000 | \$125,000 | \$125,000 |
| Total Transfers Out | \$0 | \$0 | \$116,566 | \$75,000 | \$125,000 | \$125,000 |
| TOTAL NON-OPERATIONAL EXPENDITURES | \$66,756 | \$21,607 | \$129,357 | \$93,500 | \$137,854 | \$393,809 |
| TOTAL EXPENDITURES | \$629,786 | \$670,353 | \$735,986 | \$735,150 | \$749,505 | \$979,159 |

Section 7: Capital Improvement Fund

The Capital Improvement Fund is used to receive and fund the adopted capital improvement projects as outlined in the Capital Improvement Plan. The Fund is also used for debt service for capital projects.

2014 CAPITAL IMPROVEMENT FUND REVENUES

The Capital Improvement Fund does not generate any tax revenue. Revenue comes from General Fund transfers, loan proceeds, grants, and private or corporate donations. The 2014 budget anticipates receiving approximately \$125,000 from the General Fund for debt service.

Chart 19: 2014 Capital Improvement Fund Revenue

| Account/BARS | Description | 2012 | 2013 Budget | 2013 Est. | 2014 Budget |
|----------------|---|------------------|--------------------|--------------------|------------------|
| 308.10.00.0000 | Restricted Opening Balance | \$0 | \$0 | \$0 | |
| 308.80.00.0000 | Unrestricted Opening Balance | \$0 | \$12,647 | \$12,647 | \$90,661 |
| 308 | Total Beginning Balance | \$0 | \$12,647 | \$12,647 | \$90,661 |
| | | | | | |
| 361.90.00.0000 | Other Interest Earnings | \$0 | \$0 | \$0 | \$0 |
| 361.90 | Total Interest and Other Earnings* | \$0 | \$0 | \$0 | \$0 |
| | | | | | |
| 367.11.00.0000 | Gifts, Pledges, Grants and Bequests | \$0 | \$0 | \$0 | \$0 |
| 367.11 | Total Contribution and Donations from Private Sources* | \$0 | \$0 | \$0 | \$0 |
| | | | | | |
| 369.90.00.0014 | Utility Incentive Rebate | \$12,647 | \$31,566 | \$0 | \$0 |
| 369.90.00.0000 | Commerce Grant | \$0 | \$415,000 | \$415,000 | \$0 |
| 369.90 | Total Other Misc. Revenue | \$12,647 | \$446,566 | \$415,000 | \$0 |
| | | | | | |
| 389.00.00.0100 | County Line of Credit | \$253,037 | \$0 | \$11,814 | \$0 |
| 389.00 | Total Other Non-Revenues | \$253,037 | \$0 | \$11,814 | \$0 |
| | | | | | |
| 391.90.00.0000 | Local Loan Proceeds Program | \$150,000 | \$500,000 | \$500,000 | \$0 |
| 391.90 | Total Proceeds of Long Term Debt* | \$150,000 | \$500,000 | \$500,000 | \$0 |
| | | | | | |
| 397.76.90.0020 | Transfer in from General Fund | \$116,566 | \$75,000 | \$125,000 | \$125,000 |
| 397.76 | Total Transfer In | \$116,566 | \$75,000 | \$125,000 | \$125,000 |
| | | | | | |
| 448.50.00.0000 | Govt Grants/bond | \$0 | | \$650,000 | \$0 |
| 448.5 | Total Gov't Grants | \$0 | \$0 | \$650,000 | \$0 |
| | | | | | |
| | TOTAL REVENUE | \$532,250 | \$1,021,566 | \$1,701,814 | \$125,000 |

CAPITAL IMPROVEMENT FUND REVENUE ANALYSIS AND ASSUMPTIONS

- The Capital Fund was established for the 2012 budget year.
- Transfer from General Fund is for debt service of our WA LOCAL loan and bond payment.

2014 CAPITAL IMPROVEMENT FUND EXPENDITURES

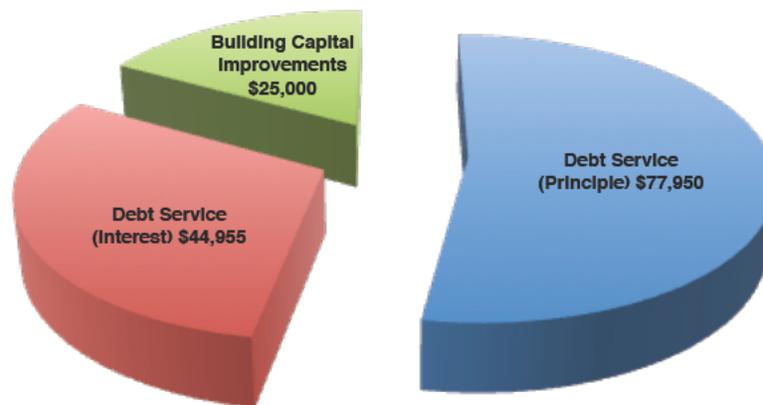
The 2014 Budget for the Capital Improvement Fund expenditures will be focused on debt service for our completed Energy Improvement Project. The District will undertake several small capital projects during 2014 relating to facility improvements. A balance in the Capital Fund will be maintained in anticipation of any major mechanical failures or significant equipment replacements.

Chart 20: 2014 Capital Fund Expenditures

| Account/BARS | Description | 2012 | 2013 Budget | 2013 Est. | 2014 Budget |
|---------------------|-------------------------------------|------------------|--------------------|--------------------|------------------|
| EXPENDITURES | | | | | |
| 591.76.79.0010 | Intergovernmental Loans (principle) | \$0 | \$32,462 | \$37,244 | \$77,950 |
| | Clallam County Loan Payment | | | \$150,000 | |
| 591.76.70 | Total Debt Service | \$0 | \$32,462 | \$187,244 | \$77,950 |
| 591.76.83.0020 | Intergovernmental Loans (interest) | \$2,044 | \$12,936 | \$33,274 | \$44,955 |
| 591.76.80 | Total Debt Service Interest | \$2,044 | \$12,936 | \$33,274 | \$44,955 |
| 594.76.62.0110 | Building and Structures | \$517,559 | \$957,249 | \$1,403,282 | \$25,000 |
| 594.76.64.0010 | Machinery and Equipment | | | | |
| 594.76.60 | Total Capital Outlays | \$517,559 | \$957,249 | \$1,403,282 | \$25,000 |
| | TOTAL EXPENSES | \$519,603 | \$1,002,647 | \$1,623,800 | \$147,905 |
| 508.10.00.0000 | Restricted Ending Balance | \$0 | \$0 | \$0 | |
| 508.80.00.0000 | Unrestricted Ending Balance | \$12,647 | \$31,566 | \$90,661 | \$67,756 |
| 508 | TOTAL ENDING BALANCE | \$12,647 | \$31,566 | \$90,661 | \$67,756 |

Chart 21: 2014 Capital Improvement Fund Expenditure Graph

Capital Fund Expenditure Graph



CAPITAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

- The Capital Fund was established for 2012 budget year.
- 2014 Capital Fund will be used for debt service of our loans and Bonds for the completed capital projects and new small capital projects.

Section 8: Capital Improvement Plan

CAPITAL IMPROVEMENTS

Capital improvement projects deal with the purchase, construction, replacement, addition, or major repair of District facilities and major equipment. These projects differ from routine maintenance in that their cost is generally greater than \$5,000 and they have a useful life of generally ten years or more. Examples may include, but are not limited to buildings and significant pieces of equipment.

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 expansion of District 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

District used a 5-year rolling Capital Improvement Plan, which outlines future capital improvements for each fiscal year. It encompasses the upgrading and replacement of existing equipment and the purchase of new equipment.

THE DISTRICT CAPITAL IMPROVEMENT PLAN

WHAT IS A CAPITAL IMPROVEMENT PLAN

A Capital Improvement Plan (CIP) is a multi-year plan used to identify and coordinate public facility and equipment needs in a way that maximizes the return to the community. This advance planning of all District projects helps the District Commission, staff, and the public make choices based on rational decision-making rather than reacting to events as they occur.

Development of the CIP focuses on what facilities to build, where and when to build them, how much to spend, and what funding sources to use. This highly structured method takes into consideration other District and community plans, policies, goals and objectives, and includes an analysis of long-term overall District resources.

THE CIP PROCESS

The development and update of the CIP is an ongoing activity. It is part of the overall budgeting process since current year capital improvements are implemented through adoption of the District budget. Specific activities in the process are:

- 1. Timetables, Goals and Objectives**

At the onset of the budgeting process, the CIP update begins with formal budget planning discussions between the Executive Director and the District Commission. A timetable is set that extends through development and final adoption of the budget, and a review is conducted re-establishing District goals and objectives through the next budget cycle.

- 2. Taking Inventory and Developing Proposals**

The staff gathers information about all the District's capital facilities and equipment and assesses the condition of each. Construction, repair, replacement, and additions are considered and a list of proposed projects and equipment is developed.

- 3. Public Participation**

In conjunction with the District staff monitoring inventory and proposal development, the public is invited to participate and submit capital improvement ideas during the regular budget process.

- 4. Conducting a Financial Analysis**

The staff conducts a financial analysis to examine historic and projected revenues and expenditures, and to estimate the District's cash flow and long-term financial condition. Present

and future capital financing alternatives are identified and recommendations are prepared to match the type of funding most appropriate for specific kinds of capital improvements.

5. Advisory Committee Evaluation of Proposals

The list of proposals and the financial analysis is submitted to the District's Citizens Advisory Committee for evaluation. Using criteria based on District policy, goals, and objectives, the committee prioritizes the proposals, integrates them with the appropriate funding sources, and submits a preliminary CIP for the review.

6. District Commission and Public Review/Adoption

The District Board provides opportunity for public review and comment. Following incorporation of any changes, the District Board formally adopts the plan as part of the annual budget process. The first year of the plan is adopted as the Capital Budget for incorporation into the District's next annual budget.

CAPITAL IMPROVEMENT PLAN

The major focus of the current Capital Improvement Plan has been the Energy Improvement Project that resulted from the 2011 Energy Services Audit (ESCO Audit) and the 2012 Energy Services Proposal by ARMCO Inc. and Washington State Department of Enterprise Services, our Energy Improvement Project partners.

At the end of 2013 the Energy Improvement project will be completed and the total cost of the project was \$2.1 million. This project is estimated to save the District approximately \$50,000 per year in electrical expense and has extended the life of the District facility by 25 years and the return on investment is between 7-9 years. The project items completed were:

- Replacement of all pool circulation piping
- Replacement of overhead natatorium lighting
- Replacement of the Main Boiler
- Replacement of the Natatorium Air Handling Unit
- Replacement of the Locker Room Air Handling Units
- The Addition of a new Air Handling Unit for the entry and office space.
- The Installation of a New Water Source Heat Pump to supplement the Main Boiler
- Installation of an extra 300 gallon Domestic Hot Water storage tank to bring our total domestic hot water storage on 600 gallons.
- Installation of our new Salt water disinfection system
- Installation of Ultra Violet Disinfection system
- Installation of 8 new energy efficient motors and Variable Speed Drives
- Replacement of the overhead lighting in the hallways and locker rooms.
- New Pool covers for use during closed hours.
- New Co2 pH application system to replace the use of liquid Muriatic Acid
- Replacement of the main transformers from 416v to 480v
- Replacement of the main switch gear and subpanels
- Replacement of new chemistry control system
- Installation of a new Digital Control system for all energy related items

During 2014, the District will continue the process of updating the Capital Improvement Plan to reflect the current condition of the pool facility as a result of the major improvements and the future needs and demands of the District residents. Some small capital projects will be undertaken as needed during 2014 and the CIP will be updated as well. Projects may include:

- Sealing and striping the parking lot
- Adding new benches in locker rooms
- Installing new stereo system in natatorium
- Installing spin dryers in locker rooms

CIP PROJECTS EFFECT ON OPERATING COSTS

New capital facilities occasionally increase operational costs of ongoing government when they require additional personnel to manage, operate, and maintain them. The ability of ongoing revenue to support these costs varies significantly by the type of facility. In some cases, capital expenditures may actually decrease future maintenance costs when existing facilities are upgraded.

Because general-purpose capital needs such as park improvements do not always directly increase revenues, these costs are included in the planning for such facilities. Some operating costs may be mitigated to some degree by increases in charges for services. Maintenance impacts associated with these new capital facilities coincide with the completion of construction.

Section 9: Taxing Authority

Taxes make up approximately 59% of the General Fund revenue budget. Tax revenue is in the form of property tax.

DISTRICT STATUTORY TAXING CAPACITY

The maximum tax rate a Metropolitan Park District is allowed by Revised Code of Washington (RCW) section 35.61.210 is \$0.75 per \$1,000 of District assessed valuation. The 2014 budgeted tax rate is estimated at \$0.177. The remaining taxing capacity is not anticipated to be needed in the operation of the District's current facilities.

HISTORICAL PROPERTY TAX FOR DISTRICT AND ALL LEVY AMOUNTS

Property taxes are assessed to the citizens in March of each year for 1st half payment due on April 30th and the 2nd half due on October 30th. Several limitations control the growth of regular property tax levies and revenues:

- Revised Code of Washington (RCW) 84.52.050 limits the aggregate of all regular tax levies by the state and all taxing districts to \$10 per \$1,000 of assessed value (AV). If the taxes of all districts collectively exceed this amount, a proportionate adjustment is applied until the total is reduced to the 1 percent limit.
- Initiative 747, voter approved in 2001, requires state and local governments to limit their property tax increases to 1% each year, or the IPD, whichever is less, unless an increase greater than this limit is approved by voters in an election.

These two limitations do not apply to the District in the near term because the District has only been using a portion of the maximum lawful levy limit and would only apply when the District reaches its levy limit.

2014 LEVY

The levy rate is a product of the amount of the total taxes assessed and property values. After the District establishes the levy amount by the District Board of Commissioners rate, the County applies the total assessment to the total property values within the entity that then results in a levy rate per \$1,000 of assessed value.

The Clallam County Assessors Office has certified the property values (assessed values) for the District at 2% lower than 2013 assessed values. This continues the decline since 2009 of property values for our District. The property values for the District have declined a total of 26% since the voters approved the Park District formation in 2009.

The District Board has decided to return to the levy amount the District received in 2010. This amount is \$475,000 and is still under the original levy amount approved by voters in 2009 for the operation and maintenance of the District of \$525,000.

The District Board has continued to have the District citizen's best interest in mind during the budget process concerning regular property taxes. The table below provides a history of levy rates.

DISTRICT HISTORICAL PROPERTY VALUES AND LEVY RATES

Chart 22: Property Values and Levy Rates by Year**

| Year | Assessed Property Value | % Increase/Decrease | Highest Lawful Levy | Levy Amount | A/V per \$1,000 |
|-------|-------------------------|---------------------|---------------------|-------------|-----------------|
| 2009* | \$3,498,913,138 | N/A | \$2,624,185 | \$525,000 | \$0.1500 |
| 2010 | \$3,198,254,744 | -9% | \$2,398,691 | \$475,000 | \$0.1485 |
| 2011 | \$3,125,867,763 | -2% | \$2,344,401 | \$465,000 | \$0.1488 |

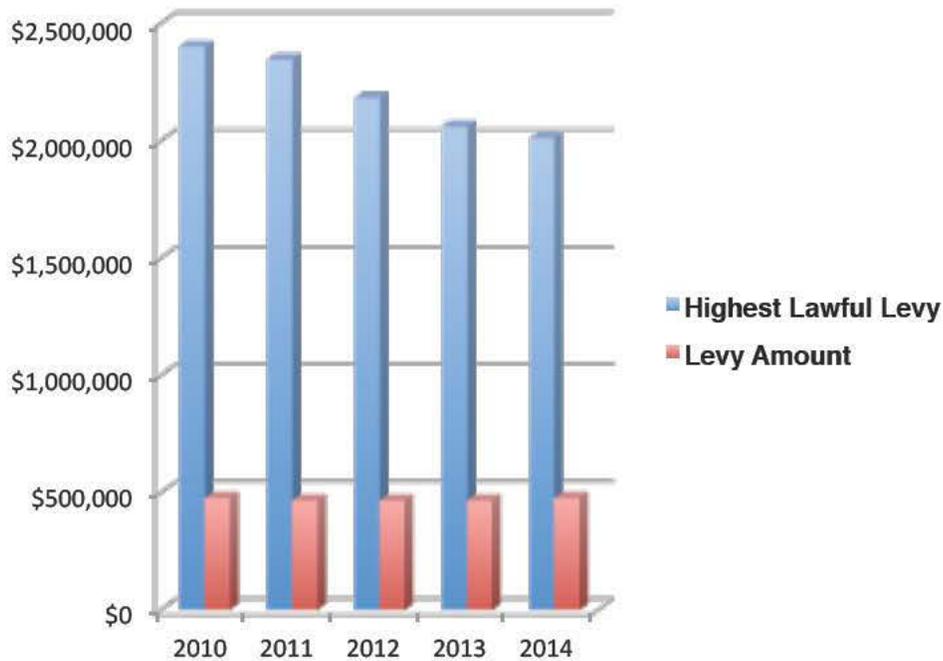
| | | | | | |
|---------------------------------|-----------------|-------------|-------------|-----------|----------|
| 2012 | \$2,908,002,027 | -7% | \$2,181,002 | \$465,000 | \$0.1599 |
| 2013 | \$2,745,879,119 | -6% | \$2,059,409 | \$465,000 | \$0.1693 |
| 2014 | \$2,680,620,738 | -2% | \$2,010,466 | \$475,000 | \$0.1772 |
| Total Increase/Decrease: | | -26% | | | |

**Property values at time of voter approval in 2009. Levy did not begin until 2010.*

***New construction has not been added to property value rate calculation.*

Chart 23: Lawful and Actual Levy Rates Comparison by Year Graph*

Levy Rates by Year



**New construction has not been added to levy rate calculation*

Other Tax Revenue

The District also receives tax revenue from timber harvest taxes and excise taxes and proceeds from the sale of county timber. These revenues vary drastically from year to year and are difficult to predict.

Section 10: Long Term Debt

DEBT MANAGEMENT POLICY

The District's debt management policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the annual budget. The District will raise capital at the lowest possible cost through maintenance of a high credit rating and reputation in the credit markets.

In 2011 the District Board of Commissioners committed to undergoing a facility energy audit to find cost savings in energy reduction and efficiencies. The energy audit made specific recommendations to upgrade the facility consumption items. The recommendations resulted in the Capital Improvement Plan (CIP) and budget for 2012 and 2013. Construction commenced in 2012 and the work was completed in June of 2013. A General Obligation Bond and a capital loan from the State of Washington LOCAL program was used for the CIP project. The total CIP project cost was \$2.1 million and \$1.3 million was financed.

DISTRICT STATUTORY DEBT LIMITS AND AVAILABLE CAPACITY

In accordance with RCW 35.61.100, the District may incur non-voter approved debt to the maximum of 0.25% of the District assessed valuation. In addition, in accordance to RCW 35.61.110 the District may, together with existing voter-approved indebtedness and nonvoter-approved indebtedness increase debt to a maximum of 2.5% of the District assessed valuation. Debt may not be financed beyond the life of the improvement or to a maximum of 20 years.

Chart 24: Debt Limits and Available Capacity

| Long Term Debt Limit and Available Capacity | | | | |
|---|-------------------------|----------------------|------------------------|--------------------|
| Type of Debt | 2014 District Valuation | Statutory Debt Limit | Total Debt Outstanding | Available Capacity |
| Non-Voter Approved (.25%) | \$2,680,620,738 | \$6,701,552 | \$1,300,000 | \$5,401,552 |
| Voter Approved (2.5%) | \$2,680,620,738 | \$67,015,518 | \$0 | \$67,015,518 |

Section 11: Personnel

The District Budget for 2014, 58% of the General Fund operational expenditures is dedicated to wages and salaries. The average percentage of wage and salaries for Park Districts in Washington State is close to 70%. The District has several classifications of employees from part time seasonal to full time salaried. Currently, the District has no labor union agreements with any classification of employees. The District pool facility is open 103 hours per week which requires 2.5 FTE's for each position. The following is a list of each classification and details:

Chart 25: Employee Classification Detail

| Position | Schedule | FLSA | Sick/Annual Leave | Benefits | Deferred Comp. |
|--------------------|--------------|------|-------------------|----------|----------------|
| Lifeguard | PT Hourly | Yes | No | No | Yes |
| Instructor | PT Hourly | Yes | No | No | Yes |
| Head Lifeguard | PT/FT Hourly | Yes | No | No | Yes |
| Janitors | PT Hourly | Yes | No | No | Yes |
| Assist. Manager | F/T Salary | No | Yes | Yes | Yes |
| Aquatic Manager | FT Salary | No | Yes | Yes | Yes |
| Executive Director | PT Salary | No | Yes | Yes | Yes |

The District budget calls for 11.4 Full Time Equivalent (FTE) positions for 2014, which is one FTE lower than what was budgeted for 2012 FTE's. Each week Head Lifeguard coverage is done with both the Assistant Manger (20 hours per week) and the Aquatics Manager (10 hrs. per week) the balance of hours is done with Head Lifeguards.

Chart 26: FTE's by Personnel Category Yearly Comparison

| Position | 2009 FTE's | 2010 FTE's | 2011 FTE's | 2012 FTE's | 2013 FTE's | 2014 FTE's |
|----------------------------|------------|-------------|-------------|-------------|-------------|-------------|
| Lifeguard | 2.5 | 2.8 | 3.0 | 3.0 | 4.1 | 4.1 |
| Instructors | 2.6 | 2.4 | 3.8 | 3.8 | 2.3 | 2.3 |
| Head Lifeguard | 2.5 | 6.3 | 1.3 | 1.3 | 1.8 | 1.8 |
| Janitors | | | | | .5 | .5 |
| Assistant Supervisor | 0 | 0 | 2 | 2 | 1 | 1 |
| Supervisor | 2 | 0 | 2 | 2 | 1 | 1 |
| Executive Director/Manager | 1 | 1 | .7 | .7 | .7 | .7 |
| TOTAL FTE's | 11 | 12.4 | 12.8 | 12.8 | 11.4 | 11.4 |

Glossary of Terms

Accounting System: The total set of records and procedures used to record, classify, and report information on the financial status and operations of an entity.

Accrual Basis Accounting: A method of accounting for revenues and expenses when earned or incurred instead of when cash is received or spent.

Actual: Monies which have already been used or received as opposed to budgeted monies which are estimates of possible funds to be spent or received.

Assessed Valuation: The estimated value placed upon real or personal property as the basis for levying property taxes.

Audit: An examination to determine the accuracy and validity of records and reports by an agency whose duty it is to make sure the District conforms with established procedures and policies.

BARS: Stands for Budgeting, Accounting, Reporting System. The manual the State of Washington requires governmental entities (i.e., counties and park districts) to use.

Base Budget: The ongoing cost to maintain the current level of service. Inflation is included in the budget without increasing any level of service.

Benefits: The District provided employee benefits such as social security insurance, retirement, worker's compensation, life insurance, medical insurance and dental insurance.

Bond: A written promise to pay a specific sum of money (principal) at a specified future date along with periodic interest rate. Bonds are typically used for long-term debt to pay for a particular capital expenditure.

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

Budget Calendar: The schedule of key dates involved in the process of adopting and then executing an adopted budget.

Budget Hearing: The public hearings conducted by District Commissioners to consider and adopt the annual budget.

Budget Policy: An overall plan to guide present and future courses of action regarding the coordination of revenues and expenditures.

Capital Assets: Assets of significant value which have a useful life of several years. Also referred to as fixed assets.

Capital Improvement Budget: Major capital improvements which are beyond the routine operation of the District are budgeted under separate capital project funds. These projects, which often require more than one year for completion, include items such as expansion of facilities and replacement of aging equipment. In total, these projects are referred to as the Capital Improvement Budget and are budgeted out of the Capital Improvement Fund and not the General Fund.

Capital Improvement Plan (CIP): A plan for capital expenditures to be incurred each year over a fixed period of years, identifying the expected beginning and ending date, and the amount to be expended in each year and the method of financing those expenditures.

Capital Outlays: Annual operating expenditures for the acquisition of, or addition to, fixed assets. These expenditures must cost more than \$3,000, including construction projects, land acquisition, major renovations or repairs to existing grounds or facilities, and equipment purchases.

Capital Projects: Projects which purchase or construct capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

Cash Basis Accounting: The method of accounting where revenues are recorded when received and expenditures are recorded when paid.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures.

Debt Service: The annual payment of principal and interest on the District's indebtedness.

Deficit: The excess of the liabilities of a fund over its assets. The excess of expenditures over revenues during an accounting period.

Depreciation: The periodic expiration of an asset's useful life. Depreciation is a requirement, in proprietary type funds (such as enterprise and internal service funds).

Earned Revenue: Revenue which is derived from programs, services and activities, it does not include any tax revenue.

Enterprise Fund: A type of proprietary fund containing the activities of funds where the intent is for the direct beneficiaries to pay for all costs of the fund through fees, or where a periodic determination of revenues and expenses is desired by management.

Ending Balance: The year-end balance of current assets less current liabilities.

Expenditures: Where accounts are kept on the accrual or modified accrual basis of accounting, the costs of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

Fiscal Year: Any yearly accounting period, without regard to its relationship to a calendar year. The fiscal year for the District begins on January 1 and ends on December 31.

FTE: Stands for Full-time Equivalent. A numerical expression which indicates the amount of time a position has been budgeted for. A position budgeted at 40 hours per week for 12 months equals 1.0 FTE. Other frequently budgeted levels are 20 hours per week (.5 FTE) to show a position that has been split between two funds because the employee's responsibilities directly affect two funds.

Fund: An accounting entity with its own self-balancing set of accounts recording cash and/or other sources of revenues against expenditures for specific activities.

Fund Balance: The excess of an entity's assets over its liabilities in a particular fund. A negative fund balance is sometimes called a deficit.

GAAPFR: Stands for Governmental Accounting, Auditing and Financial Reporting. The "blue book" is published by the Government Finance Officers Association to provide detailed guidance for the application of accounting principals for government.

GAAP: Stands for Generally Accepted Accounting Principles, which are accounting and reporting standards used for both private industry and government.

GASB: Government Accounting Standards Board regulates the rules and standards for all governmental units.

General Fund: The District's principal operating fund, which is supported by taxes, fees, and other revenues that may be used for any lawful purpose. The fund of the District that accounts for all activity not specifically accounted for in other funds.

Grants: A contribution of assets (usually cash) by one governmental unit or other organization to be used or spent for a specified purpose, activity, or facility. Typically, these contributions are made to local governments from the State and Federal governments and are received into the Capital or General Fund till expended.

Interfund Transfers: Amounts transferred from one District fund to another and no services are rendered.

Intergovernmental Revenue: Grants, entitlements, shared revenues and payment for goods and services by one government to another.

Levy: To impose a tax, special assessment or service charge for the support of government activities. The term most commonly refers to the real and personal property tax levy.

Levy Rate: The rate at which taxes, special assessments or service charges are imposed. For example, the real and personal property tax levy is the rate at which property is taxed per \$1,000 of assessed valuation. The rate is determined by calculating the ratio of the maximum amount of property tax revenue allowable under state law and the total assessed valuation within the taxing district.

Liability: Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed or refunded at some future date.

LOCAL Program: A capital loan program by the State of Washington which taxing districts may utilize to raise capital for improvements and large purchases.

Mandate: A requirement imposed by one unit of government on another unit of government.

Modified Accrual Accounting: A basis of accounting in which expenditures are accrued but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or are "measurable" and "available for expenditure". Since this type of accounting basis is a conservative financial approach, and is used by the District.

Object of Expenditure: Expenditure classifications based upon the types or categories of goods and services purchased. Typical objects of expenditure include personnel services (wages and salaries), contracted services (utilities, maintenance contracts, etc.) supplies and materials, and capital outlays.

Operating Budget: The annual appropriation to maintain the provision of District services to the public.

Operating Transfer In: Transfer from other funds which are not related to rendering of service.

Other Services and Charges: A basic classification for services other than personnel services which are needed by the District. This budget item includes professional services, communication, travel, advertising, rentals and leases, insurance, public utility services, repairs and maintenance, and miscellaneous.

Performance Measures: Specific quantitative measures of work performed within an activity or program (i.e., total swim lessons, admissions per month). Also a quantitative measure of results obtained through a program or activity.

Performance Objectives: A statement that describes in specific and measurable terms the results that the program is expected to achieve within a certain time-frame.

Program: A broad function or area of responsibility of government services. It is a basic organizational unit of government that is composed of a group of specific activities and operations directed at attaining a common purpose or goal.

Proprietary Fund: See Enterprise Fund.

Proposed Budget: The recommended and unapproved District budget submitted to the District Board of Commissioners and public in October/November of each year by the Executive Director and the District Accountant.

Reserve: A segregation of assets to provide for future use toward a specified purpose.

Resources: Total dollars available for appropriations including estimated revenues, fund transfers and beginning fund balances.

Revenue: Income received by the District to support programs or services to the community. It includes such items as taxes, fees, user charges, grants, fines, forfeits, interest income and miscellaneous revenue.

Revenue Estimate: A formal estimate of how much revenue will be earned from a specific source for some future period; typically, a year.

Salaries and Wages: Amounts paid for services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime and seasonal help.

Special Revenue Funds: Government funds, grants and donations where the source of revenue has stipulated it to be dedicated to a specific purpose.

Strategic Plan: Document created and used by the District for long-range budget planning.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments, or charges for services rendered only to those who pay, for example, sewer service charges.

Transfers: Internal movements of revenue and expenses among funds in the budget to provide needed sources of funding for expenses incurred on behalf of another fund.