

General Financial Management

Policy #: 2760	
Approval Date:	Date Revised:

The Vashon Maury Island Park and Recreation District (Vashon Park District) is accountable to its citizens for its use of public dollars. The establishment and maintenance of wise financial policies enables Vashon Park District officials to protect public interest and ensure public trust. The Board of Park Commissioners is charged with establishing the policy direction for The Vashon Park District under Washington State law. Sound business practice and good government dictates that the Board establishes policies regarding the fiscal activities of the Vashon Park District in accordance with applicable local, state, and federal laws and regulations. The Board of Commissioners will establish financial management policies that will accomplish the following. These policies will:

1. Guide those management policy decisions that can have significant fiscal impact.
2. Set forth operating principles to minimize the cost of government and to minimize financial risk.
3. Employ balanced and fair revenue policies to provide adequate funding for desired programs.
4. Maintain appropriate financial capacity for bonded indebtedness for present and future needs.
5. Promote sound financial management by providing accurate and timely information on the Vashon Park District's financial condition.
6. Protect the Vashon Park District's credit rating and provide for adequate resources to meet the provisions of its debt obligations.
7. Ensure the authorized and legal use of financial resources through an effective system of internal controls.
8. Promote cooperation and coordination with other governments and the private sector in the financing and delivery of services.
9. Set forth operating principals that minimize the effect of local and regional economic downturns, that enable smooth adjustments to changes in service requirements; and to respond to other changes

- and challenges as they affect the district and the community.
10. Ensure the District attracts and retains employees necessary for providing high quality services. The District shall establish and maintain a competitive compensation and benefits packages whenever fiscally possible.
 11. Strive to maintain fair and equitable relationships with its contractors and suppliers.
 12. Maintain a spirit of openness and transparency while being fully accountable to the public for the District's fiscal activities.

Specifically, the Board of Commissioners shall:

1. Ensure that the Vashon Park District will develop and periodically update a financial forecast that estimates general fund resources and uses for the three years beyond the current year. This forecast will provide the Vashon Park District's decision makers with an indication of the long-term fiscal impact of current policies and budget decisions.
2. Ensure that the Vashon Park District will develop and adopt a 12-month balanced budget. The balanced budget means budgeted expenditures will not exceed new revenues for the budget period. ~~Levy funds that are included in new revenues will be limited to the average of the previous three-year levy receipts (i.e. 2013 - \$993,000, 2014 - \$1,050,00 and 2015 - \$1,124,000 = \$1,055,000 average), but never greater than the current levy amount.~~ The Vashon Park District will request public input to the budget process. ~~Adequate reserves, as defined in Sections 3 and 3.a. below, will be included.~~ The budget may be adjusted or amended during the year in order to address unanticipated needs or emergencies.
3. The establishment of adequate reserves is of paramount importance in managing the Park District's limited resources. In that regard, the Park District will maintain ~~three~~ two reserve accounts: 1) ~~an operating reserve which represents unbudgeted revenue funds in the annual budget;~~ 2) a permanent **cash-management an Operating Reserve** that will be maintained so as to avoid any need to borrow funds to operate the park district, to address decreases in operating

funds and pay for significant, extraordinary operating expenses. **By 2020, the base will be no less than \$400,000 based on historical losses during times of economic downturn and in keeping with the recommended minimum of covering 60 days of expenses per the Auditor of Washington State.** This will be a separate line item in the budget; and 3) a capital reserve that will **initially represent unbudgeted revenue funds in the annual budget and** be maintained to pay for the replacement of significant Park District assets (i.e. Ober Park playground equipment, VES field replacement, etc.). This is a separate line item in the budget. **The capital reserve will be considered fully funded when it covers expected projects forecasted for five years plus 10% for unexpected projects and emergency fixes.**

a. ~~When this policy was originally approved, no funds existed in either the permanent reserve or capital reserve. In order to fund these reserves, no less than \$25,000 will be budget for each reserve during each future budget cycle. In addition, all excess budget funds will be divided 75% - 25% between the permanent reserve and capital reserve, until each reserve is fully funded. Excess budget funds shall be defined as operating reserves not used during the current budget year and excess levy funds. An adequate permanent reserve shall be defined as the difference between the decrease in levy receipts from the maximum amount received to minimum amount received during the previous 10-year period (i.e. 2010 - \$1,307,000, 2013 \$993,000 = \$314,000), but never less than an amount needed to eliminate any need to borrow funds for operating expenses. An adequate capital reserve will be determined by the Park District Board based upon recommendations from the Executive Director.~~

4. Ensure that capital improvement planning takes into full consideration that levy funds are provided to the district with the public's general understanding that these funds are for operating existing facilities and providing programs to the community. Funding

for capital projects and improvements should, when possible, be provided from non-levy sources.

5. Ensure that the Vashon Park District will develop and constantly seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets.
6. The district will seek to avoid dependence on federal or state grants to support ongoing services. VPD will develop a comprehensive schedule of fees and charges and shall consider cost recovery needs for each facility and program.
7. Ensure that, for accounting and financial reporting, the District will follow Cash-Basis Budgeting, Accounting, and Reporting Systems (BARS) as prescribed by the Washington State Auditor's Office.
8. Ensure that no debt is issued without board approval. Prior to issuance of debt the board will ensure that there is adequate revenue to make principal and interest payments. All debt will be repaid in accordance with the terms of the debt instrument.