

# SHORE

## AQUATIC CENTER

**William Shore Memorial  
Pool District**

**2019 Budget**

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## 2019 Annual Budget

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**Finance Committee and Citizens Advisory Committee**  
*William Shore Memorial Pool District*

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## Reader's Guide to the Budget

WSMPD's budget is divided into the following sections:

### **Budget Message**

This is an overview of the Executive Director's budget recommendations to the Board of Commissioners and the community.

### **Budget Summary**

This section provides an overview of the District's fund balances and revenue and expenditures for the 2017 fiscal year.

### **General Fund**

This section provides the details of revenue and expenditures for the District's General Fund, including assumptions, major changes, and challenges.

### **Capital Fund**

This section provides the details of the revenue and expenditures for the District's Capital Fund, including assumptions, major changes, and challenges.

### **Taxing Authority**

This section covers the details of our taxing authority and our levy amounts.

### **Long-Term Debt**

This section covers our current debt position and how it affects current and future budget priorities.

### **Personnel**

This section provides an overview of our personnel, FTE requirements and wage schedules.

## Section 1: Budget Message

I am pleased to present for your consideration the proposed 2019 William Shore Memorial Pool District (District) budget for the fiscal year beginning January 1, 2019 and ending December 31, 2019. The District budget serves three primary purposes: 1) financial accountability; 2) strategic planning; 3) public accountability. This document assists the District in maintaining high quality service at the lowest possible cost while addressing the strategic goals of the District. The District's budget is in compliance with the provisions of the Washington State Revised Code (RCW) relating to tax levies and budgets of Metropolitan Park Districts and District policy. All required hearings have been held with the appropriate notice provided.

This document serves as a single guiding document for the District's:

1. Financial priorities and planning;
2. Short and long-term financial forecasting;
3. Capital Projects planning.

Therefore, the annual budget document provides annual updates in all four during our budget development process. The budget represents our fiscal priorities for the upcoming twelve months of operation based on our strategic and capital improvement plans, which moves the District closer to achieving its mission and vision. Approval of the annual budget is one of the most important responsibilities of the Board of Commissioners (Board) due to its comprehensive nature.

The District follows the nationally recognized guidelines for effective budget presentation by the Government Finance Officers Association of the United States (GFOA) and the Washington Finance Officers Association (WFOA). These guidelines are designed to enable the District's budget document to serve as a financial policy document, financial plan, operations guide, strategic plan and a communications device. Financial excellence and accountability is one of the five core values of the District and using these guidelines results in receiving annual recognition for the quality and effectiveness of our annual budget document. This recognition represents a significant achievement by the District; it reflects the commitment of our Board of Commissioners and District staff to meeting the highest principles of governmental budgeting.

In 2019, the District will be undertaking an extensive renovation and expansion project that will require the facility to be closed for 9-10 months. As a result, budget revenue and expenses will not align with previous years. The facility is scheduled to close on April 1, 2019 and will reopen after December 31, 2019.

William Shore Pool District			
	2018 Budget	2018 Est.	2019 Budget
<b>REVENUES:</b>	\$13,057,242	\$12,952,192	\$6,800,575
<b>EXPENSES:</b>	\$2,352,097	\$2,432,716	\$16,802,187

*Chart 1: 2018-2019 Budget Comparison*

The District is fiscally healthy, with sufficient revenue to meet operational and capital needs, debt service and maintaining an adequate ending balance in the General Fund and Capital Fund for our policy reserve requirements. In 2018, the District updated its Financial Policy in preparation for the issuance of General Obligation Bonds for the renovation and expansion project. This policy created a Capital Fund to be used for capital projects and debt service. It also updated our cash reserve amounts for each fund.

Because programming has reached the maximum potential due to space constraints, the District Commissioners committed to a major expansion and renovation project. The District selected ARC Architects and Neeley Construction to complete the project. The estimated cost of the project is \$16,621,000 and will be financed with bond issues and state grants and cash reserves. The construction is scheduled to begin April 2019 and finish in December 2019.

The assessed value (AV) of taxable property is starting to increase from the low in 2014. In 2019, the AV is estimated to increase by 9.8%. With the upcoming expansion project and Bond issues totaling \$12,498,941 million in bonds, the 2019 budget recommends to raise our District tax levy from \$0.24 to \$0.36 per \$1,000 of assessed value, estimated at \$1,250,000 for operations and debt service.

We welcome feedback on the design of the budget document and its content. Feel free to contact me via e-mail ([sburke@williamshorepool.org](mailto:sburke@williamshorepool.org)), telephone (360) 417-9767 or stop by our office at 225 E. 5<sup>th</sup> St., Port Angeles.

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

Respectfully,

A handwritten signature in blue ink, appearing to read "S D Burke".

Steven D Burke, AFO  
Executive Director  
William Shore Memorial Pool District



## Section 2: Budget Summary and Highlights

The District strives to maximize effectiveness, efficiency, and value to the community. In addition, we endeavor to be transparent in our decision-making and financial affairs to allow our taxpayers and the District's voters to have the ability to assess if we are making efficient use of public funds and providing good value for the cost of our services.

### 2019 BUDGET SUMMARY AND ENDING CASH BALANCE

OPENING BALANCE	\$554,741	\$10,073,236	\$10,627,977
Description	General Fund (001)	Capital Fund (003)	All Funds
Operational Revenue	\$1,470,775	\$0	\$1,470,775
Non Operational Revenue	\$39,800	\$5,290,000	\$5,329,800
<b>Total Revenue</b>	<b>\$1,510,575</b>	<b>\$5,290,000</b>	<b>\$6,800,575</b>
			\$0
Operational Expense	\$528,075	\$0	\$528,075
Non-Operational Expense	\$0	\$0	\$0
<b>Total Expense</b>	<b>\$528,075</b>	<b>\$0</b>	<b>\$528,075</b>
<b>Income (Loss) Before Capital Commitments</b>	<b>\$982,500</b>	<b>\$5,290,000</b>	<b>\$6,272,500</b>
Debt Service	\$0	\$831,348	\$831,348
Capital Projects	\$0	\$15,377,000	\$15,377,000
<b>Total Capital Commitments</b>	<b>\$0</b>	<b>\$16,208,348</b>	<b>\$16,208,348</b>
<b>INCREASE (LOSS) IN NET POSITION</b>	<b>\$982,500</b>	<b>\$10,918,348</b>	<b>-\$9,935,848</b>
Transfer In from Other Funds	\$0	\$1,060,000	
Transfer Out to Other Funds	\$1,060,000		
<b>ENDING BALANCE</b>	<b>\$477,241</b>	<b>\$214,887</b>	<b>\$692,128</b>

Chart 2: 2019 Budget Summary

#### EXPANSION PROJECT

Construction for the renovation and expansion project will start April 1, 2019. The 2019 project cost estimate is \$15,377,000. The District will receive over \$4,250,000 in grant and state capital appropriations. The total project cost is estimated at \$16,621,000. The District will use the General Contractor/Contract Management (GC/CM) procurement method for the project. Neeley Construction has been selected as the General Contractor for the project. Part of the project will be to relocate the Horizon Center to their new location on 8<sup>th</sup> St. to make room for expanded parking. See Attachment 1 for the current project budget.

#### FACILITY CLOSURE

The facility will be closed for 9 months of the year. Staffing will be reduced to only cover the SPARK Squad program that will remain in operation at a City of Port Angeles facility. The Executive Director will be assuming the role as the Project Manager and the Aquatics Manager and Assistant Manager will remain full-time to manage the remaining staff.

**OPERATING EXPENSES**

Operating expenses will be low due to only having 3 months of full facility operations.

**PROGRAM CHANGES AND REVENUE**

The SPARK Squad will remain operational for the entire year with over 60 children. A summer camp and lunch program will continue as well. Estimated 2019 revenue from this program is \$130,000.

**BOND AND LOAN OBLIGATIONS**

In June of 2018, the District issued \$10 million in General Obligation Bonds to finance the renovation and expansion project. The District will issue \$2.5 million in additional bonds during 2019 to finish the financing of the project. The District currently has three General Obligation Bonds and two Washington State LOCAL Loans that require a 2019 payment of \$831,348 for principle and interest. At the end of 2019 our total debt balance will be \$12,615,768.

**RESERVE CASH BALANCE**

The District is maintaining a cash balance of approximately \$692,128, which is in excess of the minimum financial policy of three months operating fund reserves (\$120,000) and six months of debt service payments (\$416,000).

**PROPERTY TAX LEVY**

The 2019 budget recommends a District tax levy at \$0.36 per \$1,000 of assessed value, estimated at \$1,250,000. This increase is necessary to make the debt service payments from the Bonds issued for the renovation and expansion project.

**PASSAGE OF INITIATIVE I-1433**

The District will see an increase of personnel costs in 2019 and 2020 to cover the costs associated with the minimum wage increases required in Initiative I-1433. In 2019, the District is also required to provide sick leave to all part time and full time employees. The minimum wage will increase an additional 8% in 2019 and 2020.

**2019 BUDGET HIGHLIGHTS**

The 2019 budget highlights are:

- District assessed property values increase by 9.8% for 2019
- Increase the tax levy from \$0.24 to \$0.36 per \$1,000 of assessed value.
- Increase of \$38,000 (8.5%) in personnel costs to cover new sick leave and minimum wage increases required by I-1433.
- Health benefits for full time employees of \$33,000
- Maintaining General Fund reserves of approximately \$120,000
- Maintaining Capital Fund reserves of \$416,000.
- Complete facility closure for 9 months for the renovation and expansion project
- Completion of the renovation and expansion project (\$16,621,000)
- Grant awards of \$1,250,000 for the renovation and expansion project
- Bond and loan debt service payment of \$831,348 with an ending debt of \$12,615,768 for 2019.

## Section 3: Organizational Structure

### DISTRICT OFFICES

225 E. 5<sup>th</sup> St.  
Port Angeles, WA 98362

### BOARD OF COMMISSIONERS

**Bill Peach**

*President*

**Cherie Kidd**  
*Vice President*

**Michael Merideth**  
*Commissioner*

**Randy Johnson**  
*Commissioner*

**Anna Minaldi**  
*Commissioner*

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### CITIZEN ADVISORY COMMITTEE

**Greg Shields**

*Chairperson*

**Chris Murray Mary Doherty Todd Clayton Dave LaSorsa Steve Zenovic**

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### STAFF

**Steven Burke**

*Executive Director*

**Jessica Compton**  
*Aquatics Manager*

**Charlie McClain**  
*District Treasurer*

**Craig Miller**  
*District Attorney*

**James Shultz**  
*Assistant Aquatics Manager*

**Rachelle Sires**  
*District Clerk*

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## MISSION, VISION AND CORE VALUES

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### DISTRICT MISSION STATEMENT

*To provide high quality, safe, and accessible aquatic programs, services, and facilities that enhances the quality of life for all ages, cultures, and abilities, which encourages health, wellness, learning and fun.*

### DISTRICT VISION STATEMENT

*To provide a well-functioning and well-maintained aquatic center that enhances quality of life by offering a diversity of recreational opportunities for people of all ages and needs.*

### DISTRICT CORE VALUES

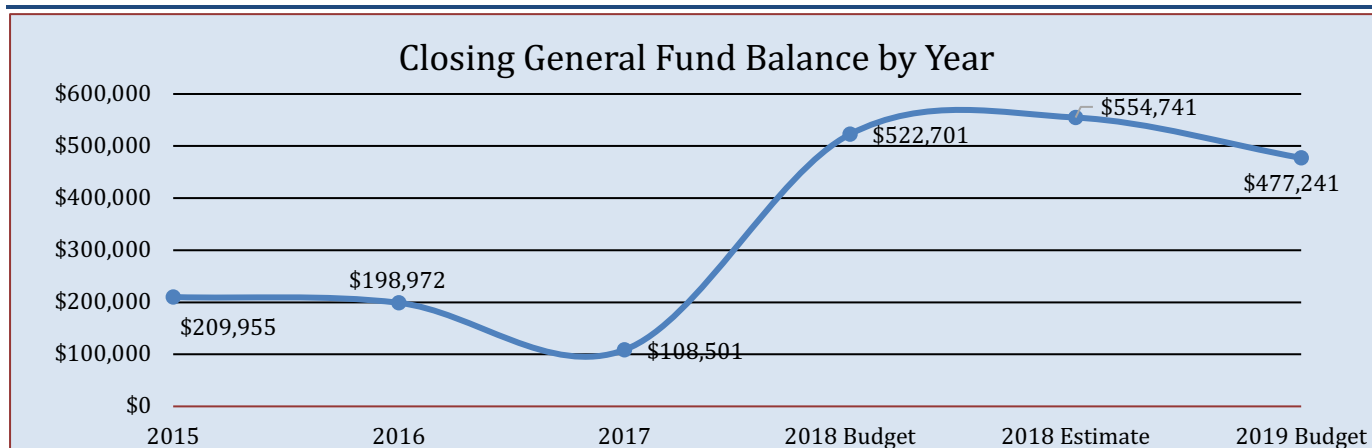
- **People Focused:** *Provide the aquatic recreational needs of our community that strengthens the body, sharpens the mind, and renews the spirit of current and future generations.*
- **Sustainable Excellence:** *Deliver the highest quality sustainable product, service, facility and experience financially possible.*
- **Integrity:** *Operate with an objective, honest, and balanced perspective.*
- **Collaborative:** *Work in cooperation with all stakeholders including residents, communities, public and private organizations, and policymakers.*
- **Diversity:** *Support the public we serve, and offer suitable programs, activities, and services that are accessible.*
- **Dedication:** *Commit to getting the job done the right way, no matter what it takes.*
- **Fun:** *Provide fun and enjoyable activities for all ages and abilities.*

## Section 4: 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. Taxes and program revenue are the major sources of revenue. The year-end 2019 General Fund balance/reserves is estimated at \$555,241, an increase from the estimated 2018 year-end projection.

The District, by policy, is to maintain a cash balance in excess of three months operating fund reserves (\$120,000). This will be exceeded due to the renovation and expansion project and the anticipation of a 9-month facility closure.

### GENERAL FUND CASH BALANCE



*Chart 3: General Fund Ending Balances by Year Graph*

### 2019 GENERAL FUND REVENUE

Due to the complete closure of the facility for 9 months, the 2019 General Fund revenue will be artificially low. The only program that will run for the entire year will be the SPARK Squad, which will utilize a City of Port Angeles facility to operate. SPARK Squad revenue will be \$130,000 for 2019.

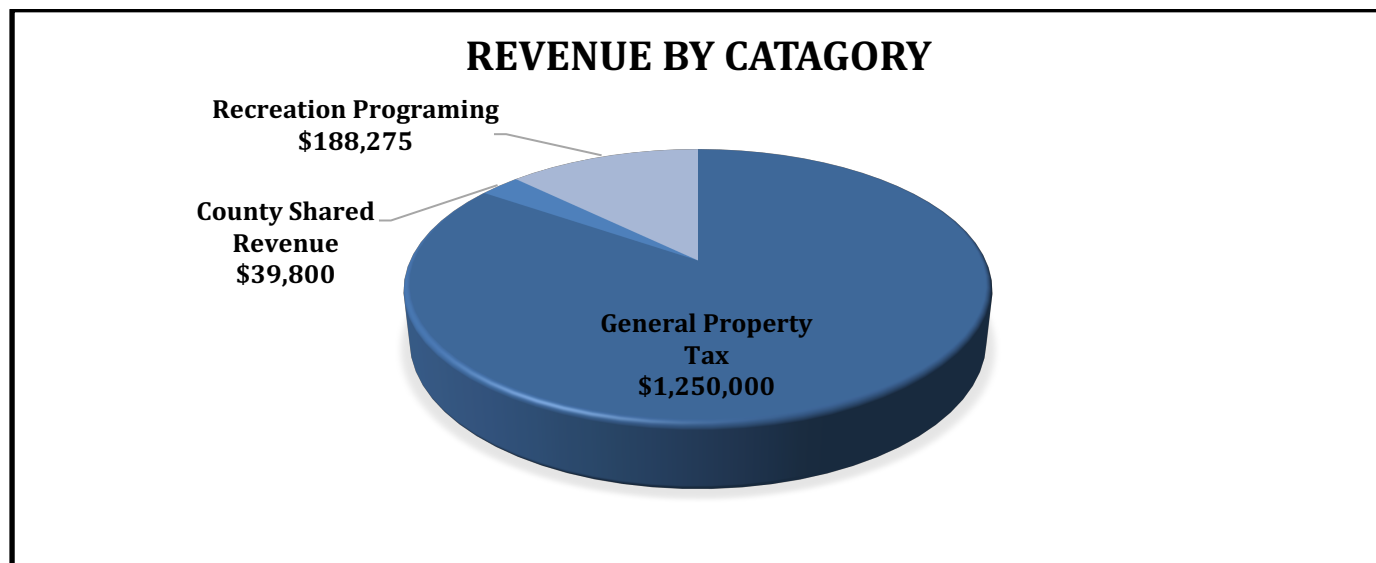
The 2019 District levy will increase \$500,000 (66%). With the estimated increase of assessed property values (AV) of 9.8% it will increase the levy rate from \$0.24 to \$0.36 per \$1,000 of AV. The District's Assessed Value (AV) is estimated to increase over the next 3-5 years. The District will collect 98% of property taxes in the year in which they are levied (based on historical data for tax collection within the District). Delinquent property tax payments in prior years have a total outstanding balance to the District of less than \$10,000.

### GENERAL FUND REVENUES

Description	2018 Budget	2018 Estimate	2019 Budget	% Change
<b>OPERATIONAL REVENUE</b>				
Property Tax	\$750,000	\$750,000	\$1,250,000	66.67%
Sale of Tax Title Property	\$0	\$0	\$0	
<b>Total General Property Tax</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$1,250,000</b>	<b>66.67%</b>
Vending Revenue	\$300	\$300	\$75	-75.00%
Sales of Taxable Merchandise	\$7,500	\$7,500	\$1,875	-75.00%
<b>Total Sales of Merchandise</b>	<b>\$7,800</b>	<b>\$7,800</b>	<b>\$1,950</b>	<b>-75.00%</b>
Pass Sales	\$74,000	\$74,000	\$19,000	-74.32%

General Admissions	\$54,000	\$54,000	\$13,500	-75.00%
<b>Total Activity/Use Fees</b>	<b>\$128,000</b>	<b>\$128,000</b>	<b>\$32,500</b>	<b>-74.61%</b>
Swim Classes/Instruction	\$98,500	\$98,500	\$20,400	-79.29%
Exercise Classes	\$65,000	\$65,000	\$20,500	-68.46%
Camps and Special Events	\$13,500	\$21,000	\$3,375	-83.93%
After School Program	\$144,000	\$125,000	\$130,000	4.00%
<b>Total Recreation Programing</b>	<b>\$321,000</b>	<b>\$309,500</b>	<b>\$174,275</b>	<b>-43.69%</b>
Rentals (Short-Term)	\$11,000	\$11,000	\$2,750	-75.00%
Equipment and Locker Rentals	\$5,200	\$5,200	\$1,300	-75.00%
Lease of County Land (DNR Other)	\$0	\$0	\$0	
Rentals (Contracted)	\$35,000	\$40,000	\$8,000	-80.00%
<b>Total Rentals</b>	<b>\$51,200</b>	<b>\$56,200</b>	<b>\$12,050</b>	<b>-78.56%</b>
Private Gifts (non-gov.)	\$0	\$0	\$0	
<b>Total Gifts from Private Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
Misc. Other	\$500	\$500	\$500	0.00%
<b>Total Other Misc. Revenue</b>	<b>\$500</b>	<b>\$500</b>	<b>\$0</b>	<b>-100%</b>
<b>TOTAL OPERATIONAL REVENUE</b>	<b>\$1,258,500</b>	<b>\$1,252,000</b>	<b>\$1,470,775</b>	<b>17.47%</b>
<b>NON-OPERATIONAL REVENUE</b>				
Leasehold Excise Taxes	\$6,250	\$6,250	\$6,250	10.23%
Timber/Harvest Excise Tax	\$3,550	\$5,000	\$3,550	-43.99%
Sale of County Timber	\$30,000	\$15,000	\$30,000	312.94%
Opportunity Fund Grant	\$0	\$0	\$0	-
Misc./PILT	\$0	\$0	\$0	100.00%
<b>Total County Shared Revenue/Grants</b>	<b>\$39,800</b>	<b>\$26,250</b>	<b>\$39,800</b>	<b>-32.86%</b>
General Obligation Bond Proceeds	\$0	\$0	\$0	
Line of Credit	\$0	\$50,000	\$0	
LOCAL Loan Proceeds	\$0	\$0	\$0	
<b>Total Proceeds of Long Term Debt</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>	
<b>NON OPERATIONAL REVENUE</b>	<b>\$39,800</b>	<b>\$76,250</b>	<b>\$39,800</b>	<b>51.48%</b>
<b>TOTAL REVENUE</b>	<b>\$1,298,300</b>	<b>\$1,328,250</b>	<b>\$1,510,575</b>	<b>30.13%</b>

Chart 4: 2019 General Fund Revenue by Category



*Chart 5: 2019 General Fund Revenue by Category Graph*

### GENERAL FUND REVENUE ANALYSIS AND ASSUMPTIONS

The four following revenue assumptions were used in developing the District budget:

- Timber revenue can range from \$0 to \$30,000 without any notice. In 2019 timber revenue is estimated to increase over 2018 due to increased levy rate.
- Previous years' property tax payments that have not been paid total less than \$10,000.
- The Revised Code of Washington (RCW) limits Metropolitan Park Districts to a maximum regular property tax rate of \$0.75/\$1000 of assessed value (RCW 36.61.210). In 2019, the District will have a regular property tax rate of \$0.36/\$1,000 of assessed value.
- Program revenue will be reduced by approximately 75% due to facility closure.

### EARNED REVENUE

In determining the financial health of a Park District, the key indicator is the growth of the District's earned revenue or non-tax revenue. Earned revenue incorporates all the charges for service and program revenues for the District. Even though the largest single source of revenue for all Park Districts will be property tax revenue, earned revenue is always the best indicator of the financial health of the District. In 2019, District earned revenue will be down 75% due to facility closure. The chart below shows the earned revenue in each category.

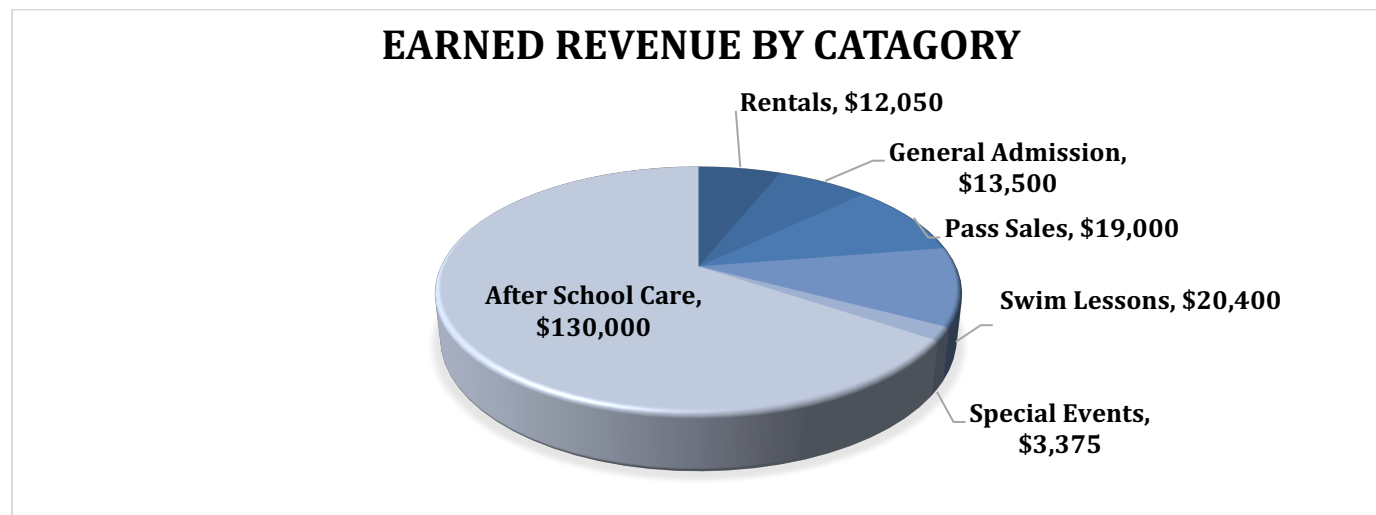


Chart 6: General Fund Earned Revenue by Category

**GENERAL FUND REVENUE COMPARISON BY YEAR**

Description	2015	2016	2017	2018 Budget	2018 Estimate	2019 Budget
<b>OPERATIONAL REVENUE</b>						
Property Tax	\$479,946	\$496,475	\$527,298	\$750,000	\$750,000	\$1,250,000
Sale of Tax Title Property	\$0	\$0	\$5	\$0	\$0	\$0
<b>Total General Property Tax</b>	<b>\$479,946</b>	<b>\$496,475</b>	<b>\$527,303</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$1,250,000</b>
Vending Revenue	\$357	\$458	\$326	\$300	\$300	\$75
Sales of Taxable Merchandise	\$8,029	\$7,288	\$6,913	\$7,500	\$7,500	\$1,875
<b>Total Sales of Merchandise</b>	<b>\$8,386</b>	<b>\$7,746</b>	<b>\$7,239</b>	<b>\$7,800</b>	<b>\$7,800</b>	<b>\$1,950</b>
Pass Sales	\$70,635	\$85,504	\$69,793	\$74,000	\$74,000	\$19,000
General Admissions	\$51,230	\$64,445	\$51,271	\$54,000	\$54,000	\$13,500
<b>Total Activity/Use Fees</b>	<b>\$121,865</b>	<b>\$149,949</b>	<b>\$121,064</b>	<b>\$128,000</b>	<b>\$128,000</b>	<b>\$32,500</b>
Swim Classes/Instruction	\$84,575	\$93,195	\$96,410	\$98,500	\$98,500	\$20,400
Exercise Classes	\$64,353	\$70,197	\$61,660	\$65,000	\$65,000	\$20,500
Camps and Special Events	\$12,483	\$9,034	\$13,242	\$13,500	\$21,000	\$3,375
After School Program			\$20,035	\$144,000	\$125,000	\$130,000
<b>Total Recreation Programing</b>	<b>\$161,411</b>	<b>\$172,426</b>	<b>\$191,347</b>	<b>\$321,000</b>	<b>\$309,500</b>	<b>\$174,275</b>
Rentals (Short-Term)	\$6,913	\$11,189	\$9,844	\$11,000	\$11,000	\$2,750
Equipment and Locker Rentals	\$4,368	\$5,547	\$4,974	\$5,200	\$5,200	\$1,300
Lease of County Land (DNR Other)	\$181	\$200	\$168	\$0	\$0	\$0
Rentals (Contracted)	\$28,572	\$31,635	\$34,377	\$35,000	\$40,000	\$8,000
<b>Total Rentals</b>	<b>\$40,034</b>	<b>\$48,571</b>	<b>\$49,363</b>	<b>\$51,200</b>	<b>\$56,200</b>	<b>\$12,050</b>
Private Gifts (non-gov.)	\$250	\$272	\$79,238	\$0	\$0	\$0
<b>Total Gifts from Private Sources</b>	<b>\$250</b>	<b>\$272</b>	<b>\$79,238</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Misc. Other	\$433	\$282	\$1,308	\$500	\$500	\$500
<b>Total Other Misc. Revenue</b>	<b>\$433</b>	<b>\$282</b>	<b>\$1,308</b>	<b>\$500</b>	<b>\$500</b>	<b>\$0</b>
<b>TOTAL OPERATIONAL REVENUE</b>	<b>\$812,325</b>	<b>\$875,721</b>	<b>\$976,862</b>	<b>\$1,258,500</b>	<b>\$1,252,000</b>	<b>\$1,470,775</b>
<b>NON-OPERATIONAL REVENUE</b>						
Leasehold Excise Taxes	\$5,777	\$4,785	\$5,670	\$6,250	\$6,250	\$6,250
Timber/Harvest Excise Tax	\$2,551	\$2,583	\$6,338	\$3,550	\$5,000	\$3,550
Sale of County Timber	\$9,163	\$36,297	\$7,265	\$30,000	\$15,000	\$30,000
Opportunity Fund Grant	\$0	\$0	\$39,960	\$0	\$0	\$0
Misc./PILT	\$44	\$49	\$50	\$0	\$0	
<b>Total County Shared Revenue/Grants</b>	<b>\$17,535</b>	<b>\$43,714</b>	<b>\$59,283</b>	<b>\$39,800</b>	<b>\$26,250</b>	<b>\$39,800</b>
General Obligation Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
Line of Credit	\$0	\$0	\$0	\$50,000	\$50,000	\$0
LOCAL Loan Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Proceeds of Long Term Debt</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>
<b>NON OPERATIONAL REVENUE</b>	<b>\$17,535</b>	<b>\$43,714</b>	<b>\$59,283</b>	<b>\$89,800</b>	<b>\$76,250</b>	<b>\$39,800</b>
<b>TOTAL REVENUE</b>	<b>\$829,860</b>	<b>\$919,435</b>	<b>\$1,036,145</b>	<b>\$1,348,300</b>	<b>\$1,328,250</b>	<b>\$1,510,575</b>

Chart 7: General Fund Revenue Comparison by Year



## 2019 GENERAL FUND EXPENSES

Expenses in the 2019 General Fund budget reflects the 9-month facility closure and show a decrease in operating expenses of -48%.

### GENERAL FUND EXPENDITURES

Description	2018 Budget	2018 Est	2019 Budget
<b>OPERATIONAL EXPENSE</b>			
Clerk of the Board	\$1,500	\$1,500	\$1,750
Sparks Squad Leaders	\$12,000	\$52,290	\$62,000
Sparks Squad Coordinator	\$21,600	\$30,200	\$39,000
Wages Lifeguard	\$170,000	\$188,700	\$37,500
Wages Instructor	\$60,000	\$51,500	\$16,000
Wages Head Guard	\$73,000	\$86,300	\$19,000
Wages Supervisors	\$105,000	\$105,000	\$105,000
Wages Maintenance/Janitorial	\$18,000	\$14,800	\$4,500
Wages Executive Director	\$47,250	\$52,800	\$52,000
Sick Pay	\$3,000	\$0	\$0
Overtime	\$0	\$0	\$0
<b>Salaries and Wages Total</b>	<b>\$511,350</b>	<b>\$583,090</b>	<b>\$336,750</b>
Social Security/Taxes	\$31,500	\$31,500	\$9,000
Cafeteria Plan	\$5,000	\$5,000	\$6,000
Unemployment	\$2,000	\$2,000	\$750
Department of L&I	\$13,000	\$13,000	\$4,000
Health Plan	\$33,000	\$33,000	\$33,000
<b>Personnel Benefits Total</b>	<b>\$84,500</b>	<b>\$84,500</b>	<b>\$52,750</b>
<b>Office Supplies</b>			
Office Supplies	\$9,000	\$11,562	\$6,000
Computers and Supplies	\$2,000	\$300	\$500
<b>Program Supplies and Equipment</b>			
Exercise Classes	\$1,000	\$450	\$300
Swim Classes/Instruction	\$1,000	\$1,500	\$300
Camps and Special Events	\$500	\$500	\$200
After School Care Supplies	\$13,200	\$21,000	\$22,000
<b>Maintenance and Repairs Supplies</b>			
Uniforms and Clothing	\$2,000	\$1,100	\$2,000
Pool Chemicals	\$12,000	\$12,000	\$3,000
Cleaning and Janitorial Supplies	\$6,000	\$8,000	\$1,800
Lifeguard Supplies and Equip.	\$3,500	\$4,800	\$900
Maintenance Supplies	\$3,500	\$5,800	\$900
<b>Miscellaneous Supplies</b>			
Supplies Purchased For Inventory/Resale	\$5,000	\$4,250	\$1,250
Small Tools and Minor Equip.	\$1,500	\$1,200	\$750
<b>Supplies Total</b>	<b>\$60,200</b>	<b>\$72,462</b>	<b>\$39,900</b>
<b>Professional Services</b>			
IT/Computer Service	\$3,600	\$1,500	\$900

Transaction Services/Rec1	\$3,000	\$3,000	\$750
Accounting Services	\$15,600	\$17,650	\$15,600
Legal Services	\$3,500	\$10,100	\$900
Other Professional Services	\$1,500	\$300	\$1,500
Bank Charges	\$0	\$0	\$0
<b>Communications</b>			
Telephone	\$3,500	\$5,800	\$3,500
Postage and Mailing	\$500	\$500	\$250
Website/Internet	\$1,500	\$1,500	\$1,500
<b>Training/Travel</b>			
Training/Conferences	\$6,500	\$5,400	\$1,250
Travel	\$2,400	\$4,800	\$2,400
Travel Misc.	\$0	\$0	\$0
<b>Advertising</b>			
Program Advertising	\$500	\$500	\$500
<b>Rentals and Leases</b>			
Equipment Leases/Rentals	\$2,000	\$2,000	\$2,000
<b>Insurance</b>			
Liability Insurance	\$22,500	\$21,600	\$22,500
<b>Utility</b>			
Electrical/Water/Sewer	\$110,000	\$116,000	\$27,500
<b>Repairs and Maintenance</b>			
Building Repairs	\$5,000	\$5,000	\$1,250
Equipment Repairs	\$20,000	\$3,500	\$5,000
<b>Miscellaneous</b>			
Printing and Copying Supplies	\$500	\$2,100	\$500
Memberships and Dues	\$3,000	\$5,000	\$3,000
Subscriptions	\$0	\$0	\$0
Merchant/Credit Card Service Fees	\$9,000	\$13,400	\$2,250
Misc. Service/Discrepancies	\$0	\$0	\$0
<b>Services Total</b>	<b>\$214,100</b>	<b>\$219,650</b>	<b>\$95,100</b>
<b>Intergovernmental Taxes</b>			
External Taxes/Assessments	\$0	\$0	\$0
Clallam County Taxes	\$450	\$900	\$450
B&O Tax/Agency	\$12,500	\$10,000	\$3,125.00
<b>Intergovernmental Taxes Total</b>	<b>\$12,950</b>	<b>\$10,900</b>	<b>\$3,575</b>
<b>OPERATIONAL EXPENSE TOTAL</b>	<b>\$883,100</b>	<b>\$970,602</b>	<b>\$528,075</b>
<b>NON-OPERATIONAL EXPENSE</b>			
<b>Intergovernmental Services</b>			
County Clerk Services	\$0	\$0	\$0
Election Costs	\$0	\$0	\$0
State Auditor	\$0	\$0	\$0
<b>Intergovernmental Services Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Loans and Bonds (interest)	\$0	\$0	\$0
Line of Credit (interest)	\$1,000	\$1,000	\$0
<b>Debt Service Interest Total</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$0</b>
<b>Debt Service Principle</b>			
Loans and Bonds (principle)	\$0	\$0	\$0
Line of Credit (principle)	\$50,000	\$50,000	\$0

Debt Service Principle Total	\$50,000	\$50,000	\$0
<b>TOTAL NON-OPERATIONAL EXPENSE</b>	<b>\$51,000</b>	<b>\$51,000</b>	<b>\$0</b>
<b>TOTAL EXPENSE</b>	<b>\$934,100</b>	<b>\$1,021,602</b>	<b>\$528,075</b>

Chart 8: 2019 General Fund Expense by Category

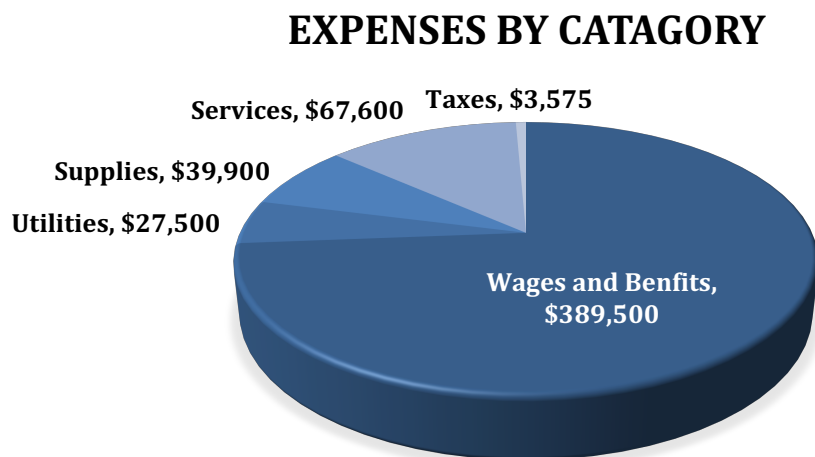


Chart 9: 2019 General Fund Expense by Category Graph

### GENERAL FUND EXPENSE ANALYSIS AND ASSUMPTIONS

- Complete facility closure of 9 months due to renovation and expansion project.
- The Kitsap Bank line of credit for \$50,000 was used and paid off by the end of 2018.
- An 8.5% increase in labor costs for changes in sick leave and minimum wage.
- Employee benefit costs for providing health insurance for 2019 is \$33,000.
- The Consumer Price Index (CPI) of 3.0% was used for some expense categories.
- The cost of supplies and services not included in the CPI are also likely to increase between 1.5% and 3.0% per year over the next several years.

### EXPENSE COMPARISON BY YEAR

Description	2015	2016	2017	2018 Budget	2018 Est	2019 Budget
<b>OPERATIONAL EXPENSE</b>						
Clerk of the Board	\$820	\$1,200	\$1,205	\$1,500	\$1,500	\$1,750
Sparks Squad Leaders	\$0	\$0	\$13,156	\$12,000	\$52,290	\$62,000
Sparks Squad Coordinator	\$0	\$0	\$7,276	\$21,600	\$30,200	\$39,000
Wages Lifeguard	\$130,809	\$150,696	\$165,289	\$170,000	\$188,700	\$37,500
Wages Instructor	\$48,801	\$49,820	\$51,092	\$60,000	\$51,500	\$16,000
Wages Head Guard	\$50,661	\$63,830	\$73,225	\$73,000	\$86,300	\$19,000
Wages Supervisors	\$98,146	\$95,113	\$95,246	\$105,000	\$105,000	\$105,000
Wages Maintenance/Janitorial	\$13,752	\$15,894	\$16,891	\$18,000	\$14,800	\$4,500
Wages Executive Director	\$47,062	\$47,250	\$47,250	\$47,250	\$52,800	\$52,000
Sick Pay	\$2,810	\$0	\$450	\$3,000	\$0	\$0
Overtime	\$0	\$0	\$0	\$0	\$0	\$0
<b>Salaries and Wages Total</b>	<b>\$392,861</b>	<b>\$423,803</b>	<b>\$471,080</b>	<b>\$511,350</b>	<b>\$583,090</b>	<b>\$336,750</b>

Social Security/Taxes	\$28,812	\$29,788	\$33,375	\$31,500	\$31,500	\$9,000
Cafeteria Plan	\$12,904	\$14,236	\$11,395	\$5,000	\$5,000	\$6,000
Unemployment	\$2,951	\$3,797	\$3,648	\$2,000	\$2,000	\$750
Department of L&I	\$14,123	\$11,495	\$15,520	\$13,000	\$13,000	\$4,000
Health Plan	\$0	\$0	\$12,908	\$33,000	\$33,000	\$33,000
<b>Personnel Benefits Total</b>	<b>\$58,790</b>	<b>\$59,316</b>	<b>\$76,846</b>	<b>\$84,500</b>	<b>\$84,500</b>	<b>\$52,750</b>
<b>Office Supplies</b>						
Office Supplies	\$8,829	\$8,962	\$8,712	\$9,000	\$11,562	\$6,000
Computers and Supplies	\$1,718	\$68	\$954	\$2,000	\$300	\$500
<b>Program Supplies and Equipment</b>						
Exercise Classes	\$759	\$15	\$841	\$1,000	\$450	\$300
Swim Classes/Instruction	\$98	\$1,497	\$360	\$1,000	\$1,500	\$300
Camps and Special Events	\$665	\$334	\$604	\$500	\$550	\$200
After School Care Supplies	\$0	\$0	\$3,801	\$13,200	\$21,000	\$22,000
<b>Maintenance and Repairs Supplies</b>						
Uniforms and Clothing	\$2,620	\$949	\$1,568	\$2,000	\$1,100	\$2,000
Pool Chemicals	\$15,256	\$13,139	\$14,114	\$12,000	\$12,000	\$3,000
Cleaning and Janitorial Supplies	\$5,931	\$5,881	\$6,510	\$6,000	\$8,000	\$1,800
Lifeguard Supplies and Equip.	\$3,646	\$2,427	\$3,021	\$3,500	\$4,800	\$900
Maintenance Supplies	\$3,311	\$2,705	\$3,880	\$3,500	\$5,800	\$900
<b>Miscellaneous Supplies</b>						
Supplies Purchased For Inventory/Resale	\$5,507	\$4,927	\$4,847	\$5,000	\$4,250	\$1,250
Small Tools and Minor Equip.	\$87	\$1,040	\$2,033	\$1,500	\$1,200	\$750
<b>Supplies Total</b>	<b>\$48,427</b>	<b>\$41,944</b>	<b>\$51,245</b>	<b>\$60,200</b>	<b>\$72,462</b>	<b>\$39,900</b>
<b>Professional Services</b>						
IT/Computer Service	\$2,405	\$2,169	\$3,887	\$3,600	\$1,500	\$900
Transaction Services/Rec1	\$3,620	\$1,701	\$3,312	\$3,000	\$3,000	\$750
Accounting Services	\$15,120	\$15,000	\$15,200	\$15,600	\$17,650	\$15,600
Legal Services	\$3,005	\$1,480	\$4,165	\$3,500	\$10,100	\$900
Other Professional Services		\$2,858	\$1,076	\$1,500	\$300	\$1,500
Bank Charges	\$0	\$0	\$257	\$0	\$0	\$0
<b>Communications</b>						
Telephone	\$2,877	\$3,176	\$3,852	\$3,500	\$5,800	\$3,500
Postage and Mailing	\$365	\$500	\$2,246	\$500	\$500	\$250
Website/Internet	\$1,586	\$1,028	\$1,150	\$1,500	\$1,500	\$1,500
<b>Training/Travel</b>						
Training/Conferences	\$3,685	\$2,999	\$2,361	\$6,500	\$5,400	\$1,250
Travel	\$2,400	\$2,400	\$2,400	\$2,400	\$4,800	\$2,400
Travel Misc.	\$0	\$17	\$0	\$0	\$0	\$0
<b>Advertising</b>						
Program Advertising	\$812	\$30	\$1,808	\$500	\$500	\$500
<b>Rentals and Leases</b>						
Equipment Leases/Rentals	\$2,165	\$2,039	\$2,011	\$2,000	\$2,000	\$2,000
<b>Insurance</b>						
Liability Insurance	\$13,155	\$15,519	\$19,830	\$22,500	\$21,600	
<b>Utility</b>						
Electrical/Water/Sewer	\$76,788	\$91,715	\$104,405	\$110,000	\$116,000	\$27,500

<b>Repairs and Maintenance</b>						
Building Repairs	\$19,938	\$18,942	\$44,708	\$5,000	\$5,000	\$1,250
Equipment Repairs	\$4,370	\$4,465	\$1,562	\$20,000	\$3,500	\$5,000
<b>Miscellaneous</b>						
Printing and Copying Supplies	\$133	\$0	\$1,264	\$500	\$2,100	\$500
Memberships and Dues	\$2,100	\$3,247	\$3,072	\$3,000	\$5,000	\$3,000
Subscriptions	\$186	\$610	\$212	\$0	\$0	\$0
Merchant/Credit Card Service Fees	\$9,157	\$10,324	\$9,264	\$9,000	\$13,400	\$2,250
Misc. Service/Discrepancies	\$9	\$24	\$0	\$0	\$0	\$0
<b>Services Total</b>	<b>\$163,876</b>	<b>\$180,243</b>	<b>\$228,042</b>	<b>\$214,100</b>	<b>\$219,650</b>	<b>\$70,550</b>
<b>Intergovernmental Taxes</b>						
External Taxes/Assessments	\$0	\$0	\$17	\$0	\$0	\$0
Clallam County Taxes	\$323	\$376	\$430	\$450	\$900	\$450
B&O Tax/Agency	\$10,228	\$12,800	\$10,688	\$12,500	\$10,000	\$3,125
<b>Intergov. Taxes Total</b>	<b>\$10,551</b>	<b>\$13,176</b>	<b>\$11,135</b>	<b>\$12,950</b>	<b>\$10,900</b>	<b>\$3,575</b>
<b>OPERATIONAL EXPENSE TOTAL</b>	<b>\$674,505</b>	<b>\$718,482</b>	<b>\$838,348</b>	<b>\$883,100</b>	<b>\$970,602</b>	<b>\$503,525</b>
<b>NON-OPERATIONAL EXPENSE</b>					<b>0</b>	
<b>Intergovernmental Services</b>						
County Clerk Services	\$2,000	\$0	\$0	\$0	\$0	\$0
Election Costs	\$0	\$0	\$6,956	\$0	\$0	\$0
State Auditor	\$0	\$0	\$4,971	\$0	\$0	\$0
<b>Intergovernmental Services Total</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$11,927</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Loans and Bonds (interest)	\$42,196	\$38,481	\$34,775	\$0	\$0	\$0
Line of Credit (interest)	\$0	\$0	\$0	\$1,000	\$1,000	\$0
<b>Debt Service Interest Total</b>	<b>\$42,196</b>	<b>\$38,481</b>	<b>\$34,775</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$0</b>
<b>TOTAL NON-OPERATIONAL EXPENSE</b>	<b>\$44,196</b>	<b>\$38,481</b>	<b>\$46,702</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$0</b>
<b>TOTAL EXPENSE</b>	<b>\$718,701</b>	<b>\$756,963</b>	<b>\$885,050</b>	<b>\$884,100</b>	<b>\$971,102</b>	<b>\$503,525</b>
<b>Income (Loss) Before Capital Commitments</b>	<b>\$111,159</b>	<b>\$162,472</b>	<b>\$151,095</b>	<b>\$464,200</b>	<b>\$357,148</b>	<b>\$1,007,050</b>
<b>Capital Commitments</b>						
<b>Debt Service Principle</b>						
Loans and Bonds (principle)	\$112,369	\$89,660	\$133,318	\$0	\$0	\$0
Line of Credit (principle)	\$0	\$0	\$0	\$50,000	\$50,000	\$0
<b>Debt Service Principle Total</b>	<b>\$112,369</b>	<b>\$89,660</b>	<b>\$133,318</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>
<b>Capital Projects</b>						
Building and Structures	\$38,317	\$0	\$0	\$0	\$0	\$0
Machinery and Equipment	\$1,605	\$45,833	\$65,653	\$0	\$0	\$0
Expansion	\$0	\$37,962	\$42,595	\$0	\$0	\$0
<b>Capital Projects Total</b>	<b>\$39,922</b>	<b>\$83,795</b>	<b>\$108,248</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>\$152,291</b>	<b>\$173,455</b>	<b>\$241,566</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>
<b>OVERALL EXPENSE</b>	<b>\$870,992</b>	<b>\$930,418</b>	<b>\$1,126,616</b>	<b>\$934,100</b>	<b>\$1,021,602</b>	<b>\$503,525</b>

Chart 10: General Fund Expense Comparison by Year

## Section 5: Capital Fund

The Capital Fund is used to account for all capital expenditures and debt service payments of the District. Transfers from the General Fund are the major sources of proceeds for the Capital Fund. The Capital Fund was started in 2018 with a zero balance. The year-end 2019 Capital Fund balance/reserves is estimated at \$214,887.

The District, by policy, is to maintain a cash balance of 6 months of debt service payments, which is currently \$416,000.

### CAPITAL PROJECTS

In 2019, the District will have only one capital project, the renovation and expansion of the facility. The facility will close and begin construction on April 1, 2019. The project should be done by December 31, 2019.

### BOND ISSUES

For the renovation and expansion project, the District issued a public General Obligation Bond for \$10,000,000 in June of 2018. The first payment on this bond will be June 1, 2019. The District is scheduled to issue \$2,500,000 in a private placement Revenue Bond in April of 2019 for the remainder of the financing needed for the project.

### BOND PAYMENTS

Currently, the District has three General Obligation Bonds and two Washington State LOCAL Loans that requires a 2019 payment of \$831,348 for principle and interest and will have a remaining debt balance of \$12,615,768 at the end of 2019.

### CAPITAL FUND CASH BALANCE

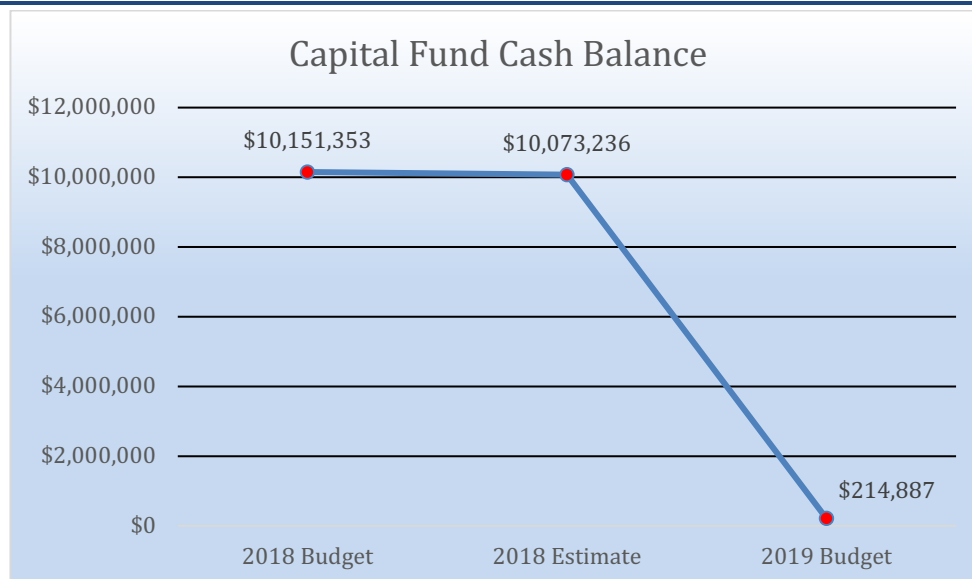


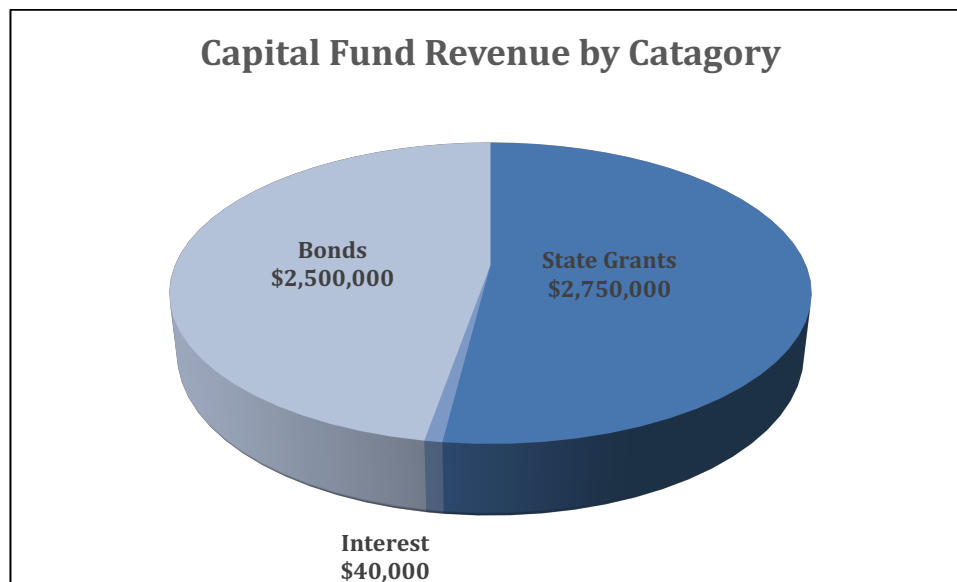
Chart 11: Capital Fund Ending Balances by Year Graph

### CAPITAL FUND REVENUE

The Capital Fund receives revenue from transfers from the General Fund and grant proceeds from local, state and federal programs. The Capital Fund does not receive any operational revenue.

**CAPITAL FUND REVENUES**

Description	2018 Budget	2018 Estimate	2019 Budget
<b>Non Operational Revenue</b>			
RCO Grants	\$0		\$500,000
Commerce Grants	\$0		\$750,000
Direct Appropriations for State Capital Budget	\$1,500,000	\$1,500,000	\$1,500,000
<b>Total State Grants</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$2,750,000</b>
Opportunity Fund Grant	\$50,000	\$50,000	\$0
<b>Total County Shared Revenue/Grants</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>
Interest Earnings	\$0	\$0	
Restricted Interest Earnings (Bonds)	\$160,000	\$75,000	\$40,000
<b>Total Interest and Other Earnings</b>	<b>\$160,000</b>	<b>\$75,000</b>	<b>\$40,000</b>
General Obligation/Revenue Bond Proceeds	\$9,665,000	\$9,665,000	\$2,500,000
Line of Credit	\$0	\$0	\$0
LOCAL Loan Proceeds	\$0	\$0	\$0
G.O. Bond Issue Premium	\$333,942	\$333,942	\$0
<b>Total Debt Proceeds</b>	<b>\$9,998,942</b>	<b>\$9,998,942</b>	<b>\$2,500,000</b>
<b>TOTAL NON-OPERATIONAL REVENUE</b>	<b>\$11,708,942</b>	<b>\$11,623,942</b>	<b>\$5,290,000</b>

*Chart 12: 2019 Capital Fund Revenue by Category**Chart 13: 2019 Capital Fund Revenue by Category Graph***CAPITAL FUND REVENUE ANALYSIS AND ASSUMPTIONS**

The following revenue assumptions were used in developing the District budget:

- The District will issue \$2,500,000 in Revenue Bonds in 2019
- A \$750,000 Grant from the Washington Dept. of Commerce's Community Development Block Grant Program will be received as a reimbursement grant.

- A \$500,000 Grant from the Washington Recreation and Conservation Office Grant Program will be received as a reimbursement grant
- \$1,500,000 in Washington State Capital Budget appropriations is anticipated
- Interest earnings of 3% may change due to the amount of bond deposit balances.

## CAPITAL FUND EXPENSES

### CAPITAL FUND EXPENDITURES

Description	2018 Budget	2018 Estimate	2019 Budget
<b>Non-Operational Expense</b>			
Bond Council Fee	\$28,920	\$28,920	\$0
Rating Fee	\$15,500	\$15,500	\$0
Disclosure Council Fee	\$10,000	\$10,000	\$0
Underwriting Fee	\$66,338	\$66,338	\$0
Other Fees	\$3,335	\$3,335	\$0
<b>Total Cost of Debt Issuance</b>	<b>\$124,093</b>	<b>\$124,093</b>	<b>\$0</b>
<b>Debt Service Interest</b>			
2012B LOCAL Loan I	\$13,168	\$13,168	\$2,636
2013A LOCAL Loan II	\$50,798	\$50,798	\$11,488
2013A LTGO Bond Kitsap	\$64,866	\$64,866	\$9,835
2017A Bond Kitsap (van)	\$5,235	\$5,235	\$267
2018A LTGO Bond (Public Issue)	\$0	\$0	\$559,295
2019A LTGO Bond Kitsap	\$0	\$0	\$58,331
Line of Credit	\$0	\$0	\$0
<b>Debt Service Interest Total</b>	<b>\$134,066</b>	<b>\$134,066</b>	<b>\$641,851</b>
<b>Total Non-Operational Expense</b>	<b>\$258,159</b>	<b>\$258,159</b>	<b>\$641,851</b>
<b>Capital Commitments</b>			
<b>Debt Service Principle</b>			
2012B LOCAL Loan I	\$3,278	\$3,278	\$13,809
2013A LOCAL Loan II	\$13,839	\$13,839	\$43,251
2013A LTGO Bond Kitsap	\$11,960	\$11,960	\$66,991
2017A Bond Kitsap (van)	\$478	\$478	\$5,446
2018A LTGO Bond (Public Issue)	\$0	\$0	\$15,000
2019A LTGO Bond Kitsap	\$0	\$0	\$45,000
Line of Credit	\$0	\$0	\$0
<b>Debt Service Principle Total</b>	<b>\$29,555</b>	<b>\$29,555</b>	<b>\$189,497</b>
<b>Completed Capital Projects</b>			
Building and Structures	\$0	\$0	\$0
Machinery and Equipment	\$0	\$0	\$0
<b>Subtotal Capital Projects</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>In-Progress Capital Projects</b>			
Project Management Services	\$110,000	\$80,000	\$95,000
Architecture and Engineering	\$720,000	\$850,000	\$410,000



Pre-Construction Services	\$300,283	\$175,000	\$125,000
Permitting/Connections	\$0	\$0	\$92,000
Construction	\$0	\$0	\$14,360,000
Geo-tech	\$0	\$18,400	\$0
Commissioning/Testing	\$0	\$0	\$85,000
Equipment and Furnishings	\$0	\$0	\$50,000
Horizon Center Move Project			\$160,000
<b>Subtotal In-progress Capital Projects</b>	<b>\$1,130,283</b>	<b>\$1,123,400</b>	<b>\$15,377,000</b>
<b>Capital Projects Total</b>	<b>\$1,130,283</b>	<b>\$1,123,400</b>	<b>\$15,377,000</b>
<b>Total Capital Commitments</b>	<b>\$1,159,838</b>	<b>\$1,152,955</b>	<b>\$15,566,497</b>
<b>TOTAL EXPENSE</b>	<b>\$1,417,997</b>	<b>\$1,411,114</b>	<b>\$16,208,348</b>

*Chart 14: 2019 Capital Fund Expenditures by Category*

### CAPITAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

The following four expenditure assumptions were used in developing the District budget:

- The District will expend \$15,377,000 in bond proceeds for the capital project and will be completed by December 31, 2019. Delays in construction may push capital expenditures into 2020.
- Debt service will be \$831,348.

## Section 6: Financial Forecasting

### 10-YEAR FINANCIAL FORECAST

The purpose of the financial forecast is to help make informed budgetary and operational decisions by anticipating future revenues and expenditures, and highlighting anticipated fiscal risks and opportunities. The forecast surfaces major known fiscal conditions and projected future conditions to support informed long-term planning and decision-making regarding operational and capital improvement resources. The forecast is not only a necessary strategic planning tool for financial sustainability, but also ensures the District's compliance with current best practices across other local governmental entities.

The forecast is not a budget and does not include any proposed balancing solutions. Instead, it is a planning tool to identify the opportunities and challenges over a longer time frame and take appropriate measures to address them, which will include enhanced revenue resulting from continued economic growth and cost control initiatives.

Unfortunately, forecasting beyond 2019 is difficult because revenue and expenses are difficult to predict when the facility reopens in December of 2019. In order to attempt to make this forecast useful, the model shows new revenue and new expenses as a zero sum gain.

### 10-YEAR FINANCIAL FORECAST

Ten-Year Financial Forecast									
	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Projected Levy</b>	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
<b>GENERAL FUND</b>									
<b>Beginning Fund Balance</b>	\$554,741	\$477,241	\$356,239	\$285,105	\$255,670	\$310,817	\$505,748	\$745,791	\$1,033,092
<b>Program Revenue</b>	\$220,775	\$652,600	\$685,230	\$719,492	\$755,466	\$793,239	\$832,901	\$874,546	\$918,274
<b>Non-Program Revenue</b>	\$1,289,800	\$1,295,000	\$1,333,850	\$1,373,866	\$1,415,081	\$1,457,534	\$1,501,260	\$1,546,298	\$1,592,687
<b>Expenditures</b>	\$528,075	\$1,133,602	\$1,167,610	\$1,202,638	\$1,238,718	\$1,275,879	\$1,314,155	\$1,353,580	\$1,394,187
<b>Net Income/Loss</b>	\$982,500	\$813,998	\$851,470	\$890,719	\$931,830	\$974,894	\$1,020,006	\$1,067,264	\$1,116,773
<b>Transfers Out</b>	\$1,060,000	\$935,000	\$922,604	\$920,154	\$876,683	\$779,963	\$779,963	\$779,963	\$779,963
<b>Transfers In</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Ending Balance</b>	\$477,241	\$356,239	\$285,105	\$255,670	\$310,817	\$505,748	\$745,791	\$1,033,092	\$1,369,902
<b>CAPITAL FUND</b>									
<b>Beginning Fund Balance</b>	\$10,073,236	\$214,888	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803
<b>Revenue</b>	\$5,290,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Capital Expenditures</b>	\$15,377,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Debt Service</b>	\$831,348	\$933,085	\$922,604	\$920,154	\$876,683	\$779,963	\$779,963	\$779,963	\$779,963
<b>Transfers Out</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Transfers In</b>	\$1,060,000	\$935,000	\$922,604	\$920,154	\$876,683	\$779,963	\$779,963	\$779,963	\$779,963
<b>Total Ending Balance</b>	\$214,888	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803	\$216,803
<b>All Funds Ending Balance</b>	<b>\$692,129</b>	<b>\$573,042</b>	<b>\$501,907</b>	<b>\$472,472</b>	<b>\$527,619</b>	<b>\$722,550</b>	<b>\$962,593</b>	<b>\$1,249,894</b>	<b>\$1,586,704</b>

*Chart 15: 10-Year Financial Forecast***FORECAST ASSUMPTIONS AND ANALYSIS**

1. Forecast model uses an objective view of revenue and expenditures based upon historical data.
2. Due to the facility expansion and the increase in program offerings, revenue and expenses may need to be adjusted after a full year of operating in the new facility.
3. The forecast model shows new revenues being offset by the same amount of new expenditure.
4. The forecast model uses a very conservative estimate of program growth of 5%.
5. The forecast model uses a CPI of 3% to estimate expenditure cost increases in addition to the anticipated expenditures related to an expanded facility.
6. Debt retirement in 2024 will free up \$160,000 in debt service payments.

## Section 7: Taxing Authority

### DISTRICT STATUTORY TAXING CAPACITY

The maximum lawful 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 2019 levy tax rate is estimated at \$0.36. We aren't anticipating needing the remaining taxing capacity in the operation of the District.

### HISTORICAL PROPERTY TAX FOR DISTRICT AND ALL LEVY AMOUNTS

Property taxes are assessed to the citizens in March of each year with the 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:

- Initiative 747 (RCW 84.52.050), 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.
- Revised Code of Washington (RCW) 84.52.043(2) limits all regular tax levies within counties to \$5.90 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 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 of \$0.75 per \$1,000 of assessed value.

### 2019 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 Assessor's Office has certified the property values (assessed values/AV) for the District at 9.8% higher than 2018 assessed values. This increase in property values is still 1% lower than A/V's in 2009 when the District was formed.

The District Board has decided to increase the levy amount from \$0.24 to \$0.36 in anticipation of the new debt service that will begin in June of 2019. The levy increase will provide the needed cash reserves to our Capital Fund and finish the renovation and expansion project.

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

Year	Assessed Property Value	% Increase/Decrease	Levy Amount	A/V per \$1,000	Remaining Banked Capacity	Amount of Banked Capacity
2009	\$3,498,913,138	N/A	\$525,000	\$0.1500	\$0.60	\$2,099,185

<b>2010</b>	\$3,198,254,744	-8.59%	\$475,000	\$0.1485	\$0.60	\$1,923,691
<b>2011</b>	\$3,125,867,763	-2.26%	\$465,000	\$0.1488	\$0.60	\$1,879,401
<b>2012</b>	\$2,908,002,027	-6.97%	\$465,000	\$0.1599	\$0.59	\$1,716,002
<b>2013</b>	\$2,745,879,119	-5.58%	\$465,000	\$0.1693	\$0.58	\$1,594,409
<b>2014</b>	\$2,668,958,264	-2.80%	\$475,000	\$0.1780	\$0.57	\$1,526,719
<b>2015</b>	\$2,672,420,425	0.13%	\$480,000	\$0.1796	\$0.57	\$1,524,315
<b>2016</b>	\$2,747,999,601	2.83%	\$495,000	\$0.1801	\$0.57	\$1,566,000
<b>2017</b>	\$2,854,732,057	3.88%	\$525,000	\$0.1839	\$0.57	\$1,616,049
<b>2018</b>	\$3,089,616,507	8.23%	\$750,000	\$0.2427	\$0.51	\$1,567,212
<b>2019</b>	\$3,394,094,387	9.85%	\$1,250,000	\$0.3683	\$0.38	\$1,295,571
<b>Total Increase/Decrease</b>		<b>-1%</b>				

Chart 16: Property Values and Levy Rates by Year

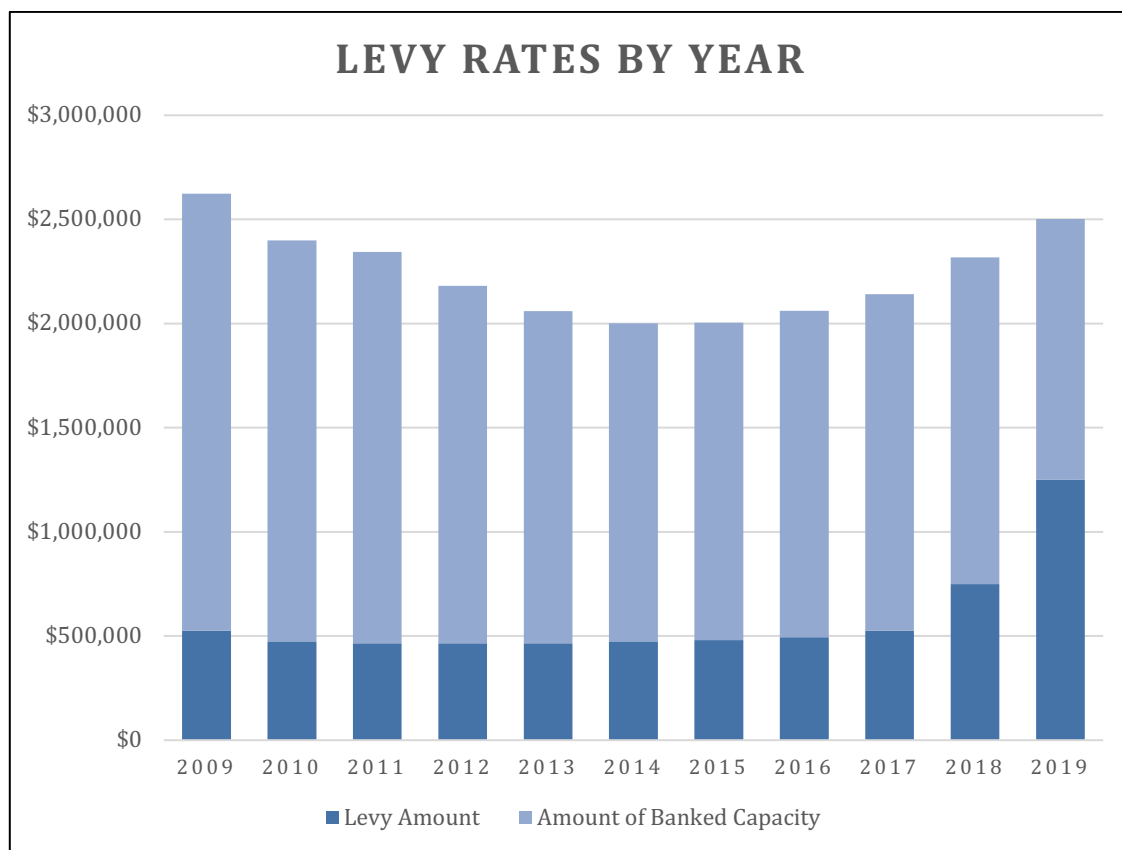


Chart 17: Levy Rates Comparison by Year Graph

### OTHER TAXING 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 8: Long Term Debt

### DEBT MANAGEMENT POLICY

The District's financial policy was updated in 2018 as part of the bond rating process. S&P Global gave a rating of AA stable, which is an excellent rating for a first rating in May of 2018. Debt 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.

### DEBT ISSUED

The District issued two Public General Obligation Bonds in 2018. An Unlimited Tax General Obligation Bond was issued for \$3,500,000 and a Limited Tax General Obligation Bond was issued for \$6,165,000 with a \$333,941 premium for a total of \$9,998,941.

The District will issue \$2,500,000 private placement Limited Tax Revenue Bond in 2019. All bond issues were to finance the renovation and expansion capital project.

### 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.

Voter approved Proposition 1 in 2017, approved the District to issue \$3,500,000 in voted debt.

Long Term Debt Limit and Available Capacity			
Type of Debt	Statutory Debt Limit	Existing Debt	Available Capacity
Non-Voter Approved (.25%)	\$8,485,236	\$6,658,749	\$1,826,487
Voter Approved (2.5%)	\$84,852,360	\$3,500,000	\$81,352,360
<b>Total Available</b>			<b>\$83,178,847</b>

*Chart 18: Debt Limits and Available Capacity*

### 2019 DEBT SERVICE PAYMENTS

2019 Debt Payment Schedule			
Debt	Principal	Interest	Payment
LOCAL I (2012B)	\$13,809	\$2,636	\$16,446
LOCAL II (2013A)	\$43,251	\$11,488	\$54,738
Kitsap (2013A)	\$66,991	\$9,835	\$76,826
Kitsap (2017A)	\$5,446	\$267	\$5,713
2018UT Bond	\$0	\$199,500	\$199,500
2018LT Bond	\$15,000	\$359,795	\$374,795
Kitsap (2019A)	\$45,000	\$58,331	\$103,331
<b>TOTAL</b>	<b>\$189,497</b>	<b>\$641,851</b>	<b>\$831,348</b>

*Chart 19: Bond and Loan Payments for 2019*

## Section 9: Personnel

The District Budget for 2019, 77% of the General Fund operational expenditures are dedicated to wages, salaries and benefits. The District has several classifications of employees from part-time to full-time salaried. The District employs approximately 50 full and part-time staff. Currently, the District has no collective bargaining agreements with any classification of employees. In a normal year the District facility is open 103 hours per week, which requires 2.5 FTE's for each staffed position. After the renovation and expansion the District will need to increase lifeguard staff and add a full-time front counter position.

In 2019, District wages and benefits will be lower due to the complete closure of the facility of 9 months. All lifeguards and instructors will be furloughed during the closure. Unemployment will be available for them.

### MINIMUM WAGE AND SICK LEAVE CHANGES

The initiative I-1433 affects us by requiring us to adjust minimum wage and to provide sick leave. The minimum wage affects us by needing to raise all tiers since the lowest tier is increasing. The table below shows how the minimum wage increases will occur.

Date	Hourly Rate Under I-1433	District Starting Rate
<b>2017</b>	\$11.00	\$11.25
<b>2018</b>	\$11.50	\$12.30
<b>2019</b>	\$12.00	\$13.00
<b>2020</b>	\$13.50	\$14.50
<b>2021</b>	\$13.86	\$14.86
<b>2022</b>	\$14.23	\$15.23

*Chart 20: Future Changes in Minimum Wage and District Starting Pay Rate*

## Attachment 1: Expansion Cost Breakdown

TOTAL PROJECT BUDGET WORKSHEET						
MACC and TCC Worksheet						
Bid Package (or CSI) #	Description of Bid Package or CSI	PreDesign Estimate (1-6-2017)	SD Estimate (8-13-2018)	SD Estimate w/ VE	SD Estimate w/Sparks	DD Estimate
	Construction	\$5,331,964				
	Sitework	\$1,427,360				
	Phase 1		\$3,754,258			
	Phase 2		\$5,825,543			
	No Phases			\$8,319,747	\$8,319,747	\$8,319,747
	Sparks Squad Space (3200 sqft @ \$275 per sqft)				\$980,000	\$980,000
Line	Subtotal for Direct Subcontract Costs	\$6,759,324	\$9,579,801	\$8,319,747	\$9,299,747	\$9,299,747
2	Estimating/Design Contingency (% of Line 1): 15.0%	\$1,351,865	\$1,436,970	\$1,247,962	\$1,394,962	\$1,394,962
3	Escalation (% a year times years x Line 1) 3.0% Years: 0.5	\$291,811	\$143,697	\$124,796	\$139,496	\$139,496
4	Subcontractor Bonds (% of total for Lines 1, 2 and 3): 1.5%	\$186,987	\$143,697	\$124,796	\$139,496	\$139,496
5	Subtotal for Other Subcontract Costs (Lines 2,3)	\$1,830,663	\$1,724,364	\$1,497,554	\$1,673,954	\$1,673,954
6	Total for Subcontract Costs (Add Lines 1-5)	\$8,589,987	\$11,304,165	\$9,817,301	\$10,973,701	\$10,973,701
7	Negotiated Support Services	\$0	\$562,435	\$483,695	\$671,657	\$671,657
8	Risk Contingency (% x Line 6): 2.5%	\$0	\$282,604	\$245,433	\$274,343	\$274,343
9	Maximum Allowable Construction Cost (MACC) (Add Lines 6-8)	\$8,589,987	\$12,149,204	\$10,546,429	\$11,919,701	\$11,919,701
10	Percent Fee Percentage (% x Line 9 MACC): 5.5%	\$316,161	\$668,206	\$580,054	\$655,584	\$655,584
11	Fixed Amount for Specified General Conditions (Fixed Fee)	\$921,958	\$308,974	\$308,974	\$334,102	\$334,102
12	Total Contract Cost (TCC) (Add lines 9,10,11)	\$9,828,106	\$13,126,384	\$11,435,457	\$12,909,387	\$12,909,387
13	Preconstruction Services (Fixed Fee)	\$0	\$300,283	\$300,283	\$300,283	\$300,283
14	TCC and Precon Total	\$9,828,106	\$13,426,667	\$11,735,740	\$13,209,670	\$13,209,670
15	Washington State Sales Tax (WSST): 8.7%	\$855,045	\$1,168,120	\$1,021,009	\$1,149,241	\$1,149,241
	TCC and PreCon with WSST (Add Lines 14,15)	\$10,683,151	\$14,594,787	\$12,756,749	\$14,358,911	\$14,358,911
Soft Costs Worksheet						
	Architectural /Engineering (A/E): 10.37%	\$976,549	\$976,549	\$976,549	\$1,076,632	\$1,076,632
	Civil Design	\$8,250	\$8,250	\$8,250	\$9,350	\$9,350
	Cost Estimating	\$11,935	\$11,935	\$11,935	\$11,935	\$11,935
	Aquatics Engineering	\$130,680	\$130,680	\$130,680	\$130,680	\$130,680
	A&E Additional Services	\$18,280	\$18,280	\$18,280	\$19,070	\$19,070
	Reimbursable Expenses	\$6,900	\$6,900	\$6,900	\$6,900	\$6,900
	Architectural /Engineering (A/E) Total	\$1,110,765	\$1,152,594	\$1,152,594	\$1,254,567	\$1,254,567
	Construction Contingency (% MACC) 3%	\$257,700	\$364,476	\$316,393	\$357,591	\$357,591
	Project Management	\$84,749	\$84,749	\$84,749	\$84,749	\$84,749
	GC/CM Consultation	\$87,255	\$87,255	\$87,255	\$87,255	\$87,255
	Utility Connection Fees	\$19,164	\$19,164	\$19,164	\$19,164	\$19,164
	Testing/Commissioning	\$85,900	\$84,364	\$84,364	\$84,364	\$84,364
	Permit Fees	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
	Site Survey	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
	Environmental Assessment/Geotech	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400
	Horizon Center Move	\$153,500	\$157,019	\$157,019	\$158,324	\$158,324
	Attorney Costs		\$3,850	\$3,850	\$3,850	\$3,850
	Misc. Costs		\$1,384	\$1,384	\$1,384	\$1,384
	Bond Issue Costs		\$120,633	\$120,633	\$120,633	\$120,633
	Soft Costs Subtotal	\$778,667	\$1,013,294	\$965,211	\$1,007,714	\$1,007,714
	Soft Costs Total (A/E+Sc)	\$1,889,432	\$2,165,888	\$2,117,805	\$2,262,281	\$2,262,281
	TOTAL PROJECT COST	\$12,572,584	\$16,760,675	\$14,874,554	\$16,621,192	\$16,621,192
PROJECT FUNDING						
	Cash Reserves				\$500,000	\$500,000
	2018 LTGO Bonds Public Issue	\$9,878,941	\$9,998,941	\$9,998,941	\$9,998,941	\$9,998,941
	2019 LTGO Bond Interest Earning	\$0	\$0	\$0	\$0	\$0
	2019 LTGO Private Issue Kitsa	\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000
	Legislative Appropriation	\$2,950,000	\$2,950,000	\$2,950,000	\$2,950,000	\$2,950,000
	Land and Water Conservation Fund (LWCF) (RCO) (\$500,000)	\$0	\$500,000		\$500,000	\$500,000
	Community Development Block Grants (CDBG) (\$750,000)	\$0	\$0	\$0	\$750,000	\$750,000
	Opportunity Fund	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
	4 Seasons Lot Sale (\$50,000)			\$0	\$50,000	\$50,000
	Total Funding Available	\$13,878,941	\$14,498,941	\$14,998,941	\$16,798,941	\$16,798,941