

**WILLIAM
SHORE
POOL**



William Shore Memorial Pool District



2012 Budget

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Section 1: Executive Director's Budget Message

INTRODUCTION

I respectfully submit to you the 2012 Budget for the William Shore Memorial Pool District (District), my first budget as your Executive Director.

The District budget serves three primary purposes: Formation of public policy, control of spending, and a written financial plan. It 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 nation and region continue to struggle under the financial pressures of an economy that is forecasted to see tepid growth at best and, while the District has fared better than many taxing districts, the trickle-down impact the under-performing economy is having on our community is very evident, both now and for the near future. Because of our current economic circumstances we are required to think how we can deliver the full range of our core public services to our District citizens more efficiently, using the innovative-minded employees and limited resources that we have on hand.

This budget is based on the premise that while we face challenging times ahead and recovery may not arrive as quickly as we hope, we must continue to move forward with an approach that is customer-focused and reflects the vision and priorities of our community. Moreover, this spending plan was crafted with the priority to look beyond 2012 and create financial stability for the long term through increased cost saving measures in expenditures, strategic and targeted capital improvements, and expanding facility use and programs in the future. We are committed 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 2012 proposed budget reflects only conservative increases in areas with proven growth. This philosophy enables the District to spend excess revenue for capital projects such as the energy improvement projects while not jeopardizing the District's fiscal health.

2011 HIGHLIGHTS

Part of the process the District has undergone this year is identifying the Districts core functional areas. These areas are:

1. Customer Service
2. Programming
3. Facilities
4. Administration

These four core functional areas are used as the starting foundation when we develop our current and future budget recommendations. Based upon these core functions, the 2011 highlights are as follows:

CUSTOMER SERVICE

In 2011 the District changed to an Internet based registration and transaction system. This allowed us to have people sign up for classes, passes and admissions online so our need for staffing registration days has been eliminated. It also automated our transaction and backup procedures, which reduced staff time as well.

The District also conducted a customer satisfaction survey and the results are included in the attached strategic plan.

PROGRAMMING

2011 had significant change in the area of programming. We have established 4 new classes:

- Home School PE Class
- Water Balance Class
- Synchronized Swimming Class
- Aqua Zumba Classes

In 2011, existing classes were expanded:

- Swim Lessons were expanded to average 40 classes per month compared to 30 in 2009.
- We added 2 additional Water Walking classes and Deep Water Aerobics Classes.
- This has resulted in an 40% increase revenue from our programming functions over 2009.

We updated and approved new contracts with the following for pool use:

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

We also have increased our rental options available at the pool facility. We now have a birthday part area available for rent along with the existing option of full facility rental. We also have been working with the local daycare centers to provide swim times during the summer no school times. We have provided this for the YMCA, City of Port Angeles and Bo Baggins.

FACILITIES

We did not have any budgeted capital improvements scheduled for the 2011 budget year, but the District was able to undertake several facility improvements with volunteers. We used volunteers throughout 2011 for small improvement projects, which totaled over 800 hrs. of volunteer work.

Projects completed by volunteers were:

- Painting of several walls in the natatorium
- Weed Control
- Exterior Painting
- Exterior Mural Painting
- Pressure washing sidewalks and outside deck area
- Painting the family changing room
- Cement work
- Exterior Planters

We also did some Improvement work with our staff and maintenance person, including:

- Carpeted and painted pool office and staff room
- Installed new floor mats installed in locker rooms
- Installed new automatic vacuum for pool
- Built a storage and race booth on the pool deck
- Updated the Birthday party area
- Built new portable pool equipment and toy racks

Our only contracted public works project was removing and replacing part of our entrance driveway and sidewalk that had deteriorated and increased cracking, which was a 50% shared expense with the City of Port Angeles.

ADMINISTRATION

We spent a great amount of time establishing the policy and procedures for the District and pool facility. Working in conjunction with the WCIA and other agencies we established our policy and procedures for:

- Human Resources
- Risk Management
- Facility Operations
- Finance and Budget
- Maintenance and Capital Improvements

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

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

- Aquatic Facility Operators School
- Aquatic Exercise Association Certification (all our exercise instructors participated)
- Certified Pool Operator School
- Washington Recreation and Park Association Aquatic Management School

2012 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 core function areas. 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 2011-2012 Strategic Plan.

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 2012:

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: Implement public information, communication and research plan.
- Objective #5: 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: Establish a comprehensive administrative infrastructure.
- Objective #2: Establish best practices of park and recreation districts.
- Objective #3: Develop innovative communications.

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.
- Objective #4: Provide the safest possible environment for the public and District employees.
- Objective #5: Increase safety awareness.

STRATEGIC THEME #5: FACILITY AND ENERGY CONSERVATION STEWARDSHIP

- Objective #1: Implement 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 2012 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 2012 total District budget is \$1,657,250 in revenue and \$1,497,235 in expenditures. The following is a breakdown by Fund:

Chart 1: 2012 Summary of Budget by Fund

Fund	Beginning Balance	2012 Revenue	2012 Expenditures	Ending Balance
General Fund (001)	\$237,973	\$782,250	\$880,887	\$139,336
Capital Improvement Fund (201)	\$0	\$875,000	\$616,348	\$258,652
Total	\$237,973	\$1,657,250	\$1,497,235	\$397,988

This proposed spending plan reflects a disciplined operating philosophy and a responsible maintenance strategy for our facility. The 2012 Budget highlights are:

- Significant increase in revenue and expenditures above the 2011 annual budget due to the anticipated receipt of loan proceeds, which will be used for capital improvements projects in 2012. Both the revenues and expenditure increases are in the Capital Improvement Fund. The majority of the Capital Improvement Fund revenue, \$800,000 is from a capital loan through the LOCAL program with the State of Washington to implement the recommendations of our Energy Consumption Audit performed in 2011 and will result in both energy savings and greater reliability and reduced expenditure in the operation and maintenance of the facility.
- The 2012 budget also reflects a payoff of our line of credit (\$142,958) with Clallam County for the operational costs of the District when the District was established.

The District will begin the 2012 budget cycle with 3 salaried employees, 2 full time hourly employees and 30 part time hourly employees, which calculate to a total of 13 Full Time Equivalents (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 Supervisors 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

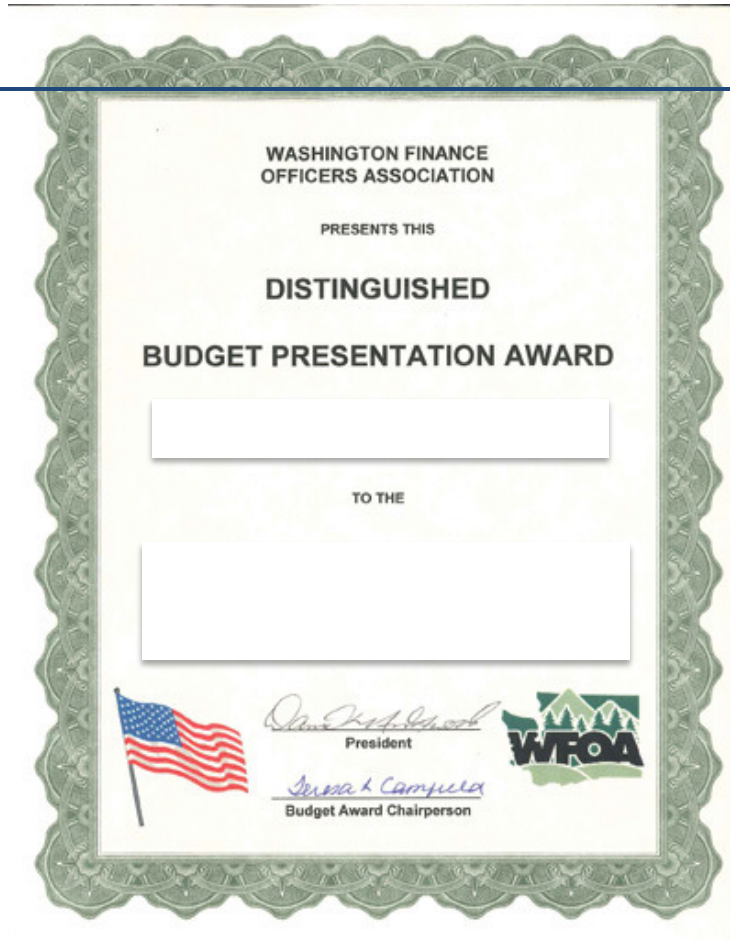
GOVERNMENT FINANCE OFFICERS ASSOCIATION BUDGET AWARD

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 2012 Budget Report has been done to the GFOA Distinguished Presentation Budget Award standards and will be submitted to the GFOA to qualify for the 2012 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 2012 Budget Report is qualified and will be submitted for the WFOA Distinguished Budget Award for its Budget Documents for the year 2012.



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 responsively 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: 19,207

- Age Profile: Median age 47
- Income Profile: Median Income 42,932
- Racial Diversity Profile: 87% White, 5.1% Native American, 1.4% Asian, 5% Hispanic

SCHOOLS LOCATED WITHIN DISTRICT

There are 5 elementary schools in the District with a total enrollment of 1,830; one middle school with an enrollment of 604; and one high school with an enrollment of 1,068. The District is also home to the Peninsula Community College with total enrollment of 8,737 (2011-2012).

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 for 2010: \$42,932
- Unemployment Rate: 10.0% (August 2011)

WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD OF COMMISSIONERS

Cherie Kidd	President
Gary Holmquist	Vice President
Mike Doherty	Commissioner
Pat Downie	Commissioner
Mike Chapman	Commissioner

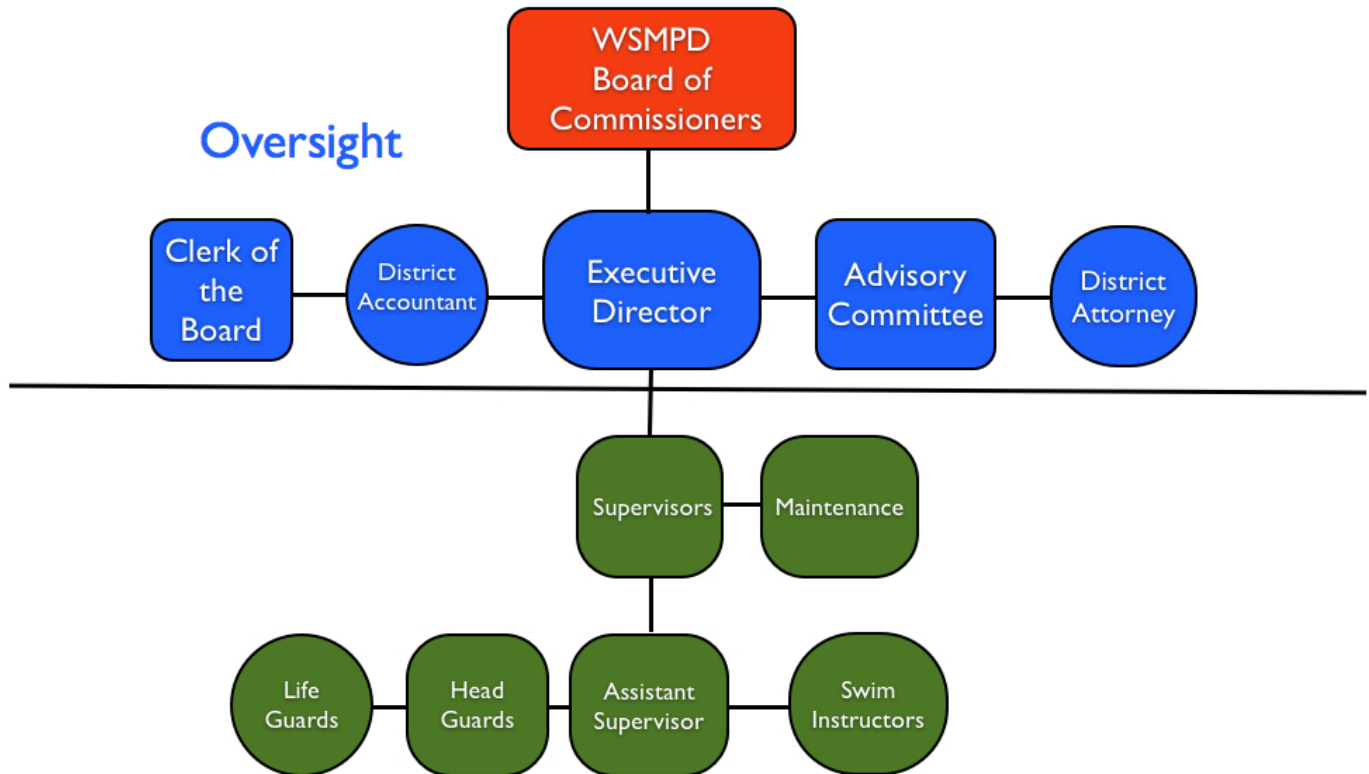
DISTRICT STAFF

Steven D. Burke	Executive Director
Charlie McClain	District Accountant
Leah Gould	Pool Supervisor
Erika Salgado	Pool Supervisor
Jenna Bruce	Assistant Supervisor
Seth Leighton	Assistant Supervisor
Tammy Sullenger	District Clerk
Craig Miller	District Attorney

CITIZEN ADVISORY COMMITTEE

Tom Bock	Greg Shields	Scott Moore
Brain Albright	Linda Fairchild	Larry Dole

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 2012 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 2012 budget not only addresses operating expenditures for 2012 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 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 2012 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:

- General Fund.
- Capital Improvement Fund

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:

- **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.
- **Capital Improvement Fund** – This fund accounts for major capital construction 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 has consistently improved as a result of a very controlled approach to both revenues and expenditures. At the start of 2010 the District had a \$0 in the General Fund balance. By the end of 2010, the unreserved and undesignated fund balance grew to \$113,192 and the 2011 ending General Fund balance is estimated to be \$237,973, which represents a 110% increase in one year. 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 2012, the ending General Fund balance will not continue to grow at the same rapid increase since the District will pay off the line of credit with Clallam County as well as transfer money to pay for some capital improvements (*A line of credit was established and \$217,969 was used in 2009 and 2010 to cover formation and operating expenses until the District started to receive tax revenue*). The District made a \$75,000 principle payment in 2010. The current loan balance is \$142,958 and is scheduled to be paid off in 2012.

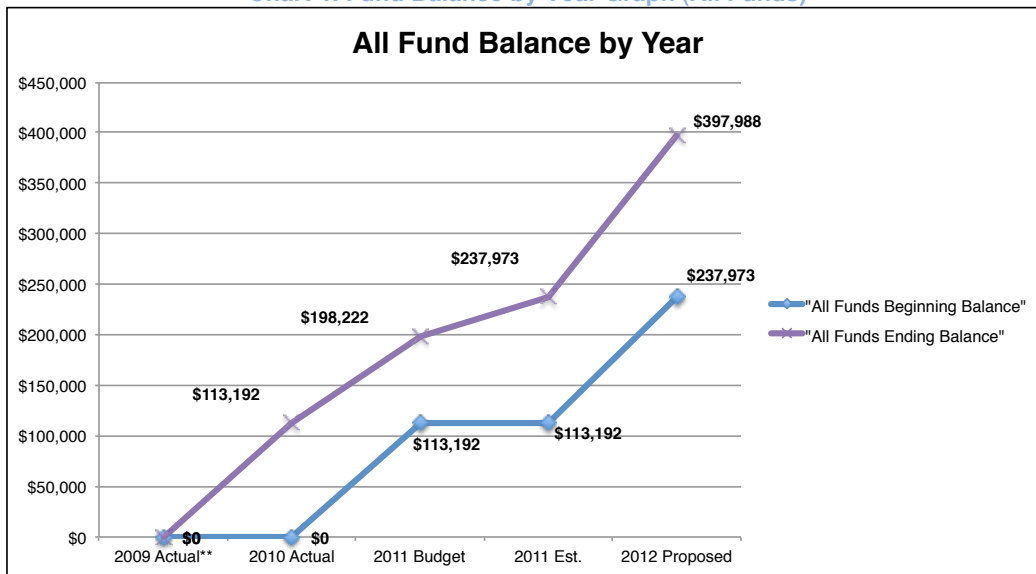
Chart 3: Fund Balances by Year

Fund	2009 Actual**	2010 Actual	2011 Budget	2011 Est.	2012 Proposed	% Variance over Budget
General Fund (001)						
Beginning Balance	\$0	\$0	\$113,192	\$113,192	\$231,450	104.48%
Revenues	\$308,869	\$747,295	\$749,505	\$769,495	\$782,250	4.37%
Expenditures	\$355,752	\$626,838	\$664,475	\$651,237	\$880,887	32.57%
Ending Balance	\$0	\$113,192	\$198,222	\$231,450	\$132,813	-33.00%
Accrued Liabilities*	\$46,883	\$39,618		\$39,618		
Capital Improvement Fund (201)*						
Beginning Balance					\$0	N/A
Revenues					\$875,000	N/A
Expenditures					\$636,348	N/A
Ending Balance					\$238,652	N/A
All Funds						
Beginning Balances	\$0	\$0	\$113,192	\$113,192	\$231,450	104%
Revenues	\$308,869	\$747,295	\$749,505	\$769,495	\$1,657,250	121%
Expenditures	\$355,752	\$626,838	\$664,475	\$651,237	\$1,517,235	128%
Ending Balances	\$0	\$113,192	\$198,222	\$231,450	\$371,465	87%
Accrued Liabilities*	\$46,883	\$39,618		\$39,618		

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

*** No property tax levy revenue was received in 2009

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



BUDGET REVENUE BY CATEGORY (ALL FUNDS)

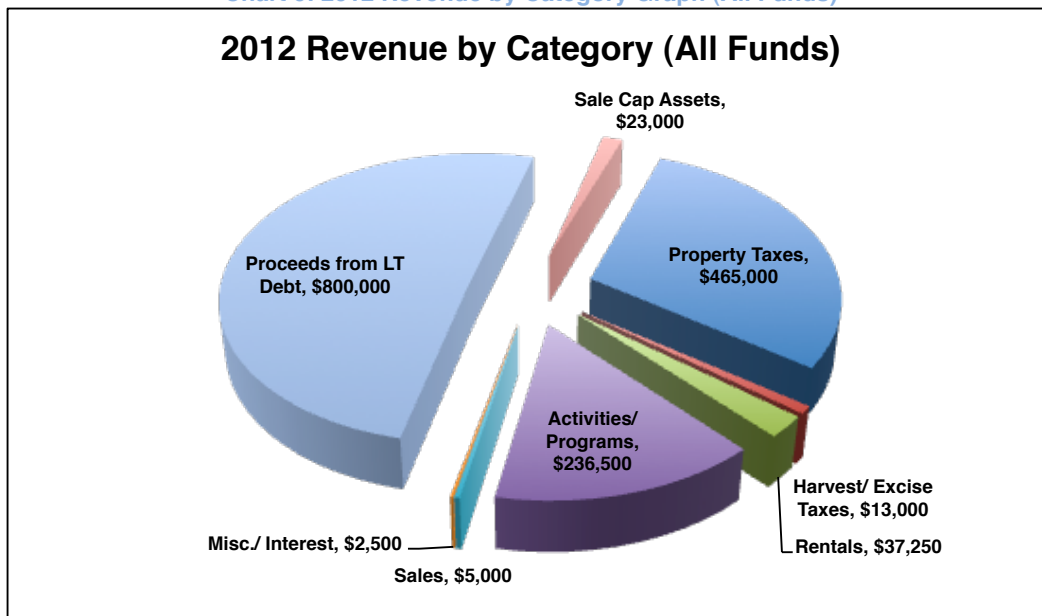
Property tax revenue continues to be the largest revenue category. The District estimates it will receive 68% of total revenue from property taxes for 2012. The District will be receiving \$800,000 from the State of Washington’s LOCAL loan program for our Capital Improvement Plan. Revenue from harvest sales and excise tax continues to be difficult to predict which makes its very difficult to budget for from year to year.

Chart 5: 2012 Revenue by Category (All Funds)

Fund	Property Taxes	Harvest/Excise Taxes	Rentals	Activities/Programs	Sales	Misc./Interest	Proceeds from LT Debt	Sale Cap Assets	Total by Fund
General Fund (001)	\$465,000	\$13,000	\$37,250	\$236,500	\$5,000	\$2,500	\$0	\$23,000	\$782,250
Capital Improvement Fund (201)	\$0	\$0	\$0	\$0	\$0	\$0	\$800,000	\$0	\$800,000
Total by Category	\$465,000	\$13,000	\$37,250	\$236,500	\$5,000	\$2,500	\$800,000	\$23,000	\$1,582,250

*Loan from the WA State LOCAL program for Capital Improvements

Chart 6: 2012 Revenue by Category Graph (All Funds)



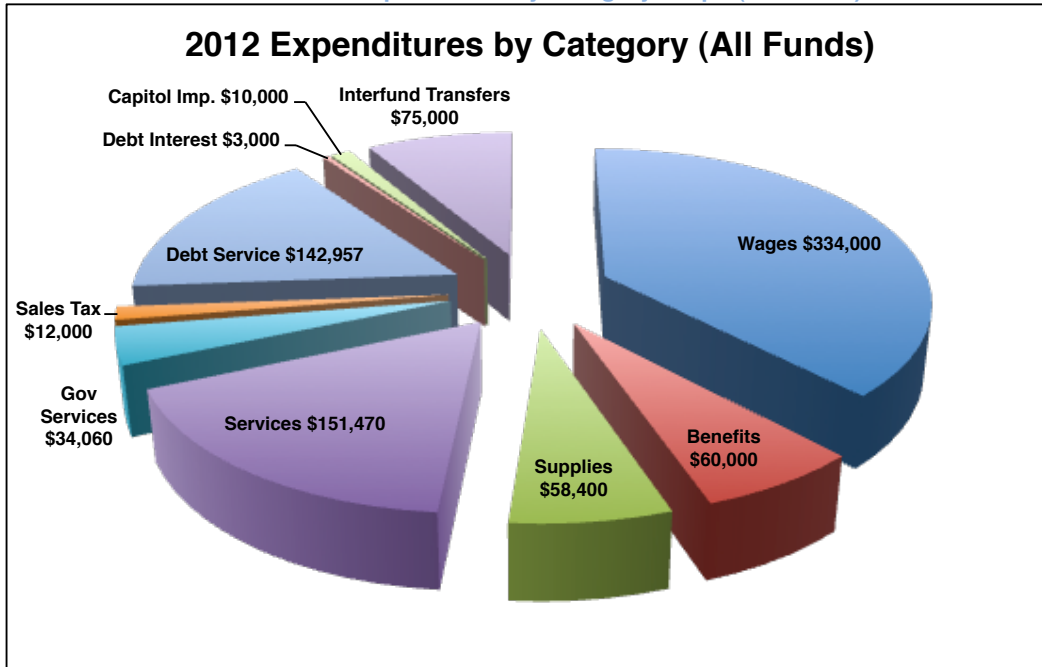
BUDGET EXPENDITURES BY CATEGORY (ALL FUNDS)

For the District, 2012 will be the beginning of some major capital improvement projects and will accomplish the plan with a loan from the State of Washington LOCAL loan program. The District will also finish paying off Clallam County’s line of credit loan in 2012, which is 3 years ahead of schedule.

Chart 7: 2012 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)	\$334,000	\$60,000	\$58,400	\$151,470	\$34,060	\$12,000	\$142,957	\$3,000	\$10,000	\$75,000	\$880,887
Capital Improvement Fund (201)	\$0	\$0	\$0	\$0	\$0	\$0	\$27,080	\$7,887	\$581,381	\$0	\$616,348
Total by Category	\$334,000	\$60,000	\$58,400	\$151,470	\$34,060	\$12,000	\$170,037	\$10,887	\$591,381	\$75,000	\$1,497,235

Chart 8: 2012 Expenditures by Category Graph (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 earned revenue are the major sources of revenue.

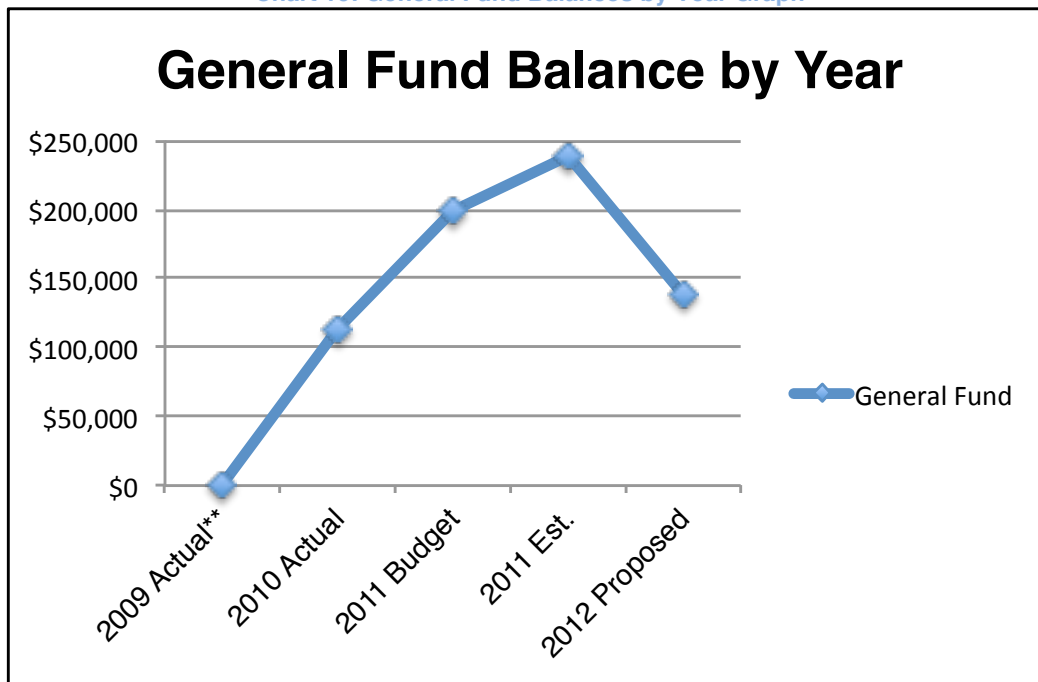
GENERAL FUND BALANCES

Chart 9: General Fund Balances by Year

Fund	2009 Actual**	2010 Actual	2011 Budget	2011 Est.	2012 Proposed	% Variance over Budget
General Fund (001)						
Beginning Balance	\$0	\$0	\$113,192	\$113,192	\$231,450	104.48%
Revenues	\$308,869	\$747,295	\$749,505	\$769,495	\$782,250	4.37%
Expenditures	\$355,752	\$626,838	\$664,475	\$651,237	\$880,887	32.57%
Ending Balance	\$0	\$113,192	\$198,222	\$231,450	\$132,813	-33.00%
Accrued Liabilities*	\$46,883	\$39,618		\$39,618		

**Accrued Liabilities due to modified accrual Basis accounting. **Did not receive tax revenue in 2009*

Chart 10: General Fund Balances by Year Graph



GENERAL FUND BALANCE ANALYSIS AND ASSUMPTIONS

- Drop in General Fund balance is due to the payoff of the line of credit with Clallam County in the amount of \$142,958.

2012 GENERAL FUND REVENUE

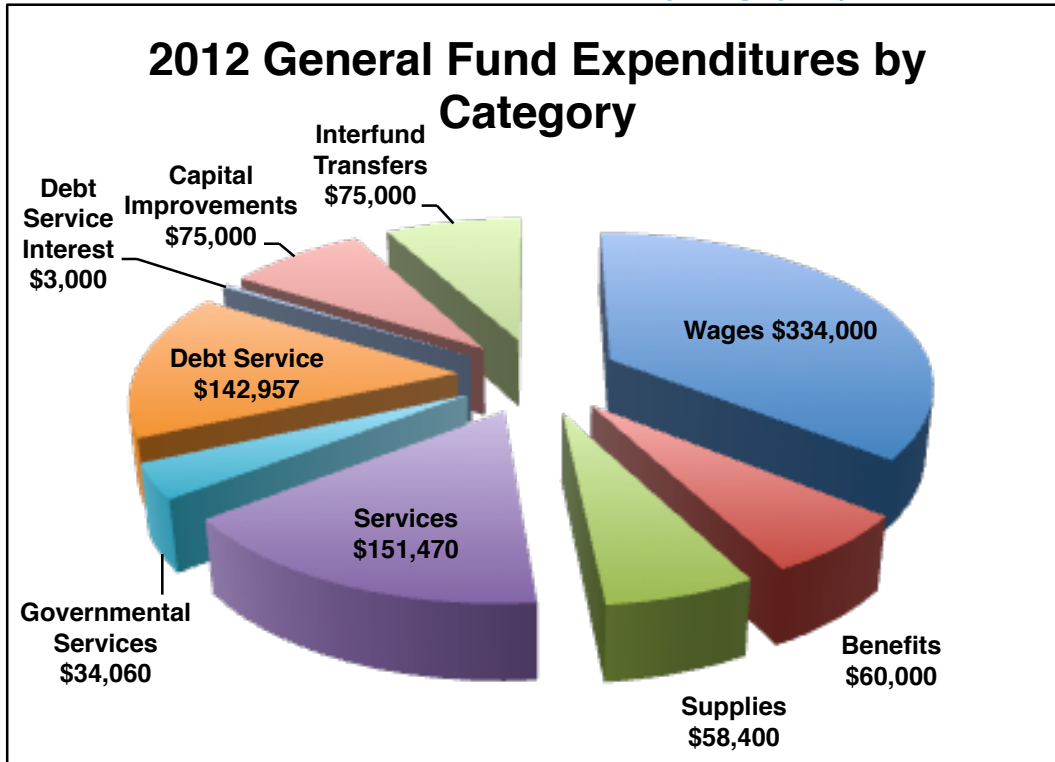
The 2012 General Fund revenue shows a 4% increase over the 2011 budget. This increase includes no increase in the property tax revenue and a 3% earned revenue due to the increase in programming.

Chart 11: 2012 General Fund Revenue by Category Details

Account/BARS	Description	2012 Budget
311.10.00.0000	Real and Personal Property Tax	\$465,000
311.30.00.0000	Sale of Tax Title Property	
311.00	Total General Property Tax	\$465,000
312.10.00.0000	Forest Excise Tax/Private Harvest Tax	\$7,000
312.00	Total Timber Harvest Taxes	\$7,000
317.20.00.0000	Leasehold Excise Taxes	\$6,000
317.00	Total Excise Taxes	\$6,000
341.71.00.0000	Sales of Taxable Merchandise	\$5,000
341.70	Total Sales of Merchandise	\$5,000
347.30.10.0000	Activity Fees (Pass Sales)	\$60,000
347.30.10.0010	Activity Fees (General Admissions)	\$62,500
347.60.00.0035	Program Fees (Swim Classes/Instruction)	\$79,000
347.60.00.0045	Program Fees (Exercise Classes)	\$31,000
347.60.10.0040	Program Fees (Camps and Special Events)	\$4,000
347.00	Total Cultural and Recreation	\$236,500
361.90.00.0000	Other Interest Earnings	\$0
361.90	Total Interest and Other Earnings	\$0
362.40.10.0020	Rentals (Short-Term) (One Time)	\$4,250
362.40.20.0000	Equipment and Locker Rentals	\$2,000
362.50.00.0000	Lease of County Land (DNR Other)	\$0
362.50.00.0062	Rentals (Long-Term) (Contracted)	\$31,000
362.00	Total Rents, Leases and Concessions	\$37,250
369.90.00.0000	Misc. Other	\$2,500
369.90	Total Other Misc. Revenue	\$2,500
395.10.00.0030	Sale of Capitol Assets/County Timber	\$23,000
395.10	Disposition of Capitol Assets	\$23,000
397.76.90.0020	Transfer in from other Funds	\$0
397.76	Total Transfer In	\$0
	TOTAL REVENUE	\$782,250

**Indicates BARS Summary Accounts*

Chart 12: 2012 General Fund Revenue by Category Graph



GENERAL FUND EARNED REVENUE

The largest source of revenue for the District will continue to be property tax revenue. The next greatest revenue source is earned revenue. Earned revenue incorporates all the service and program revenues. The average earned revenue for operating a Park District in Washington State in 2010 was 26% of total revenue (see chart 15). The District earned revenue for 2010 was 35% of total revenue. The estimate for 2011 is 35% of total revenue. The 2012 budget is anticipating the earned revenue will be 36% of total revenue. The chart below shows that each year we are continuing to rely less each year on the property tax revenue and more on our earned revenue, which is the revenue received from programs, activities and services.

Chart 13: Yearly Comparison between Property Tax Revenue and Earned Revenue

Earned and Tax Revenue Comparison by Year					
	2009 Actual	2010 Actual	2011 Budget	2011 Est.	2012 Budget
Earned Revenue	\$111,051	\$259,275	\$272,805	\$265,524	\$281,250
Tax Revenue	\$197,818	\$488,020	\$476,700	\$503,971	\$501,000
TOTAL	\$308,869	\$747,295	\$749,505	\$769,495	\$782,250

Chart 14: General Fund Earned Revenue by Year Graph

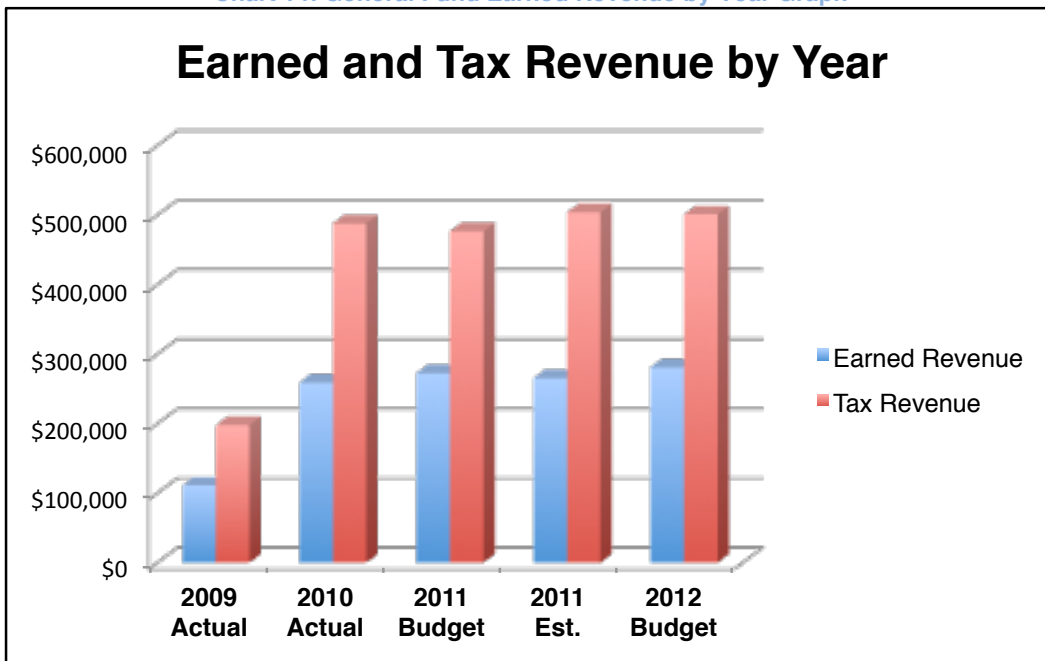
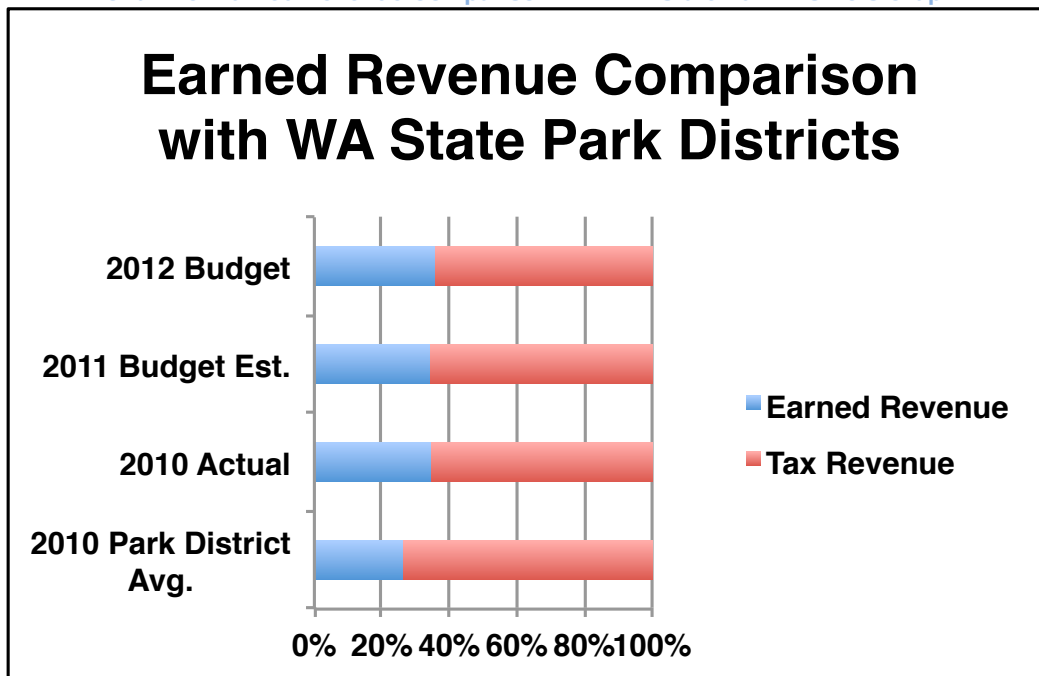


Chart 15: Earned Revenue Comparison with WA State Park Districts Graph



GENERAL FUND REVENUE YEARLY COMPARISON

Chart 16: General Fund Revenue Yearly Comparison by Category

Account/BARS	Description	2009 Actual	2010 Actual	2011 Budget	2011 Est.	2012 Budget	Variance over 2011 Budget
311.10.00.0000	Real and Personal Property Tax	\$0	\$462,231	\$465,000	\$465,901	\$465,000	0%
311.30.00.0000	Sale of Tax Title Property						
311.00	Total General Property Tax	\$0	\$462,231	\$465,000	\$465,901	\$465,000	0%
312.10.00.0000	Forest Excise Tax/Private Harvest Tax		\$20,034	\$7,000	\$7,160	\$7,000	0%
312.00	Total Timber Harvest Taxes	\$0	\$20,034	\$7,000	\$7,160	\$7,000	0%
317.20.00.0000	Leasehold Excise Taxes		\$5,755	\$2,500	\$6,372	\$6,000	140%
317.00	Total Excise Taxes	\$0	\$5,755	\$2,500	\$6,372	\$6,000	140%
341.70.10.0000	Vending Revenue						
341.71.00.0000	Sales of Taxable Merchandise	\$2,192	\$4,856	\$5,000	\$3,862	\$5,000	0%
341.75.00.0000	Sales of Non-taxable Merchandise						
341.70	Total Sales of Merchandise	\$2,192	\$4,856	\$5,000	\$3,862	\$5,000	0%
347.30.10.0000	Activity Fees (Pass Sales)	\$67,851	\$122,793	\$65,650	\$57,575	\$60,000	-9%
347.30.10.0010	Activity Fees (General Admissions)		\$9,545	\$53,500	\$60,314	\$62,500	17%
347.60.00.0035	Program Fees (Swim Classes/Instruction)	\$27,040	\$56,964	\$80,160	\$72,726	\$79,000	-1%
347.60.00.0045	Program Fees (Exercise Classes)	\$335	\$10,754	\$27,420	\$29,537	\$31,000	13%
347.60.10.0040	Program Fees (Camps and Special Events)		\$100	\$4,000	\$1,167	\$4,000	0%
347.00	Total Cultural and Recreation	\$95,226	\$200,156	\$230,730	\$221,319	\$236,500	3%
361.90.00.0000	Other Interest Earnings	\$0	\$0	\$0	\$0	\$0	
361.90	Total Interest and Other Earnings	\$0	\$0	\$0	\$0	\$0	0%
362.40.10.0020	Rentals (Short-Term) (One Time)	\$0	\$863	\$4,000	\$3,817	\$4,250	6%
362.40.20.0000	Equipment and Locker Rentals	\$1,547	\$1,342	\$2,000	\$1,666	\$2,000	0%
362.50.00.0000	Lease of County Land (DNR Other)	\$0	\$18,506	\$75	\$103	\$0	-100%
362.50.00.0062	Rentals (Long-Term) (Contracted)	\$7,271	\$29,790	\$31,000	\$29,491	\$31,000	0%
362.00	Total Rents, Leases and Concessions	\$8,818	\$50,500	\$37,075	\$35,077	\$37,250	0%
367.11.00.0000	Gifts, Pledges, Grants and Bequests	\$4,855	\$0	\$0	\$0	\$0	0%
367.11	Total Contribution and Donations from Private Sources	\$4,855	\$0	\$0	\$0	\$0	0%
369.90.00.0000	Misc. Other	-\$39	\$3,764	\$0	\$5,266	\$2,500	0%
369.90	Total Other Misc. Revenue	-\$39	\$3,764	\$0	\$5,266	\$2,500	
386.00.00.0000	Sales Tax Collected/Agency Deposits	\$0	\$0	\$0	\$0	\$0	0%
386.00	Total Agency Deposits	\$0	\$0	\$0	\$0	\$0	0%
389.00.00.0100	Line of Credit from Clallam County	\$197,818					
389.00	Total Other Non-Revenues	\$197,818	\$0	\$0	\$0	\$0	0%
391.90.00.0000	Local Loan Program Proceeds						
391.90	Total Proceeds of Long Term Debt	\$0	\$0	\$0	\$0	\$0	
395.10.00.0030	Sale of Capitol Assets/County Timber		\$0	\$2,200	\$24,538	\$23,000	945%
395.10	Disposition of Capitol Assets	\$0	\$0	\$2,200	\$24,538	\$23,000	945%
397.76.90.0020	Transfer in from other Funds	\$0	\$0	\$0	\$0	\$0	
397.76	Total Transfer In	\$0	\$0	\$0	\$0	\$0	0%
	TOTAL REVENUE	\$308,869	\$747,295	\$749,505	\$769,495	\$782,250	4%

GENERAL FUND REVENUE ANALYSIS AND ASSUMPTIONS

- The 2012 General Fund Budget projects revenue to increase by 4% from the 2011 budget. This increase is the result of increased earned revenue.
- 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

2012 GENERAL FUND EXPENDITURE

Expenditures in the 2012 General Fund operational budget reflect a decrease of 2% over the 2011 budget due to the current slow economy. The 2012 General Fund non-operational expenditures has an increase of \$270,957 which will to pay down our Clallam County line of Credit of \$142,958 and transfer to the Capital Improvement Fund \$75,000 for capital improvements.

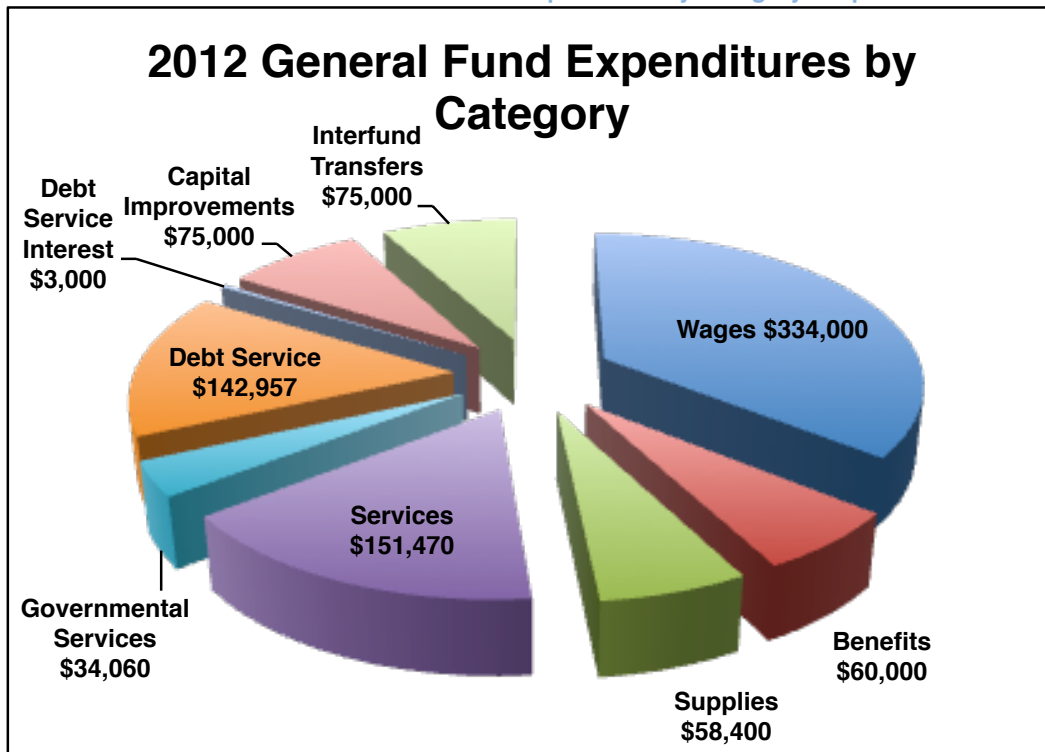
Chart 17: 2012 General Fund Expenditures by Category Details

Account/BARS	Description	2012 Budget	Variance over 2011 Budget
	OPERATIONAL EXPENDITURES		
576.20.10.0020	Wages Lifeguard	\$98,000	3%
576.20.10.0030	Wages Instructor	\$43,000	0%
576.20.10.0040	Wages Head Guard	\$38,500	34%
576.20.10.0050	Wages Supervisors	\$102,500	-13%
576.20.10.0060	Wages Maintenance		
576.20.10.0070	Wages Executive Director	\$45,000	47%
576.20.10.0090	Sick and Vacation Pay	\$2,000	0%
576.20.10.0500	Overtime	\$5,000	0%
576.20.10	Total Salaries and Wages	\$334,000	4%
576.20.20.0020	Benefits	\$60,000	14%
576.20.20.0030	Retirement	\$0	
576.20.20.0032	Cafeteria Plan	\$0	
576.20.20.0040	Unemployment	\$0	
576.20.20.0045	Department of L&I	\$0	
576.20.20	Total Personnel Benefits	\$60,000	14%
	Office Supplies		
576.20.31.0010	Office Supplies	\$7,500	-14%
576.20.31.0012	Printing and Copying Supplies	\$800	0%
576.20.31.0028	Computer Supplies		
	Program Supplies and Equipment		
576.20.31.0300	Exercise Classes	\$1,800	-10%
576.20.31.0310	Swim Classes/Instruction	\$1,800	0%
576.20.31.0320	Camps and Special Events	\$1,500	-17%
	Maintenance and Repairs Supplies		
576.20.31.0026	Uniforms and Clothing	\$2,500	-50%
576.20.31.0030	Pool Chemicals	\$12,500	16%
576.20.31.0035	Cleaning and Janitorial Supplies	\$7,500	0%
576.20.31.0056	Lifeguard Supplies and Equip.	\$4,000	0%
576.20.31.0135	Maintenance Supplies	\$12,500	-31%
	Miscellaneous Supplies		
576.20.34.0035	Supplies Purchased For	\$3,500	-42%

	Inventory/Resale		
576.20.35.0010	Small Tools and Minor Equip.	\$2,500	-75%
576.20.30	Total Supplies	\$58,400	-24%
	Professional Services		
576.20.41.0013	Network/Computer Service	\$1,200	0%
576.20.41.0020	Professional/Transaction Services	\$2,500	-50%
576.20.41.0041	Accounting Services	\$12,600	6%
576.20.41.0071	Legal Services	\$5,000	-21%
	Communications		
576.20.42.0010	Telephone	\$2,800	2%
576.20.42.0020	Postage and Mailing	\$300	0%
576.20.42.0023	Website/Internet	\$720	33%
	Travel		
576.20.43.0010	Travel Conferences/Conventions	\$2,200	10%
576.20.43.0020	Training	\$2,000	-5%
	Travel Misc.		
	Advertising		
576.20.44.0010	Program Advertising	\$1,650	-18%
	Operating Rentals and Leases		
576.20.45.0030	Office Equipment Leases/Rents	\$1,850	-23%
	Insurance		
576.20.46.0030	Liability Insurance	\$3,200	-61%
	Utility		
576.20.47.0090	Electrical	\$95,000	-10%
	Repairs and Maintenance-Contracted		
576.20.48.0010	Building Repairs	\$12,000	50%
576.20.48.0040	Equipment Repairs	\$3,000	-40%
576.20.48.0115	Office Equipment Maintenance	\$350	0%
	Miscellaneous		
576.20.49.0031	Print and Copying Service	\$200	0%
576.20.49.0040	Memberships and Dues	\$1,550	0%
576.20.49.0041	Subscriptions	\$100	0%
576.20.49.0090	Misc. Service	\$3,250	0%
576.20.40	Total Services	\$151,470	-10%
5762.0.50.0066	Board Clerk	\$4,100	1%
576.20.51.0005	State Auditor	\$0	-100%
576.20.51.0010	PA City Maintenance Services	\$29,760	2%
576.20.51.0060	Election Costs	\$0	
576.20.53.0050	External Taxes and Operating Assessments	\$200	0%
576.20.50	Total Intergovernmental Services	\$34,060	-4%
576.20.	OPERATIONAL EXPENSES TOTAL	\$637,930	-3%
	NON-OPERATIONAL EXPENDITURES		
586.00.00.0000	Sales Tax/Agency	\$12,000	
586.00.00	Total Non Expenditures	\$12,000	
591.76.79.0010	Intergovernmental Loans (principle)	\$142,957	
591.76.70	Total Debt Service	\$142,957	
591.76.83.0020	Intergovernmental Loans (interest)	\$3,000	
591.76.80	Total Debt Service Interest	\$3,000	

594.76.62.0000	Building and Structures		
594.76.64.0000	Machinery and Equipment	\$10,000	
594.76.60	Total Capital Outlays	\$10,000	
597.76.90.0020	Transfer Out to Capitol Improvement Fund	\$75,000	
597.76.90.0020	Transfer Out to Special Revenue Fund		
597.76.90	Total Transfers Out	\$75,000	
	TOTAL NON-OPERATIONAL EXPENDITURES	\$242,957	
	TOTAL EXPENDITURES	\$880,887	

Chart 18: 2012 General Fund Expenditure by Category Graph



GENERAL FUND EXPENDITURE YEARLY COMPARISON

Chart 19: General Fund Expenditure Yearly Comparison by Category

Description	2009 Actual	2010 Actual	2011 Budget	2011 Est.	2012 Budget	Variance over 2011 Budget
OPERATIONAL EXPENDITURES						
Wages Lifeguard	\$147,139	\$273,849	\$95,000	\$96,698	\$98,000	3%
Wages Instructor			\$42,950	\$41,240	\$43,000	0%
Wages Head Guard			\$28,830	\$38,245	\$38,500	34%
Wages Supervisors			\$118,060	\$102,316	\$102,500	-13%
Wages Maintenance	\$10,188	\$9,514				
Wages Executive Director			\$30,625	\$38,750	\$45,000	47%
Sick and Vacation Pay			\$2,000	\$1,547	\$2,000	0%
Overtime	\$5,326	\$3,718	\$5,000	\$4,410	\$5,000	0%
Total Salaries and Wages	\$162,653	\$287,080	\$322,465	\$323,206	\$334,000	4%
Benefits	\$21,262	\$32,486	\$52,800	\$55,360	\$60,000	14%
Retirement	\$2,386	\$5,080	\$0	\$0	\$0	
Cafeteria Plan	\$0	\$4,040	\$0	\$0	\$0	
Unemployment	\$8,422	\$8,727	\$0	\$0	\$0	
Department of L&I	\$7,455	\$3,500	\$0	\$0	\$0	
Total Personnel Benefits	\$39,524	\$53,833	\$52,800	\$55,360	\$60,000	14%
Office Supplies						
Office Supplies	\$1,774	\$13,707	\$8,700	\$7,144	\$7,500	-14%
Printing and Copying Supplies	\$181	\$2,364	\$800	\$411	\$800	0%
Computer Supplies	\$0	\$0	\$0			
Program Supplies and Equipment						
Exercise Classes	\$0	\$0	\$2,000	\$2,272	\$1,800	-10%
Swim Classes/Instruction	\$0	\$872	\$1,800	\$779	\$1,800	0%
Camps and Special Events	\$0	\$541	\$1,800	\$1,246	\$1,500	-17%
Maintenance and Repairs Supplies						
Uniforms and Clothing	\$0	\$48	\$5,000	\$4,317	\$2,500	-50%
Pool Chemicals	\$8,583	\$8,913	\$10,800	\$14,607	\$12,500	16%
Cleaning and Janitorial Supplies	\$3,418	\$4,921	\$7,500	\$6,837	\$7,500	0%
Lifeguard Supplies and Equip.	\$0	\$1,194	\$4,000	\$4,099	\$4,000	0%
Maintenance Supplies	\$19,327	\$30,201	\$18,000	\$10,840	\$12,500	-31%
Miscellaneous Supplies						
Supplies Purchased For Inventory/Resale	\$2,845	\$4,665	\$6,000	\$7,124	\$3,500	-42%
Small Tools and Minor Equip.	\$0	\$185	\$10,000	\$2,123	\$2,500	-75%
Total Supplies	\$36,128	\$67,611	\$76,400	\$61,799	\$58,400	-24%
Professional Services						
Network/Computer Service	\$0	\$339	\$1,200	\$1,032	\$1,200	0%
Professional/Transaction Services	\$0	\$0	\$5,000	\$4,659	\$2,500	-50%
Accounting Services	\$2,485	\$7,995	\$11,850	\$11,900	\$12,600	6%
Legal Services	\$4,613	\$14,115	\$6,300	\$5,700	\$5,000	-21%
Communications						
Telephone	\$1,811	\$3,429	\$2,750	\$2,315	\$2,800	2%
Postage and Mailing	\$0	\$76	\$300	\$199	\$300	0%
Website/Internet	\$0	\$0	\$540	\$418	\$720	33%

Description	2009 Actual	2010 Actual	2011 Budget	2011 Est.	2012 Budget	Variance over 2011 Budget
Travel						
Travel Conferences/Conventions	\$0	\$1,452	\$2,000	\$3,677	\$2,200	10%
Training	\$216	\$1,330	\$2,100	\$2,030	\$2,000	-5%
Travel Misc.	\$0	\$95	\$0			
Advertising						
Program Advertising	\$0	\$1,082	\$2,000	\$1,084	\$1,650	-18%
Operating Rentals and Leases						
Office Equipment Leases/Rents	\$0	\$150	\$2,400	\$1,398	\$1,850	-23%
Insurance						
Liability Insurance	\$6,920	\$8,318	\$8,300	\$8,249	\$3,200	-61%
Utility						
Electrical	\$48,647	\$87,573	\$105,000	\$94,558	\$95,000	-10%
Repairs and Maintenance-Contracted						
Building Repairs	\$956	\$4,343	\$8,000	\$11,909	\$12,000	50%
Equipment Repairs	\$0	\$62	\$5,000	\$2,091	\$3,000	-40%
Office Equipment Maintenance	\$0	\$72	\$350	\$361	\$350	0%
Miscellaneous						
Print and Copying Service	\$0	\$0	\$200		\$200	0%
Memberships and Dues	\$0	\$0	\$1,550	\$1,335	\$1,550	0%
Subscriptions	\$0	\$0	\$100		\$100	0%
Misc. Service	\$448	\$2,359	\$3,250	\$3,176	\$3,250	0%
Total Services	\$66,097	\$132,789	\$168,190	\$156,091	\$151,470	-10%
Board Clerk	\$1,980	\$4,368	\$4,040	\$4,032	\$4,100	1%
State Auditor	\$0	\$0	\$1,800		\$0	-100%
PA City Maintenance Services	\$0	\$14,400	\$29,280	\$29,160	\$29,760	2%
Election Costs	\$49,370	\$0	\$0	\$0	\$0	
External Taxes and Operating Assessments	\$0	\$0	\$200	\$163	\$200	0%
Total Intergovernmental Services	\$51,350	\$18,768	\$35,320	\$33,355	\$34,060	-4%
OPERATIONAL EXPENSES TOTAL	\$355,752	\$560,081	\$655,175	\$629,811	\$637,930	-3%
NON-OPERATIONAL EXPENDITURES						
Sales Tax/Agency		\$8,996	\$6,000	\$11,541	\$12,000	
Total Non Expenditures		\$8,996	\$6,000	\$11,541	\$12,000	
Intergovernmental Loans (principle)		\$54,860			\$142,957	
Total Debt Service	\$0	\$54,860	\$0	\$0	\$142,957	
Intergovernmental Loans (interest)		\$2,901	\$3,300	\$3,362	\$3,000	
Total Debt Service Interest	\$0	\$2,901	\$3,300	\$3,362	\$3,000	
Building and Structures						
Machinery and Equipment				\$6,523	\$10,000	
Total Capital Outlays				\$6,523	\$10,000	
Transfer Out to Capitol Improvement Fund					\$75,000	
Transfer Out to Special Revenue Fund						
Total Transfers Out	\$0	\$0	\$0	\$0	\$75,000	
TOTAL NON-OPERATIONAL EXPENDITURES	\$0	\$66,756	\$9,300	\$21,246	\$242,957	
TOTAL EXPENDITURES	\$355,752	\$626,838	\$664,475	\$661,237	\$880,887	

GENERAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

- Executive Director hours were increase from 20 to 30 hours per week.
- 9% increase in the cost of employee benefits
- Program supplies and uniforms have all been updated and will now be on a replacement schedule.
- Maintenance supplies will go down when the new equipment is installed as part of the 2012 Capital Improvement Plan.
- Professional and transaction services increased with the new online registration and POS services as well as our credit card services and fees.
- Training is increased as part of our Strategic Plan to offer more opportunities to get certifications for instructors.
- Decrease of 61% for liability insurance for receiving an excellent risk assessment for the WCIA insurance carrier.
- Equipment repairs will decrease with new equipment being installed.
- Transfers from General Fund to Capital Improvement Fund for debt service on LOCAL capital loan.
- Payment to reduce our line of credit with Clallam County.

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.

2012 CAPITAL IMPROVEMENT FUND REVENUES

The Capital Improvement Fund does not generate any tax revenue. Revenue comes from Fund transfers, loan proceeds and private or corporate donations. The 2012 budget anticipates receiving approximately \$800,000 in LT loan debt proceeds to fund our capital improvement projects for 2012.

Chart 20: 2012 Capital Improvement Fund Revenue

Account/BARS	Description	2012 Budget	%Change from 2011 Budget
REVENUES			
36190.00.0000	Other Interest Earnings		
361.00	Total Interest and Other Earnings*	\$0	N/A
36711.00.0000	Gifts, Pledges, Grants and Bequests		
367.00	Total Contribution and Donations from Private Sources*	\$0	N/A
36990.00.0000	Misc. Other		
369.00	Total Other Misc. Revenue	\$0	N/A
39190.00.0000	Local Loan Proceeds Program	\$800,000	
391.00	Total Proceeds of Long Term Debt*	\$800,000	N/A
39776.90.0020	Transfer in from General Fund	\$75,000	
397.00	Total Transfer In	\$75,000	N/A
	TOTAL REVEUNE	\$875,000	N/A

CAPITAL IMPROVEMENT FUND REVENUE ANALYSIS AND ASSUMPTIONS

- The Capital Fund was established for the 2012 budget year.
- Revenue is from Washington State LOCAL Loan program.
- Transfer from General Fund is for interest and principle loan payment of LOCAL loan.

2012 CAPITAL IMPROVEMENT FUND EXPENDITURES

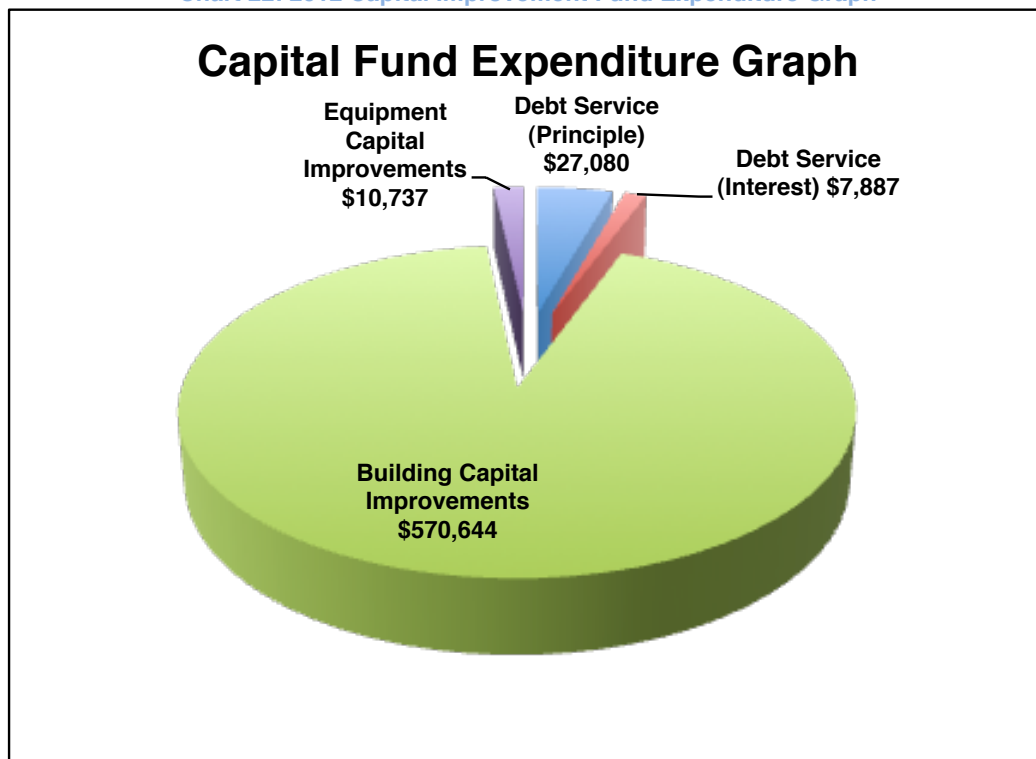
The 2012 Budget for the Capital Improvement Fund expenditures are focused on our capital improvement projects for 2012 and funding the loan and interest payment which funded the projects. The majority of Capital Improvements will be related to the recommendation from our Energy Consumption Audit performed in 2011.

Chart 21: 2012 Capital Fund Expenditures

Account/BARS	Description	2012 Budget	%Change from 2011 Budget
EXPENDITURES			
591.76.79.0010	Intergovernmental Loans (principle)	\$27,080	
591.76.70	Total Debt Service	\$27,080	N/A
591.76.83.0020	Intergovernmental Loans (interest)	\$7,887	
591.76.80	Total Debt Service Interest	\$7,887	N/A
594.76.62.0000	Building and Structures	\$570,644	
594.76.64.0000	Machinery and Equipment	\$10,737	
594.76.60	Total Capital Outlays	\$581,381	N/A
597.76.90.0020	Transfer Out		
597.76	Total Transfers Out	\$0	N/A
	TOTAL EXPENSES	\$616,348	

*See Section 8 for greater detail on Capital Improvement Projects for 2012.

Chart 22: 2012 Capital Improvement Fund Expenditure Graph



CAPITAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

- The Capital Fund was established for 2012 budget year.
- 2012 Capital Budget projects are the result of the 2011 ESCO study.
- Capital Fund Loan expense is for the revenue loan from the Washington State LOCAL loan program.

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 is in the process of developing 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.

2012 CAPITAL IMPROVEMENT PLAN PROJECTS BUDGET

The majority of the 2012 Capital Improvement Plan Budget (Capital Budget) focuses on projects that resulted from the 2011 Energy Services Audit (ESCO Audit) by Quantum Engineering. Each project has an energy savings component and has a payback period of less than 10 years. Some of the projects will receive rebates from Bonneville Power through City of Port Angeles Utilities Department.

Chart 23: 2012 Capital Improvement Projects

Project Description	Program	Project Cost	Energy Rebate	Adjusted Cost	Rebate % of Cost	Simple Payback
Air gap Sealing	ESCO	\$9,675	\$6,773	\$2,902	70.01%	1.36
Natatorium HVAC and Dehumidification System Replacement	ESCO	\$353,634	\$80,271	\$273,363	22.70%	14.11
Locker Room HVAC Replacement (2)	ESCO	\$69,850	\$11,800	\$58,050	16.89%	24.87
Supplemental Pool Water Heat Pump	ESCO	\$172,955	\$63,463	\$109,492	36.69%	8.91
Supplemental DHW Heat Pump	ESCO	\$38,000	\$16,163	\$21,837	42.53%	7.00
Pool Piping Replacement	Public Works	\$100,000	\$0	\$100,000	0.00%	N/A
Electrical Service Upgrade to 3 phase/480v	Public Works	\$5,000	\$0	\$5,000	0.00%	N/A
Locker Room ADA Update	Public Works	N/A	N/A	N/A		N/A
Building Improvements Total		\$749,114	\$178,470	\$570,644	23.82%	
Pool Filter Replacement	Public Works	N/A	N/A	N/A		
UV System Installation	Public Works	N/A	N/A	N/A		
System Control Unit	Public Works	N/A	N/A	N/A		
Facility Lighting Replacement	ESCO	\$8,000	\$2,500	\$5,500	31.25%	6.50
Water Fixture Replacement	ESCO	\$12,857	\$9,000	\$3,857	70.00%	0.43
VFD for Main Pool Pump	ESCO	\$4,600	\$3,220	\$1,380	70.00%	0.91
Equipment Improvements Total		\$25,457	\$14,720	\$10,737	57.82%	
CAPITAL IMPROVEMENT TOTAL		\$774,571	\$193,190	\$581,381	24.94%	

2012 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 68% of the General Fund revenue budget. Most of the 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 2012 budgeted tax rate is estimated at \$0.149. 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.

2012 LEVY

The levy rate is a product of the amount of the total taxes assessed and property values. Under I-747 each entity is allowed to raise the total property tax collected by a maximum of 1% per year. Once the entity establishes whether to take the rate 1% or below then the County applies the total assessment to the total property values within the entity which then results in a levy rate per \$1,000 of assessed value.

The District Board has decided to not take the 1% property tax increase as allowed by law for 2012, as allowed under Initiative 747. As a result of the falling property values the District Boards desire to remain under the \$0.15 per \$1,000 of assessed value the District has reduced the amount it receives from the 2012 by \$10,300.

The District Board has continued to have the District citizen's best interest in mind during the budget process concerning regular property taxes. The District has elected *not* to exercise their option under Initiative 747 allowing for a 1% increase in property tax levy since the District was established. The table below provides a history of levy rates.

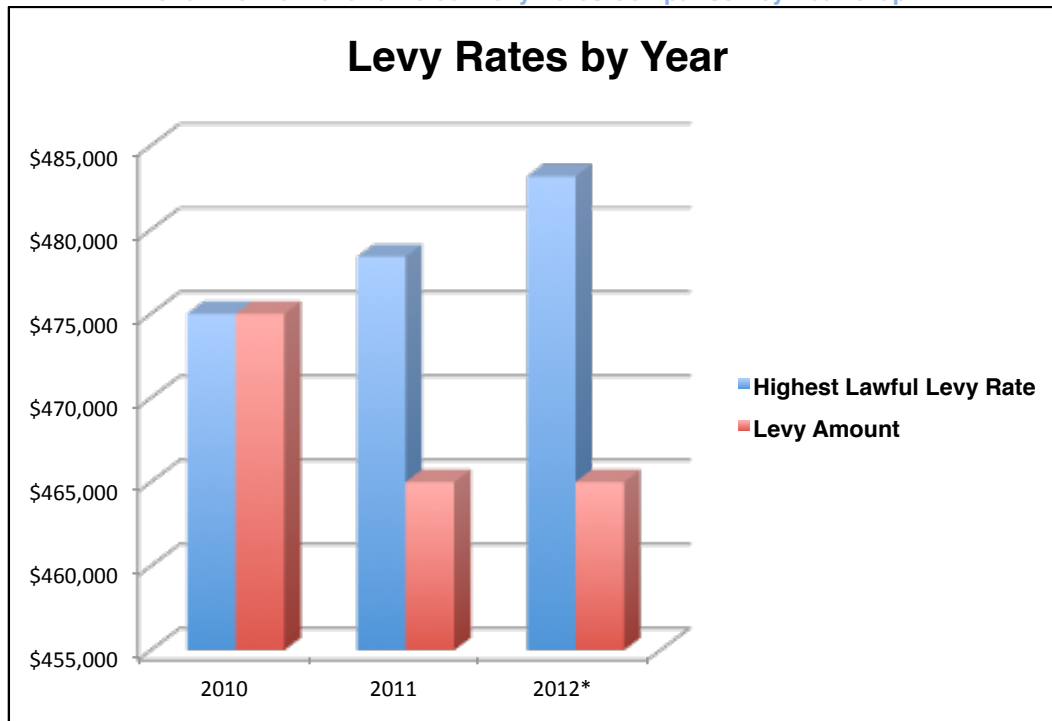
DISTRICT HISTORICAL PROPERTY VALUES AND LEVY RATES

Chart 24: Property Values and Levy Rates by Year

	Assessed Property Value	Highest Lawful Levy Rate	Levy Amount	A/V per \$1,000
2010	\$3,198,254,744	\$475,000	\$475,000	\$0.1485
2011	\$3,125,867,763	\$478,392	\$465,000	\$0.1488
2012*	\$2,913,690,996	\$483,176	\$465,000	\$0.1596

*New construction has not been added to the 2012 Assessed Value as of this report.

Chart 25: Lawful and Actual Levy Rates Comparison by Year Graph



*2012 New construction has not been added to levy rate calculation

Other Taxing Revenue

The District also receives tax revenue from timber harvest taxes and excise taxes and proceeds from the sale of county timber.

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 Operating 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 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 2012 capital budget incorporates these recommendations into its 2012 Capital Improvement Plan

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.

The District's Capital Improvement Plan for 2012 requires the District to borrow \$800,000 to provide the necessary financing. This will be done through the State of Washington's LOCAL program.

Chart 26: Debt Limits and Available Capacity

Debt Limit and Available Capacity						
Type of Debt	2012 District Valuation	Statutory Debt Limit	Existing Debt	2012 Capital Projects	Total Debt Outstanding	Available Capacity
Non-Voter Approved (.25%)	\$3,125,867,763	\$7,814,669	\$142,958	\$774,581	\$917,539	\$6,897,130
Voter Approved (2.5%)	\$3,125,867,763	\$78,146,694	\$0	\$0	\$0	\$78,146,694

Chart 27: Debt payoff of principle and interest by Year for \$800,000

Capital Improvement Loan Payoff Schedule			
Year	Interest	Principle	Balance
2012	\$7,887	\$27,080	\$772,919
2013	\$14,955	\$54,979	\$717,940
2014	\$13,845	\$56,089	\$661,850
2015	\$12,713	\$57,221	\$604,629
2016	\$11,559	\$58,375	\$546,253
2017	\$10,380	\$59,554	\$486,698
2018	\$9,178	\$60,756	\$425,941
2019	\$7,951	\$61,938	\$363,958
2020	\$6,701	\$63,233	\$300,725
2021	\$5,424	\$64,510	\$236,214
2022	\$4,122	\$65,812	\$170,401
2023	\$2,793	\$67,141	\$103,260
2024	\$1,439	\$68,495	\$34,765
2025	\$202	\$34,765	\$0
Total	\$109,149	\$799,948	

Section 11: Personnel

The District Budget for 2012, 52% 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 following is a list of each classification and details:

Chart 28: 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
Assist. Supervisor	F/T Hourly	Yes	No	No	Yes
Supervisor	FT Salary	No	Yes	Yes	Yes
Executive Director	PT Salary	No	Yes	Yes	Yes

The District budget calls for 13 Full Time Equivalent (FTE) positions for 2012, which is at the same level for 2011 FTE's. The chart below describes how the allocations are distributed. Head Lifeguard coverage is done with both the Supervisors and Assistant Supervisors and then filled in with Head Lifeguards, as follows:

Chart 29: Shift Hours Covered by Position

Position	Hrs. Required	Covered by Supervisors	Covered by Ass. Supervisor.	Covered by Head Lifeguard	Covered by Instructor	Covered by Lifeguard
Lifeguard	183	0	5	N/A	N/A	178
Instructor	141	5	13	N/A	123	N/A
Head Lifeguard	106	58	18	30	N/A	N/A
TOTAL HRS	430	63	36	30	123	178

Chart 30: Weekly Labor Cost Compared to Earned Revenue by Personnel Category Yearly Comparison

Position	2009 FTE's	2010 FTE's	2011 Current FTE's	2012 FTE's
Lifeguard	2.5	2.8	3.0	3.0
Instructors	2.6	2.4	3.8	3.8
Head Lifeguard	2.5	6.3	1.3	1.3
Assistant Supervisor	0	0	2	2
Maintenance Super.	0	0	0	0
Supervisor	2	0	2	2
Executive Director/Manager	1	1	.7	.7
Weekly Labor Cost	\$6,245	\$7,298	\$6,310	\$6,769
Weekly Earned Revenue	\$3,558	\$4,230	\$5,638	\$5,638
TOTAL FTE's	11	12.4	12.8	12.8

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.

GAAFR: 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 Special Revenue 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.