

UPPER VALLEY PARK AND RECREATION SERVICE AREA 2017-2018 BUDGET

UVPRSA BOARD BUDGET TRANSMITTAL & PLANNING DOCUMENT



Leavenworth Hopkins Memorial Pool

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**UPPER VALLEY PARK AND RECREATION SERVICE AREA
BOARD**

BOARD CHAIR CAROLYN WILSON

VICE CHAIR KEITH GOEHNER

SECRETARY ELIZABETH THOMSON

MIA BRETZ

CINDY PUCKETT

DOUG CLARKE

SECTION 1: BOARD CHAIR AND ADMINISTRATOR'S BUDGET MESSAGE

Honorable Upper Valley Park and Recreation Service Area Board and Citizens of Leavenworth
City of Leavenworth, Washington

Submitted herein is the 2017 Upper Valley Park and Recreation Service Area (PRSA) annual operating Budget. This annual budget is submitted consistent with RCW 36.68.530. The enclosed financial data has been reviewed by both the PRSA Board and City of Leavenworth staff toward final adoption of the 2017 annual budget by Resolution to be held at the November 16, 2016 PRSA Board meeting. In addition to representing the legal authority to expend public funds, this document describes the 2017 budget process and resulting transfers of the districts funds to the City of Leavenworth for authorized use in support of the operation of the Leavenworth City Pool.

READER'S GUIDE TO THE BUDGET / Explanation of the Budget Document

The PRSA was established by voter approval at the November 4, 1997 General Election and the PRSA Board was formed in April 1998. Through the creation of an Interlocal Agreement, as authorized under RCW Chapter 39.34 Interlocal Cooperation Act, the Board established membership to include one County Commissioner, two Leavenworth City Council Members, and one representative each from the Cascade School District #228, the Peshastin Community Council and the Chumstick Community Council. The budget document incorporates the PRSA Board's priorities that are annually incorporated in the Board's Resolutions for passage of a budget to assist in operating the Leavenworth City Pool.

Budget Preparation Timeline

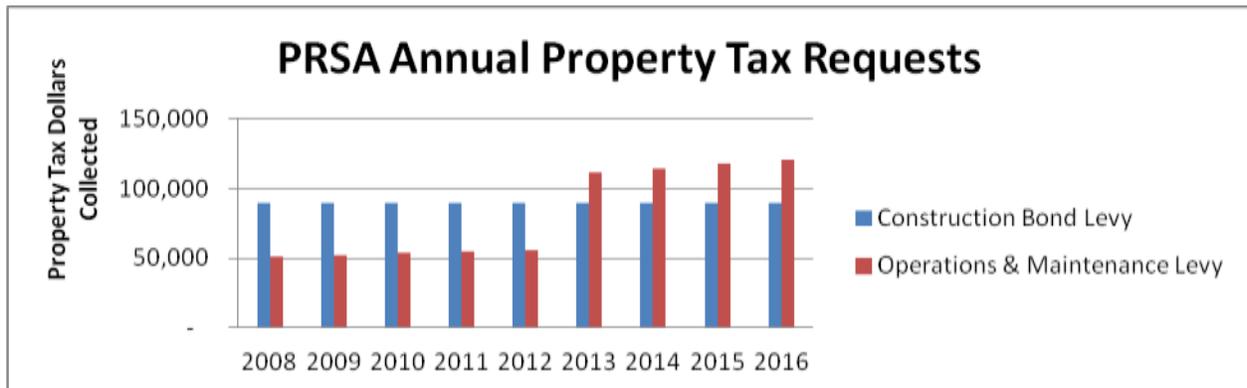
The Board's budget is prepared with the input of the Chair, Board members, and city staff based on on-going reviews of the pool's budget. The 2017 budget development process incorporates quarterly meeting discussions of the pool's annual priority needs and future capital improvements. Due to the limited time that the Board meets, the budget is compiled by city staff and distributed for Board consideration prior to the annual meeting in November of each year. The Board is tasked with adopting the annual operational budget and any bond levy resolutions necessary to request property taxes through the Chelan County Assessor's Office by no later than November 30 of each year.

Key Budget Issues: Revenue, Initiatives and Expenditure Sources

The PRSA's revenue is compiled of property, excise and timber taxes of which a portion is then transferred to the City of Leavenworth for the operation of the Leavenworth City Pool. Continuous investment for improvements and maintenance of the pool has been challenging in recent years as there previously has not been a plan in place to reserve funds for major capital maintenance needs. The pool, which was constructed between 2000 and 2002, is currently 14 years old and will need a significant funding source by 2018 to resurface the interior of the pool. At this time staff has researched the upcoming capital cost to be about \$125,000. The 2017 budget year will not address the capital needs; however, a small funding reserve is slowly being accumulated for month to month cash flow purposes that began in 2013 with an increase in the annual operation and maintenance levy that was approved by voters in 2012. This cash reserve is maintained with the City of Leavenworth Pool Budget. In 2017 the Board will need to look at revenue options, including but not limited to, a new construction bond option for 2018 to assist in covering the cost of the resurface project.

The PRSA's budget relies solely on taxes, included within the PRSA's budget is property tax funding for the original construction bond of \$986,000, which will mature on December 1, 2020 and an annual operation and maintenance (O&M) levy that must be renewed at least every six years. The operation and maintenance levy collections are captured within the General Fund while the bond collections are captured in a separate Bond Fund. The 2017 budget is currently in the 5th year of the six year O&M levy; the Board will need to prepare a new levy request in 2018 for the 2019 calendar year.

The City of Leavenworth, who owns and operates the Leavenworth Pool, charges additional user fees for season and daily passes, which generates approximately \$90,000 to assist in offsetting the Pool's estimated annual \$210,000 operating budget. Of the taxes collected by the PRSA, approximately \$120,000 is transferred to the City of Leavenworth and the remaining \$89,000 is collected towards the payoff of the Construction Bond Levy. Below is a chart of the PRSA's annual property tax requests for the Construction Bond and Maintenance and Operations Levies:



Acknowledgments

We would like to express our sincere appreciation to the PRSA Board and city staff for their effort, dedication and diligence in developing a budget that reflects the expectations of the Board and citizens of the Upper Valley Park and Recreation Service Area. We also want to express our gratitude to the residents within the Service Area and the citizens of Leavenworth for their support of the operations and maintenance tax levy and in providing the City with the tools to accomplish the maintenance and improvements necessary to operate the City Pool.

We would also like to thank the Leavenworth City Council for their interest and support in planning and conducting the financial operations of the City Pool in a responsible and progressive manner.

Sincerely,

Carolyn Wilson
Board Chair

Joel Walinski
City Administrator



SECTION 2: POLICIES, ORDINANCES AND RESOLUTIONS

The Policies, Ordinances and Resolutions section reviews the Board's accounting and budgeting procedures. This section includes the budget creation process which explains the steps involved in the preparation and administration of the budget that reflects the final adoption by resolution for the 2017 Operating Budget.

BUDGET CREATION AND PLANNING

This operating budget represents the Upper Valley Park and Recreation Service Area's comprehensive financial and operational plan for 2017. The primary intent of this document is to answer two basic questions: Where do the District's funds come from? And how will those funds be used?

In addition to providing the obvious financial planning and legal authority to obligate public funds, the annual budget provides significant policy direction by the Service Area Board to the City of Leavenworth Staff and the Community. As a result, the Service Area Board, Staff, and public are all involved in the process of budget development.

Since the PRSA only has one source of revenue, property taxes, it is simplistic from a budget perspective in that only one revenue source is necessary for the budget. Due to the varied nature of projects and funding packages that the City of Leavenworth needs to operate the pool, funds generated by the District will be directly transferred to the City for project specific expenditures. This process allows for the District to be less restricted in budget development and annual reporting requirements with only one general fund being identified. In addition to the General Fund, a separate Bond Fund was established to receive property taxes and make the annual debt service payments for the construction of the pool that are completed by the Chelan County Treasurer's Office.



SECTION 3: Board Roles and Protocol

Board Roles

The Board Chair and the Board Members have previously discussed their respective roles and expectations in order to reach an understood protocol for conducting Board business. The Board operates similar to a Mayor/City Council form of government.

The role of the Board Members is to adopt policies for the District, while the Chair's role is to administer and execute those policies. This accurate yet simplistic distinction, however, can create both confusion and antagonism. Although the Chair does not specifically set policy, it is certainly appropriate for the chief executive to introduce policy options and recommendations, which comprises part of the leadership role of the Chair.

Under the 'separation of powers doctrine', the Chair and Board Members exercise certain defined powers that are free from unreasonable interference by the other. As the chief executive and administrative officer of the Board, the Chair is responsible for carrying out the policies set by the Board and seeing that local laws are enforced. Additionally, the Chair and his/her administrative staff run the day to day operations of the Service Area.

It is also the role of the Chair or Chair's designee, in this case it includes the Leavenworth City Staff, to prepare meeting agendas, preside over meetings, report to the Board on matters involving Administration, and to propose policy initiatives or changes. While agenda preparation is left to the City Staff, the agenda content is based on both Staff and Board Members input.

In addition to setting policy, the Board Members have final authority over budgeting and contracting. The Board may, however, delegate purchasing authority to the Chair and Staff.

Parliamentary Procedure

Additional clarification is presented regarding parliamentary procedure. Upon considering an agenda item, the Chair will entertain a motion and a second of that motion from the Board to approve an agenda item in order to open Board discussion of an issue.

In the event that a staff presentation and/or public hearing are required for the agenda item, the presentation and/or hearing will take place prior to any Board discussion. Board Member questions of staff will take place during the staff presentation, which will be followed by the public hearing, if required.

The Chair, upon completion of the staff presentation and/or public hearing, will then entertain the motions from the Board, as described above, in order to begin discussion of the issue. Board Members may 'call for the question' to bring forth a vote on the issue, but that 'call for the question' itself may require a vote to end Board discussion on the item of business.



SECTION 4: Revenues and Expenditures

GENERAL FUND

The PRSA's General Fund is used to account for the revenues and expenditures that provide general government services. Revenues for the General Fund come solely from taxes that are collected by the Chelan County Treasurer and issued to the PRSA Board when requested. In order to minimize reporting requirements and ease of distribution of revenues, the Service Area Board only adopts one operating expenditure line that will transfer funds to the City of Leavenworth's Pool Fund. The Board Members will annually evaluate the City Pool's revenues and expenditures to determine the amount of funds to be transferred each year. In compliance with budgeting and annual reporting requirements, the budget includes a one-year look back on actuals with the current year showing budget versus actual year to date totals and the future year's biennial budget estimates.

General Fund Revenues – Fund 001

Description	2015 Actual	2016 Budget	2016 Actual thru 6/30/2016	2017 Budget Estimate	2018 Budget Estimate
Beginning Fund Balance	\$ 1,133	\$ 1,245	\$ 1,245	\$ 1,580	\$ 1,915
<u>Taxes</u>					
Property Taxes	\$118,191	\$118,228	\$ 66,960	\$120,000	\$121,200
Leasehold Taxes	\$ 34	\$ 35	\$ 19	\$ 35	\$ 35
Timber Excise Taxes	\$ 337	\$ 300	\$ 71	\$ 300	\$ 300
Total Revenues:	\$119,695	\$119,808	\$ 68,295	\$121,915	\$123,450

General Fund Expenditures

Description	2015 Actual	2016 Budget	2016 Actual thru 6/30/2016	2017 Budget Estimate	2018 Budget Estimate
Transfer to City of Leavenworth.	\$118,450	\$118,228	\$ 67,000	\$120,000	\$121,200
Total Expenditures:	\$118,450	\$118,228	\$ 67,000	\$120,000	\$121,200
General Fund Balance:	\$ 1,245	\$ 1,580	\$ 1,295	\$ 1,915	\$ 2,250

BOND FUND

The PRSA's Bond Fund is used to account for the revenues and expenditures that provide for the debt service payments for the original construction of the Pool. The current debt schedule identifies December 1, 2020 as the maturity date for final payment of the bond. The Board in the past several years has been maintaining the annual request of \$89,000 in tax collections to build up the ending fund balance with the expectation of having the debt payments available one year earlier than required. By doing this the Board will be able to reduce the property tax collections by nearly half in the 2019 Budget as there will be dollars available to cover a majority of the final debt payments that are due in 2019 and 2020. Staff will annually evaluate the progress of this schedule to ensure excess collections are not requested which would require a refund process to the tax payers. A small carryover of bond funds is acceptable and can be transferred to the General Fund in the final year of debt payments.

Bond Fund Revenues – Fund 110

Description	2015 Actual	2016 Budget	2016 Actual thru 6/30/2016	2017 Budget Estimate	2018 Budget Estimate
Beginning Fund Balance	\$ 70,392	\$ 81,696	\$ 81,696	\$ 89,233	\$103,695
<u>Taxes</u>					
Property Taxes	\$ 89,558	\$ 89,000	\$ 49,344	\$ 89,000	\$ 89,000
Leasehold Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Timber Excise Taxes	\$ 262	\$ 250	\$ 226	\$ 250	\$ 250
Total Revenues:	\$160,212	\$170,946	\$131,266	\$178,483	\$192,945

Bond Fund Expenditures

Description	2015 Actual	2016 Budget	2016 Actual thru 6/30/2016	2017 Budget Estimate	2018 Budget Estimate
Bond Processing Fee	\$ 479	\$ 300	\$ 0	\$ 300	\$ 300
Bond Debt Principle	\$ 65,000	\$ 70,000	\$ 0	\$ 65,000	\$ 70,000
Bond Debt Interest	\$ 13,037	\$ 11,413	\$ 5,706	\$ 9,488	\$ 7,538
Total Expenditures:	\$ 78,516	\$ 81,713	\$ 5,706	\$ 74,788	\$ 77,838
Bond Fund Balance:	\$ 81,696	\$ 89,233	\$125,560	\$103,695	\$115,107