

Meeting Minutes

March 10, 2011

Orcas Island Park and Recreation District Commission
Special Meeting, Thursday, March 10, 2011
Orcas Island Fire District Station #1, Eastsound
6:30 P.M. - 8:30 P.M.

I. CALL TO ORDER (6:20)

Martha Farish, Chairman

Roll call:

Seat 1: Vicki Vandermay - present
Seat 2: Bob Eagan - present
Seat 3: Martha Farish - present
Seat 4: Jim Bredouw - present
Seat 5: Ian Lister - present

Greeting and Announcements

II. OLD BUSINESS (6:22)

Accounting Committee: Accounting with SJC and State
Accounting with County/State, costs, options, limitations, and regulations.
Lead: Bob

Motion: That the SJC Auditor handle our accounting (as suggested)

- Cmsr. Eagan, 2nd Cmsr. Lister
- Deliberations: *none*
- Vote: unanimously aye

Motion: To alter the agenda and conduct Public Comment now in order to spare those waiting to speak a lengthy meeting

- Cmsr. Bredouw, 2nd Cmsr. Vandermay
- Deliberations: *none*
- Vote: unanimously aye

III. PUBLIC COMMENT (6:30)

Jeff McKay, Dan Christopherson, presented a plan to rediscover and utilize the historic route to Mt. Constitution from Eastsound. Discussed a NOVA grant for funding non-road projects. They are pursuing this further

Wrestling Coaches discussed their need for a space to roll out mats for the new wrestling program currently housed at Camp Orkila until late spring.

IV. OLD BUSINESS (7:15)

- Accounting Committee: Accounting Setup
Establish banking and Quick Books accounting protocols and procedures for OIPRD. Determine legal reporting requirements.
Lead: Martha
- Budget and Loan Committee: OIPRD bank borrowing FAQ (7:30)
Loan options from lending institutions.
Lead: Jim with Bob Phalan

Discussion: *The executive director position, possibly an interim setup director.*
Discussion: *Draft stop-gap, interim budget*

More Public Comment (8:30): Thomas Leonard spoke about the state of the Skate Board Park, and discussed a specific settling problem on the south end.

- Accounting Committee: Financial Oversight Policies
Board policies governing finances are needed prior to entering into binding agreements with other parties.
Lead: Martha

Motion: Authorize Commissioner Farish to gather and edit as many separate Park and Rec Board policies as possible, on Budget, Debt, Finances and Revenue, and distribute both originals and "edited for OIPRD applicability" samples for OIPRD Commissioner's preview prior to April 14 Regular Meeting. (as advised in the committee report)

- Cmsr. Farish, 2nd Cmsr. Bredouw
- Deliberations: *none*
- Vote: unanimously aye

- Accounting Committee: Budget Oversight Committee (8:45)
Slate of nominees for Budget Oversight Committee
Lead: Martha

Motion: To authorize Commissioner Farish to recruit , by April 10, five or more participants from the Nominee List to serve on the OIPRD Financial Oversight Committee as proposed.

- Cmsr. Farish, 2nd Cmsr. Eagan
- Deliberations: *none*
- Vote: unanimously aye

V. NEW BUSINESS

VI. ADJOURNMENT (8:30)

Motion: To adjourn

- Cmsr. Bredouw, 2nd Cmsr. Farish
- Deliberations: *none*
- Vote: unanimously aye

Addenda:

Accounting with SJC and State
Accounting Setup
OIPRD bank borrowing FAQ
Financial Oversight Policies
Budget Oversight Committee

SPECIAL

Regular Public Meeting minutes for March 10, 2011

Approved by motion on this 18th day of MAY, 2011

Signed and attested this 12th day of July, 2011


Ian Lister, Commissioner #6,
Secretary


Martha Farish, Commissioner #3,
Chair

Committee Report: Accounting with County/State
Submitted: 3/10/2011
Lead Commissioner: Bob Eagan

San Juan County vs. Our Own Accounting

- It was found that due to our size SJC must process checks and warrants
- Estimating two employees and various checks per year (120 count) minimum cost from County service = \$200/year (envelopes, stamps, paper, etc.)
- Have County do all of it = \$750/year. This price would include set up of organization to make us a legal function entity. (See Attached)
- Managing our own QuickBooks will allow the Director to develop reports to San Juan County for their processing and issue all check and warrants. It will also allow for better reporting directly to the Commission, constituents, and all interested parties.

Motion: San Juan County manage our accounting and set up with State and Federal agencies.

Motion: Have OIPRD manage QuickBooks.

Committee Report: Proposed OIPRD Accounting Set-up Procedure

Date: 3/10/2011

Lead Commissioner: Martha Farish

Sequence and set-up:

- OIPRD computer
- Accounting software agreed upon and purchased (approximately \$250)
- Professional software set-up and customization (approximately \$1200)
- Treasurer appointed
- Bookkeeper recruited
- CPA recruited and tied into set-up between OIPRD and County
- Financial Oversight Committee selected
- Coordination with County: auditing, registration, warrants, banking, reporting etc.
- OPIRD Commissioners Financial Boot Camp session
- Set Board Policy on Financials: Roles, authority, checks and balances, borrowing, reporting, etc.

Next Steps: Continue investigation to make sure coordination exists between software accounting choices, the County and Bob's report on the legal set-up requirements and Ian's report on on-line registration technology and payments.

Fundraise or otherwise check out "deal" opportunities for software and professional services.

Motion: *No motion at this time.*

RESPONSIBILITIES OF ORCAS REC AND SAN JUAN COUNTY IN FULL-SERVICE ACCOUNTING SCENARIO

Orcas Rec District		San Juan County	
		San Juan County will apply on behalf of the District.	
Register you for a Federal EIN.			
Help you set up accounts with Department of Revenue, Department of Labor & Industries, Employment Security Department, & Department of Retirement Systems		SJC will set up accounts with state payroll agencies.	
		SJC reviews for proper format and enters it into the Accounting system	
Help you set up a budget.	District sets the budget	SJC would train District on how to prepare a governmental budget	
	District submits weekly list of payments, property approved & coded, on spreadsheet provided by SJC.	SJC enters payments into financial management system, expensing by specific expenditure line items.	
Track your expenditures by line item.		SJC generates and mails warrants and sends District listing of warrants and expenditure report	
		SJC would train District on WA State expenditure coding requirements	
		SJC sends District monthly expenditure reports, more frequently if requested.	
Issue budget reports to you on request.		Treasurer sends monthly revenue and cash reports.	
Issue 1099s to your vendors at the end of the year.	District responsible for obtaining form W9 from vendors and forwarding to County	SJC maintains vendor lists and issues 1099s at the end of the year.	
	District has responsibility for collecting W-4s and sending to SJC. As the employer, District must maintain copies of timesheets and payroll reports.	SJC maintains copies of W-4s submitted by District, and maintains all payroll history.	
Maintain W-4's and other employment records.	District contacts providers & sets up plans.	SJC verifies & complies with reporting requirements.	
Assist you with setting up third-party benefit plans.	District provides the hours worked and any other pertinent information on a spreadsheet provided by SJC	SJC prepares payroll checks and mails or direct deposits them. Checks can be mailed to District or to employee. Direct deposit is strongly recommended.	
Prepare payroll.		SJC sends District monthly payroll activity report	
Track and remit payroll liabilities.	District has the responsibility to update SJC on employee adds, removals, and changes.	SJC generates monthly or quarterly remittances as required.	
		If Orcas Rec uses volunteers, L&I must be paid for them, too. We can assist you with reporting requirements.	
		SJC prepares & submits Federal & State reports, including Form 941, L&I, & ESD.	
Prepare & submit quarterly payroll reports.		SJC prepares W-2s and mails them to the employees.	
Issue W-2s to your employees at the end of the year.	Copies provided to District at the end of the year.		

Committee Report: Bank Loan Committee

Submitted: 3/10/2011

Lead Commissioner: Jim Bredouw

Role of Bank Loan Committee: To determine the costs and options available from a lending facility for potential borrowing premature to actual levy funding

Next Steps: Determine if premature funding is desirable and, if so, to determine both the amount and dates of loan requests as well as initiate further research and documentation with both the SJC Treasurer and a Bonding Attorney to be determined.

Motion: *No motion at this time.*

FACTS ABOUT BORROWING OIPRD LEVY MONEY

Who: Ron Olsen, Cashmere Valley Bank / work: 866-252-2265; cel: 425-269-5420

How much: Up to \$200k @ 3% interest. No real estate collateral nor personal guarantees are necessary, no points are charged and interest is only charged on the amount borrowed.

Q. What are the costs associated other than interest?

A. There is a nominal .3% issuance fee (e.g. \$300 for a \$100k loan). Additionally, we must pay an independent "Bond Attorney" his or her fee to do research and issue their independent approval, as Cashmere won't loan levy money without having one.

Q. What does the Bond Attorney do and are there other administrative hoops?

A. The Bond Attorney checks with our Country Treasurer to document and confirm the anticipated levy amount, anticipated payout dates, to make sure it actually passed, etc. It sounds like a fairly standard process but we don't yet know the cost for such a process. There are apparently three primary Levy Bond attorneys in WA: *K & L Gates* and *Foster Pepper* both of Seattle and *Koegen Edwards* of Spokane. The entire borrowing and bonding process must be coordinated via our Country Treasurer, who may have also a recommendation for a Bond Attorney. (Ron mentioned that Foster Pepper generally handles more of the smaller levies like ours than the others).

Q. What are some of the conditions of the loan?

A. Any loan money must be paid back fully within 13 months of initial borrowing and/or within 6 months of the close of the current fiscal period, whichever comes first. So, assuming a calendar accounting year, this would mean any money borrowed this year would need to be fully repaid by June 30, 2012 (unless we borrowed before May 30 of this year, then the 13-month clause would override).

This makes an interesting condition, insofar as any thoughts of borrowing one large amount this year and paying it back a little bit at a time over the life of this levy are moot. For example, were we to borrow, say, \$124k this year, we would need to take our entire levy income for the 1st half of 2012 and repay this loan, leaving us nothing for the 1st half of 2012.

At the same time, by the policy they currently observe, we would be allowed to payback the loan and immediately reapply for a new one, so long as we then repay that new one back within 13 months as per above, and so on. That is, if we are modest in our 2011 loan request, pay back all of it next June, then re-borrow decreasingly modest amounts year after year using the same technique until we no longer need to borrow money, it seems likely that we could make it work, if that is the commission's desire.

While modest, it should be noted that a new issuance loan fee would also be generated each time we pay off and re-borrow, as it is technically a new loan. Additionally, this presupposes that Cashmere Bank doesn't change its policy of making available these levy loans over the next few years.

One possible recommendation: If the OIPRD Commissioners believe it is in the best long term interests of the community to have some minimal funding available this year, it might consider borrowing, for example, let's say **\$84k** this May 1, 2011 (see the breakout and assumptions on the following page, which is of course fully alterable), repay it fully on June 1, 2012 (leaving an estimated \$40k in levy revenue for the 1st half of 2012), then re-borrow, e.g., **\$60k** right away (then giving us \$100k to work with), then repeating the same procedure with, say, **\$40k** in 2013, **\$20k** in 2014 then finally repaying all of it back by 2015, two years before the end of the levy life. While creating a couple of hundred dollars in re-issuance fees each year, this would seem to be one workable solution to having no funded district for another 14 months.

DRAFT OF ONE POSSIBLE 2011 STOPGAP BUDGET

Half time Director starting June 1 (no health ins.):	\$33,000
OIPRD Insurances:	\$6,000
Legal/bank/acct. (incl. bonding attorney/issuance fee):	\$5,000
Office/utilities starting June 1:	\$8,000
Cursory Buck Park refurb:	\$20,000
Office equip/letterhead/signage/supplies:	\$10,000
Misc.	<u>\$2,000</u>
2011 TOTAL	\$84,000

This particular scenario would assume the following until mid-2012:

- Neither Nov/Feb. ballot fees would be repaid initially;
- Essential programs would remain unfunded;
- Programs that don't substantially pay for themselves would be excluded for now;
- Programs that are included would continue to need to generate their own volunteers/donations, etc.
- A half-time Director would be doing a potpourri of oddjobs, that will be made up of a partial combination of the eventual Director's/Asst. Dir.'s Asst. final job descriptions.
 - Some thought should probably be given as to whether OIPRD sees this person as evolving in 2012 into the full-time Director or perhaps the part time Asst. Director or possibly regard this job as only a temporary one which may be replaced altogether when full funding

becomes available.

- Scholarships would not be available to low income families;
- Until mid-2012, OIPRD would essentially provide only:
 - Insurance
 - Central coordination with both a physical office, phone and web presence
 - A part time Director only, to coordinate and/or facilitate a minimal upgrade and maintenance of Buck Park's fields, various programs and their times of operation, the rental and/or negotiation of their facilities, the creation of a bi-annual island-wide mailer and, to some degree, the coordination and recruiting of volunteers.

Committee Report: Financial Protocols and Procedures for OIPRD

3/10/2011

Lead Commissioner: Martha Farish

Board policies governing finances are needed prior to entering into binding agreements with other parties.

Becomes the legal foundation for operational and administrative decisions.

Policy defined as any principle or course of action governing aims to be achieved by the District, which has been officially approved by the Board.

Policies guide decision-making and ensure prudent management of the District according to OIPRD mission.

OIPRD finance policies needing immediate attention would include:

- **Debt policy**, if short-term borrowing is to be sought.
- **Operating standards** that ensure budget preparation, obligations and controls comply with Federal, State and County legal and reporting requirements.

Action item: Requests were made to Vashon and Bainbridge Parks and Rec Districts for PDF files of Board Policies. Bainbridge's received; Vashon not yet received. Island Rec meeting scheduled for March 16.

Attached examples of Bainbridge Parks and Rec Board policies for OIPRD Commissioner review are:

- **Budget Process (Operational) (Finance)** for the purpose of defining budget preparation responsibility and providing guidelines and procedures for expenditure control.
- **Debt Policy (Operational) (Finance)**
- **Financial and Revenue Policy (Operational) (Finance)** for the purpose of providing a framework of operating standards that ensure compliance with federal, state and county reporting requirements.

Other areas related to financing and budget but outside the scope of my report are:

- **Fees and Charges:** to establish fee structure and guidelines for recovery of program and facility costs. *Status: Bainbridge policy given to Jim/Vicki.*
- **Grant Applications:** To determine process for seeking grants that will increase District services to island residents while lessening the financial burden on them. *Status: Retained by Martha to inform grant process with United States Tennis Association.*
- **Intergovernmental Cooperation:** to establish OIPRD's commitment to working cooperatively with other local government agencies. *Status: Bainbridge example given to Vicki.*

Motion: *Authorize Commissioner Farish to gather and edit as many separate Park and Rec Board policies as possible, on Budget, Debt, Finances and Revenue, and distribute both originals and*

"edited for OIPRD applicability" samples for OIPRD Commissioner's preview prior to April 14 Regular Meeting.

Committee Report: Proposed OIPRD Financial Oversight Committee
Submitted: 3/10/2011
Lead Commissioner: Martha Farish

Role of Financial Oversight Committee: To provide oversight and direction to the OIPRD commissioners as they consider financial opportunities and responsibilities related to prudent and wise financial management of the start-up phase of the OIPRD.

Skills Required:

- Management level experience in a successful business or a non-profit.
- Familiarity with business and/or non-profit accounting and financial reporting
- Working knowledge of realities of today's financial marketplace and how it could affect successful money management within a small organization.

Financial Oversight Committee to consist of:

- Five or more members
- Commenting or meeting one time per month, either in person with OIPRD Commissioners, or electronically, or in written format, in order to
- Review and provide comments on OIPRD financial documents, budgets and proposals related to appropriate financial management of OIPRD over the first three years of start-up operations.

Nominees:

Bob Lundeen, retired CEO Dow Chemical
Joe Cohen, Principal HoyleCohen Wealth Management, Endow Orcas originator
Janet Brownell, school board. OIEF, Four Winds Development Dir.
Helen Bee PhD, retired educator, OPAL and Indralaya boards
Joe Gaydos PhD, SeaDoc, parent
Perry Pugh, business owner, OICF Board
Lisa Byers, non-profit executive director, OPAL
Kate Janeway, lawyer and business owner, non-profit governance
Jonathon White, business owner, White Construction, (child home school), SJPTrust
David Sarver, retired physician, Orcas Medical Center Foundation ex- board chair.
Norm Zimlich, Orcas Medical Foundation current Board Chair
Hilary Canty-Exec. Dir. Community Foundation, parent
Adina Cunningham, Lawyer private practice, Acting City Attorney Friday Harbor, parent.

Motion: *To authorize Commissioner Farish to recruit, by April 10, five or more participants from the Nominee List to serve on the OIPRD Financial Oversight Committee as proposed.*

*Programming FY1
Board Policy*

Policy Name: Fees and Charges
Section: 3000 Operational: 3100 Administrative
Policy Number: 0003

Purpose: To establish fee structure for recovery of program and facility costs.

Reference: None applicable

Policy:

The Park District has an obligation to provide the broadest range possible of organized recreation opportunities for the citizens of Bainbridge Island. The District's annual tax collection determines the amount of taxpayer support that is available for programs and facilities. Charging fees is a way to increase that availability by supplementing taxpayer resources. This policy is intended to establish a fee structure for balancing the availability of recreation programs and facilities with their affordability. In addition, it takes into account that recreation programs exist in a voluntary market where customers make choices based on price and available options.

Cost Recovery for Programs

A. **Cost Categories:** The District's cost recovery program is divided into three categories:

1. **Direct Program Cost:**
The incremental cost of implementing a particular class or program. Includes instructor wage, materials and supplies, and any other incremental expenses incurred by the District to conduct the individual class or program.
2. **Direct Program Overhead:**
Includes hourly cost of facility space used, incremental staff time required to administer a specific program such as special marketing, extra coordination and scheduling, special registration protocols, etc.
3. **General Overhead:**
A share of costs incurred by the District at large to make the program available. Includes District administration, maintenance of facility, utilities, insurance, registration, printing, advertising, fee waivers/discounts, etc.

B. **Cost Recovery Standards:** Fees for recreation activities are recommended to the Recreation Services Director by the Recreation Department Managers each programming period prior to advertising them in the District's program brochure. A comparison of existing/recommended fees with the Cost Recovery Standards below will guide decisions to adjust fees.

1. Youth Programs, classes, activities and camps should each generate enough revenue to offset 100% of their Direct Program Cost and 50-115% of their Direct Program Overhead.
2. Youth Sports Teams should generate revenue to cover 100% of their Direct Program Cost and 100% of the Direct Program Overhead associated with administering the team. Additionally, an amount equal to 15% of their total Direct Program Costs should be generated to put towards the General Overhead costs.
3. Adult Programs and activities should return 100% of their Direct Program Costs, 100% of their Direct Program Overhead, and a minimum of 15% of their Direct Program Cost to put towards the General Overhead.

4. Special Programs are those activities or programs that are deemed by the District to be of general benefit to the public interest such as special concerts, special needs programs, or holiday events. These programs may generate little or no income and are not subject to normal pricing policies.
- C. Waivers of Fees and Charges: The reduction or waiver of fees for recreation activities, exclusive use permits, or facility rentals is within the public interest. It reduces barriers to participation, optimizes utilization, and generates revenue for existing facilities. The following fee reductions are available:
1. Fee Waivers for Low Income families are available for all classes conducted by Park District staff and for admission to the swimming pool. Where financially feasible, certain programs offered by the District but conducted by outside contractors will be made available for low income fee waivers or discounts. Assessment of eligibility will be performed by Helpline House.
 2. Senior/Disabled Low Income Discount of program fees for activities managed by Park District Staff and for admission to the swimming pool will be available at a rate of 50% of the published fee for senior and disabled Bainbridge Island residents with an annual household income of less than \$30,000. Senior citizens must be 61 years of age or older and disabilities must be documented. Eligibility for this program must be demonstrated by the participant annually. Self assessment forms and signed affidavits will be kept on file by office staff. The annual household income required is subject to change upon review by the Executive Director.
 3. Employee Discounts: See Personnel Policy.
- D. Non-Resident Fee Surcharges will be paid by non-residents for participation in District programs and activities that are subsidized by Bainbridge Island property taxes. The surcharge will apply to all members of a household who do not reside on Bainbridge Island during their participation in a program or activity. The fee(s) will be set and reviewed periodically by the Executive Director.

Cost Recovery for Facilities

Fees for use of District facilities and other assets will be set by the appropriate Park or Recreation Services Director during the budget process each fall for the upcoming year. Whenever possible, prices will be set to recover 100% of the established hourly cost for providing the asset and for all incremental costs incurred by the District including staffing, maintenance, and utilities. Exclusive use of any part of a field, picnic area, or facility, that is owned or managed by the Park District and available for public use should have a published fee.

Recognized "Friends of Parks" and associations may at the discretion of the Executive Director have fees reduced or waived in exchange for work or contributions they have made to the facility or field they use.

No subletting of District facilities is allowed.

Commercial use of facilities is not allowed without due consideration. Commercial users are required to provide proof of insurance and will furnish a certificate naming the District as an additional insured.

Miscellaneous Fees and Reimbursements

Use of District equipment, vehicles, or services by the public or outside agencies may involve a fee to reimburse the District for incremental costs incurred as a result of that use. A "market rate" fee should be charged for commercial use or for any individual seeking monetary gain through use of a public asset.

For fees related to public record requests, see Public Record Requests Policy.

For rental fees related to caretakers in parks, see Caretaker Policy.

Policy Name: Grant Applications
Section: 3000 Operational: 3100 Administrative
Policy Number: 0000

Purpose: To determine the process and means of prioritizing the District's involvement in seeking grants that will increase District services to island residents without imposing additional financial burden on them.

Reference: None applicable

Policy:

The pursuit of governmental and private grants is recognized to be of vital importance to the Park District. Such grants serve to reduce the direct financial burden on the island's residents, and facilitate the acquisition and development of park land and facilities that might otherwise not be possible.

The District will only solicit grants when it is felt that the grant or grants will serve a specific need and will be in the best interest of the District. No grant requiring a funding match of \$5000 or more will be initiated or pursued without Board approval and action specifying the funding match source that will subsequently be reflected in a revised budget.

Upon Board approval, the Executive Director and District staff will pursue the necessary grant application steps in order to secure such grants, and will keep the Board of Commissioners apprised of the progress made.

The criteria to be used when determining whether or not to pursue a grant is as follows:

- Project must appear in the Park District's current Capital Improvement Plan or be included in an updated version.
- Program grants must relate to the Park District's mission statement and relate directly to program activities under the supervision of a division director.
- Projects that require a funding match of over \$5000 must receive Board approval prior to submittal.
- Grants that require the submitting organization to have specific 501c(3) status must have an existing partnership agreement approved by the Board for the project or program element prior to the grant submittal.

Approved grants will be reflected in the appropriate District budget as a line item for prospective revenue.

It should be noted that nothing will bind the District's future actions in relation to a proposed grant source should funding match or project/program viability be determined unfeasible.

The Park District reserves the right to charge a fee for services wherever deemed appropriate.

Policy Name: Risk Management
Section: 3000 Operational: 3100 Administrative
Policy Number: 0000

Purpose: To uphold the Park District's responsibility to protect its employees, assets, and the users of Park facilities and programs by ensuring risk management will play an integral part in decision making at both a strategic and operational level.

Reference: None applicable

Policy:

Hazard Identification Program

Park District employees are responsible for identifying and reporting hazards to the head of the department that is responsible for correcting them. The Park District's compact size and limited number of employees creates a unique situation in which hazards can immediately be reported directly to the responsible department head and corrected in a time-frame appropriate to their severity. Additionally, employees are responsible to help with reducing the occurrences of personal injury and property damage by assisting in creating a safe and healthy environment in which to live and work.

Insurance Coverage

Property Insurance: The Park District will maintain property insurance covering all buildings and equipment owned and operated by the District. Coverage should include direct physical loss, theft, vandalism, and accidental occurrences such as fire, wind, earthquake, flood, etc.

Bond Coverage: The Park District will maintain a scheduled Public Official's Bond and a License and Permit Bond for all individuals that are required by law to be individually bonded. The bond is intended to cover fraudulent or dishonest acts, including faithful performances of duties.

Commercial General Liability and Automobile Liability: Will be maintained to cover the general and auto liability of the District for those occurrences for which the District is legally liable. This includes Employment Practice Liability and Public Officials Errors & Omissions.

Umbrella Liability: Provides excess coverage over scheduled underlying: Commercial General Liability, Automobile Liability, Employer's Liability (subject to underlying limits) and subject to exclusions.

Contractual Liability

The Executive Director shall be responsible for determining indemnity requirements for contractors engaged in public works, user groups of Park District properties, and other service providers.

Transfer of Risk

Wherever practical, the Park District should endeavor to transfer the District's risk of loss to others through insurance requirements, liability waivers, and indemnification agreements.

Liability waivers should be included as part of the registration process for participants of District sponsored programs wherever practical.

To transfer responsibility for injuries or deaths caused by the acts of independent contractors and other parties over whom the Park District has little control, an indemnification agreement should be required of each contractor. In addition, the contractor will certify to the Park District that it has adequate Commercial General Liability coverage including Products Completed Operations, and contractual liability insurance and satisfactory

Workers' Compensation and/or employer's liability Insurance. The Contractor may be required to name the District as an additional insured. The most common instances involving the need of these insurance coverages and agreements will occur in vendor and service contracts and in contracts with contractors for the construction, alteration, or demolition of property.

Insurance requirements for those using Park District facilities or contracting services should be designed to minimize the District's additional exposure to risk for the event or service and be appropriate to the level of risk involved.

Hazard Level Classifications:

Certificates of Insurance naming Bainbridge Island Metropolitan Park & Recreation District as "Additional Insured" must be on file for Level 2 & 3 activities.

Level 1 Hazard:

Requires no additional Insurance

Includes but is not limited to art shows, awards banquets, meetings, art classes, instructional classes (class room), photo classes, picnics and family gatherings, etc.

Level 2 Hazard:

Requires \$1 million/occurrence, \$2 million aggregate

Includes but is not limited to dog shows, food concessions, music events open to public, meetings (outdoor), social gatherings (outdoors), tours (non-water, non-active), music camps, cultural camps, nature walks, cooking classes-(active), company picnics, large family reunions and weddings over 100 people, organization/team parties, etc.

Level 3 Hazard:

Requires \$2 million/occurrence, \$4 million aggregate

Includes but is not limited to active sports programs, any on/in-the-water activities, exercise classes, active sports events, dance classes, yoga classes, therapy-massage, exercise, physical, hikes, active tours, active camps, martial arts, fitness programs, running/biking events; and horse shows.

Policy Name: Debt Policy
Section: 3000 Operational: 3300 Finance
Policy Number: 0000

Purpose: To identify the Park District's debt policies.

Reference: None applicable

Annual debt payments (non-voted debt) shall not exceed 10% of annual expenditures of the Park District. The Park District shall only use long term debt for capital projects that cannot be financed out of current revenue. Debt financing shall generally be limited to one time capital improvement projects or purchases and under the following circumstances:

- The project's useful life will exceed the term of financing
- The projects revenue or specific resource will be sufficient to service the debt
- When the Board finds the project will benefit the citizens of Bainbridge Island

Debt Financing is not appropriate for funding current operations and maintenance expenses. Short term debt is permissible for this purpose.

Short Term Debt will be retired at year end when possible. Any outstanding at year end will not exceed 5% of net operating revenue.

Policy Name: Financial and Revenue Policy
Section: 3000 Operational: 3300 Finance
Policy Number: 0000

Purpose: To provide a framework of operating standards and ensure compliance with federal, state, and local legal and reporting requirements

Reference: None applicable

Policy:

The Park District is committed to the highest standards of responsible financial management. The District including the Commissioners, Executive Director and staff will work together to ensure that all financial matters of the District are addressed with care, integrity, and in the best interest of the District

1. General Fund Balance

- To maintain the District's credit rating and meet seasonal cash flow shortfalls, the budget shall provide for an anticipated undesignated fund balance between 5% and 8% of estimated annual revenues for the District's General Fund. The fund balance shall be exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies.
- Should the fund balance fall below 5% of revenues a plan for expenditure reductions and/or revenue increases shall be submitted to the Park Board of Commissioners by the Executive Director.
- Generally, the fund balance levels are dictated by:
 - ✓ Cash flow requirements to support operating expenses;
 - ✓ Relative rate stability from year to year for enterprise funds
 - ✓ Susceptibility to emergency or unanticipated expenditure
 - ✓ Credit worthiness and capacity to support debt service requirements
 - ✓ Legal or regulatory requirements affecting revenues, disbursements and fund balances; and
 - ✓ Reliability of outside revenues

2. Contingency

If the General Fund balance is below 10% of estimated annual revenues, the General Fund shall maintain a contingency in the amount of 2% of estimated annual operating revenues to help maintain services during short periods of economic decline and to meet emergency conditions. The Board may suspend this requirement by resolution.

3. Commissioner Reserves

In addition to the Fund Balance and Contingency the General Fund may provide for funds equivalent to 1% of estimated annual revenues. These funds can be part of the budget process or be paid from excess reserves. These Commissioner Reserves are established to provide for non-recurring community requests. These reserves shall be suspended during times of significant economic downturn especially if the General Fund balance falls below 5%.

4. Executive Director Discretionary Reserve

Each year the general fund budget will provide for \$25,000 of funds for the Executive Director to use for unplanned and necessary expenses. Unspent funds at year end will expire.

5. Balanced Budgets

The District will maintain a balanced budget. Spending in any financial period must not exceed the total of current revenues plus any carryover from prior years. Use of reserve funds will be shown in the final budget as a reduction of the ending fund balance and will be noted in the resolution adopting the final budget.

6. Financial reports

Financial reports comparing actual revenue and expenses to budgeted revenue and expenses will be prepared monthly by the Finance Manager, and regular updates will be provided to the Board.

7. Transfers

To the maximum extent possible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific projects or services. Unexpended funds will revert back to the General Fund balance, unless the Board approves otherwise.

For short term cash deficits in non General Funds during the course of a year, short term loans are preferred to advances, except in cases where the receiving fund is legally precluded from paying interest on loans or where loan transactions would be to numerous and/or costly to be effective.

Transfers will be reconciled with expenditures in the year end closing process.

Where it is necessary to make advances of General Funds to another fund, this action shall be board approved and:

- Not contrary to applicable Federal and State Law
- All excess cash balances shall be invested for the benefit of the General Fund (investment income will be credited to the General Fund)
- The General Fund will be repaid as soon as practical

8. Audit

The District will be audited by the Washington State Auditor's office every two years unless circumstances require an annual audit.