



William Shore Memorial Pool District



2015 Annual Budget

Prepared By:

Steven D. Burke
Executive Director

Christi Wojnowski
Aquatics Manager

Charlie McClain
District Accountant

Tammy Sullenger
District Clerk

William Shore Memorial Pool District
Finance Committee and Citizens Advisory Committee

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Section 1: Budget Message

INTRODUCTION

I am pleased to present for your consideration the proposed 2015 William Shore Memorial Pool District budget for the fiscal year beginning January 1, 2015 and ending December 31, 2015. The District budget serves three primary purposes: formation of public policy, control of spending and written financial plan. It is a documented means of providing financial accountability to the public as the District aims to maintain high quality service levels at the lowest possible cost while addressing the goals in the Strategic Plan. The District's budget is in compliance with the provisions of the Washington State Revised Code (RCW) and District Policy. All required hearings have been held or are scheduled with the appropriate notice provided.

DIRECTOR'S COMMENTS

Budgeting is not an exclusive process, as other planning efforts such as strategic planning and capital improvement planning help drive budget development. Therefore, the Board and staff review these other processes during our budget development process. The budget represents our fiscal priorities for the upcoming twelve months of operation based on our Strategic and Capital Improvement Plans, which move the District closer to achieving its mission and vision. Approval of the annual budget is one of the most important responsibilities of the Board due to its comprehensive nature, including outlining the range of services offered, prioritizing the allocation of government resources and the time invested by both the Board and staff in future planning.

By following the Government Finance Officers' Association's (GFOA) best practices for budgeting and making significant changes to the 2012 budget format and revisions to subsequent budgets, the District received the Distinguished Budget Presentation Award from 2012 to 2014. In the proposed 2015 Budget, staff continues to implement the recommendations of GFOA budget reviewers to provide a greater understanding of the District's financial condition and the long-range implications of the proposed budget. The staffs' goal is to enhance decision-making and accountability by providing an even clearer picture of the District's revenues and expenditures.

We continue to live in uncertain times, with challenges confronting us on many levels. While moving in a positive direction, our national economy is doing so sporadically. Long-term declines in home values have lowered the equalized assessed value of property and, as a result, tax revenue. The uncertainty of the Patient Protection and Affordable Care Act has left every organization in a state of flux. So what does all this mean for the District? We must position ourselves to be financially resilient to face these economic realities. All of these challenges will continue to impact the District in the near future.

I am pleased to report that even in this economic down turn and stagnation in property values, the District continues to see yearly double digit increases in non-tax revenue. As a result of this non-tax revenue growth, the District is in a healthy financial condition and has been able to build reserves for capital improvements, equipment replacement sinking fund and one year of Bond and loan payments in reserves. By building these reserves and maximizing resources, we can still address the Board's strategic priorities, complete annual capital projects and repairs required to maintain a top tier Aquatic Center and provide the services and programs that the community expects from the District.

SIGNIFICANT BUDGET ISSUES, TRENDS AND IMPACTS

This section provides a discussion of the key factors that guided the development of the 2015 Budget.

NATIONAL AND LOCAL ECONOMIC INDICATORS

In order to preserve the financial health of the District, staff continually monitors economic trends to understand their impact on budget development and future financial strategies. Reports from a variety of

sources provide staff with forecasts based on leading economic indicators such as employment, housing, financial markets and consumer confidence.

Whereas 2013 was a year in which the national economy was described by some economists as being “stuck in the muck,” in the past year, the economy has started to move in the right direction, but in fits and starts rather than in a sustained upward manner. Leading economic indicators are all over the chart, with findings at both ends of the spectrum. For example, unemployment is down, but job creation has slowed and the number of people who have stopped looking for work has increased; home sales and construction are up, but there is a relatively high inventory combined with low prices; the stock market is setting record highs but median household income is lower than it was before the recession started in 2007 and even as far back to 2005.

According to the Labor Department, most indexes including fuel, food, energy, medical care, vehicles and household furnishings mirrored the national economy while showing slight increases. These trends continue to exemplify an economy that, while growing, is rising at a very slow rate, resulting in shaky consumer confidence and reduced discretionary spending.

RESERVE FUNDS

Since these economic trends are the “new normal,” the District must continue to budget conservatively and have appropriate reserves to maintain existing assets and ensure future fiscal agility as outlined in the

Board’s Financial Policy approved in 2011. Based on this policy, the District had built in restricted funds of \$175,000 into the 2015 budget. These restricted funds will sustain reserves at fiscally responsible levels to:

- Meet emergency operating needs;
- Establish an equipment replacement reserve;
- Establish a one year reserve of bond and loan payments

ASSESSED PROPERTY VALUES

According to the Clallam County Assessor’s Office, property assessed values have finally found the bottom and remain close to last years values. The overall assessed value drop was 26% since 2009. The District may not see a return to 2009 property value levels for 4-6 more years. With this in mind, the 2015 budget recommends a 1% increase (est. \$5,000) to the tax levy, estimated at \$480,000. This modest increase of \$5,000 is still \$45,000 less than what was authorized (\$525,000) when the District was established in 2009.

BOND AND LOANS

In 2014, The District received a utility rebate from the City of Port Angeles in the amount of \$230,000. This was the result of a reduction of over 45% in our electrical consumption. This rebate and reserve funds were used to clear all outstanding draws (\$257,808) taken from our line of credit with Clallam County. The line of credit was established when the district was formed in 2009 to cover operational expenses until levy proceeds were received.

The District has a General Obligation Bond and two Washington State LOCAL Loans which requires a 2015 payment of \$154,330 for principle and interest. In the 2015 budget, we have allocated one year of loan and bond payments in reserves to ensure greater financial stability in these uncertain economic times.

STABILIZED OPERATING EXPENSES

As a result of our capital improvement investments over the last two years the annual operating expense budget has stabilize and should remain consistent for the next 3-5 years with the exception of annual inflation adjustments.

NON-TAX REVENUE

Our annual earned revenue budget is still growing by over 10% each year. The District is close to reaching its maximum revenue potential, which is limited by the size of the current facility. As a result, the double-digit revenue increases each year are not sustainable with our current facility and will stabilize around \$340,000 per year.

CAPITAL IMPROVEMENTS

The Capital Improvement Plan projects will continue to be modest in the 2015 budget. This is a result of long-range expansion plans that started in 2014 and will continue on 2015. In order to not duplicate projects we have decided to limit capital spending to areas not associated with future expansion.

FIVE-YEAR FINANCIAL FORECAST

Part of the budget development process is looking at the five-year financial forecast that projects the District's financial condition for the next five years. Along with the Capital Improvement Plan, the Long-range Budget Plan ensures that the District has the resources necessary to implement long-range goals and meet community needs as articulated in the Strategic Plan. Using this forecast, the Board can assess the long-term financial implications of current and proposed policies, programs, personnel, capital projects and debt, and decide on a course of action to achieve District priorities. More specifically, the long-range forecasting of revenues and expenditures achieves the following:

- Provides an understanding of available funding;
- Evaluates financial risk;
- Assesses the level at which services can be sustained;
- Assesses the level at which capital investment can be made;
- Identifies future commitments and resource demands; and
- Identifies the key variables that cause changes in revenue levels.

The District's perpetual focus to identify efficiencies coupled with continuous improvement has been the key to its success, particularly during the last several years of economic challenge. Additionally, sound financial practices, a continued competitive bidding climate and the pursuit of alternative revenue opportunities have kept the District in a financially healthy state.

METHODOLOGY:

Hybrid forecasting combines knowledge-based forecasting (knowledge-based forecasting consists of using the forecaster's own knowledge and feel for the situation, rather than data and statistics, as the basis for the forecast) with a quantitative method of forecasting. Hybrid forecasting methods are very common in practice and can deliver superior results. While complex techniques may get more accurate answers in particular cases, simpler hybrid techniques tend to perform just as well or better on average. The extrapolation of historical revenue and expenditure data to predict future trends was used for initial projections but qualitative knowledge based measures were added to smooth trending and create greater accuracy.

Chart 1: Five Year Revenue and Expenditure Forecast including starting and ending balances

	2014 Projected	2015 Budgeted	2016	2017	2018	2019	2020
Total Beginning Bal	\$288,296	\$262,992	\$301,736	\$350,580	\$410,184	\$481,243	\$564,487
Total Revenue	\$1,094,608	\$893,750	\$929,500	\$966,680	\$1,005,347	\$1,045,561	\$1,087,384
Total Expenditures	\$1,109,434	\$855,006	\$880,656	\$907,076	\$934,288	\$962,317	\$991,186
Total Ending Balance	\$273,470	\$301,736	\$350,580	\$410,184	\$481,243	\$564,487	\$660,685
Total Surplus	-\$14,826	\$38,744	\$48,844	\$59,604	\$71,059	\$83,244	\$96,197

Chart 2: Five-Year Debt Service Forecast

	2014 Projected	2015 Budgeted	2016	2017	2018	2019	2020
Total Payment	\$122,906	\$154,331	\$128,256	\$164,929	\$157,909	\$148,010	\$155,698
Principle Payment	\$77,950	\$112,369	\$89,660	\$130,566	\$128,832	\$124,051	\$137,057
Interest Payment	\$44,955	\$41,962	\$38,595	\$34,363	\$29,077	\$23,959	\$18,641
Remaining Balance	\$1,091,659	\$979,290	\$889,630	\$759,064	\$630,232	\$506,182	\$369,125

SUMMARY AND CONCLUSIONS:

The forecast shows the District in a healthy financial condition over the next five years. The forecast shows:

- Budget surpluses in the operating budgets for 2015 through 2020
- The Park District will have to add some additional expenditure to deal with the District's growth.
- The possibility of paying off the outstanding bond obligations early in 2019 rather than 2024.

The validity of the projections for the later years of the forecast must be considered, as the uncertainty of the forecast increases significantly with the length of the period predicted. The environment that affects the District's financial situation changes continually and several factors might influence the situation.

The tax revenue capacity available over the next five years is in excess of \$45,000 from the voter approved \$535,000

This five-year financial forecast is a work in progress, as it must be regularly monitored and updated yearly to reflect changing economic conditions and organizational priorities.

FIVE-YEAR FORECAST ASSUMPTIONS:

The following assumptions were made to prepare the revenue projections.

- Assessed Property Values: AV's will continue to stagnate and not grow beyond 1-2% per year.
- Levy Amounts: The District levy amount will rise 1% per year.
- No donations, gifts or grants were included in revenue projections
- Program Growth: increase of 2% per year of program growth was used. Historical trends show double digit growth the last five year but the facility is reaching maximum capacity.
- No increases were used for program fees, memberships and daily uses
- Merchandise Sales growth was set at a 2% growth rate
- No investment revenue was used on excess fund balances
- No new debt was anticipated in the next five years

The following assumptions were made to prepare the expenditure projections;

- Salaries and Wages: Wage increases are 3.0% across all positions;
- Supplies and Services: a 3% increase was used. Because of the energy improvements to the facility a trend analysis is not an accurate measurement. A trend of expenditures will be used in subsequent budget reports;
- Capital expenditures will be limited to \$25,000 per year unless surplus funds are identified.

Future assumptions will be evaluated based on economic trends over a specific time period to ensure that the Five-Year Forecast remains relevant and realistic.

BUDGET SUMMARY

To remain economically stable, the District's long-term budget plan and the 2015 budget continue the Board's past philosophy and policy of positioning the District financially so that it can carefully move forward toward our vision and meet our strategic initiatives.

The 2015 total District budget is \$893,750 in revenue and \$855,006 in expenditures. The following is a breakdown by Fund:

Chart 3: 2015 Summary of Budget by Fund

Fund	Beginning Balance	2015 Revenue	2015 Expenditures	Ending Balance
General Fund (001)	\$250,587	\$843,750	\$831,006	\$263,331
Capital Improvement Fund (301)	\$12,405	\$50,000	\$24,000	\$38,405
Total	\$262,992	\$893,750	\$855,006	\$301,736

This proposed spending plan reflects a disciplined operating philosophy and a responsible maintenance strategy for our facility. Capital Improvement revenue of \$50,000 is a transfer of funds from the General Fund to cover the 2015 capital improvement projects and the annual payment for the equipment replacement reserve.

The 2015 Budget highlights are:

- \$5,000 increase in tax revenue
- \$24,000 in capital improvement projects
- Establishment of a one year bond payment reserve (\$150,000)
- Establishment of a equipment replacement reserve (\$25,000 annually)
- Continuation of our capital loan debt service which totals \$154,330 annually
- An additional un-restricted balance of \$126,736 at end of 2015

The District will continue the 2015 budget cycle with 3 salaried employees and 30 part time hourly employees, which calculate to a total of 13 Full Time Equivalents (FTE's)

UPDATED STRATEGIC PLAN

During 2014, we updated our Strategic Plan (2015-2020). The first Strategic Plan (2010-2013) was designed to get the District up and running with all the needed repairs and capital improvements finished. We accomplished all of the planned goals by the end of 2013. Our new Strategic Plan will have four strategic initiatives:

- ***Exceeding Customer Expectations***
- ***Long Term Financial Stability***
- ***Operational Excellence and Safety***
- ***Team Development***

These initiatives are broken down into 13 goals and 32 action tasks. Each goal and action task will have measured outcomes to evaluate our performance in achieving the outcomes desired. I will be reporting to the Board of Commissioners on a quarterly basis on the progress with each Initiative.

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, Managers 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 recommend approval of this 2015 Budget.

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: Agency Profile

DISTRICT OFFICES

225 E. 5th St.
Port Angeles, WA 98362

BOARD OF COMMISSIONERS

Mike Chapman
President

Brad Collins
Vice President

Mike Doherty
Commissioner

Anna Minildi
Commissioner

Cherie Kidd
Commissioner

CITIZEN ADVISORY COMMITTEE

Linda Fairchild
Chairperson

Michael Jakubcin

Mary Doherty

Greg Shields

Todd Clayton

Bill Roberds

Eric Wade

STAFF

Steven Burke
Executive Director

Christi Wojnowski
Aquatics Manager

Charlie McClain
District Accountant

Craig Miller
District Attorney

Leah Gould
Assistant Aquatics Manager

MISSION, VISION AND CORE VALUES

DISTRICT MISSION STATEMENT

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

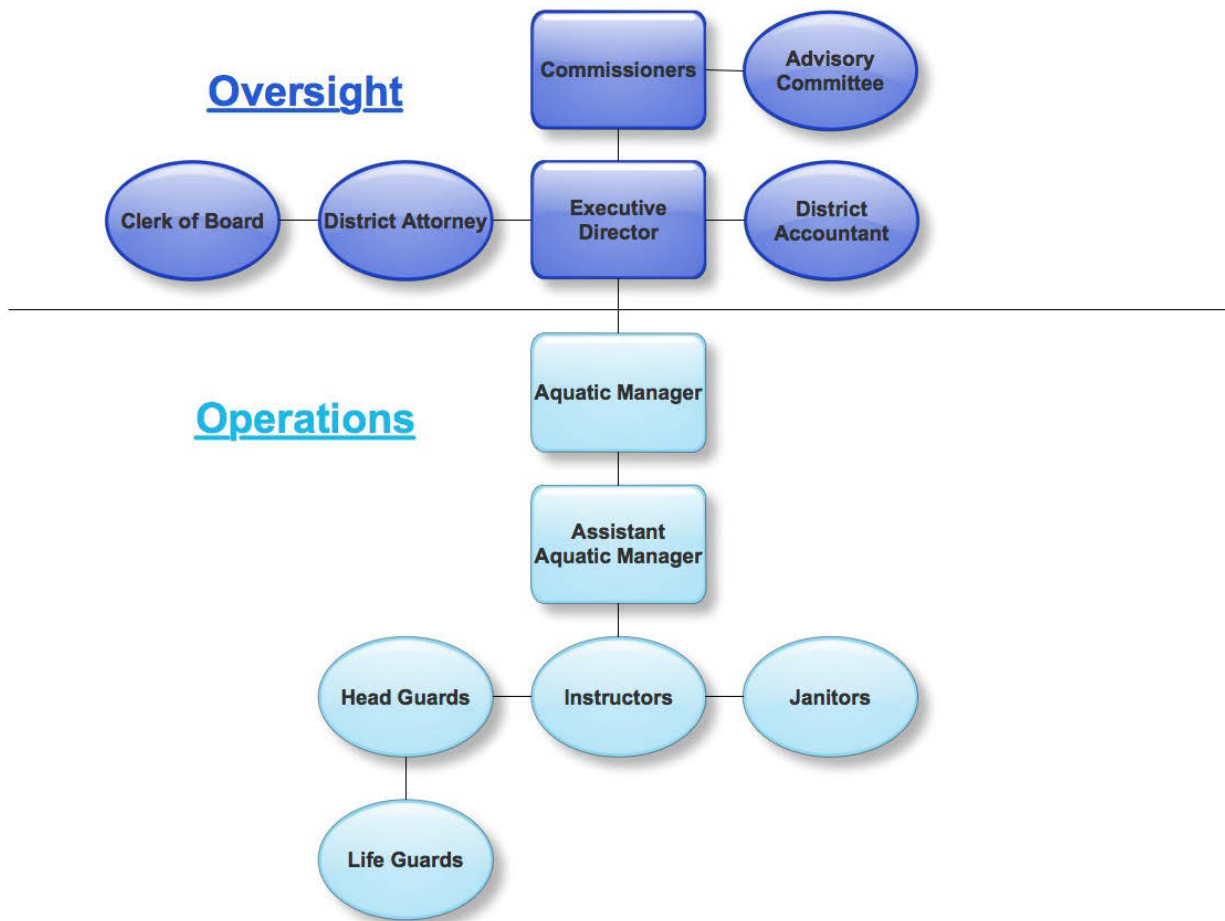
DISTRICT VISION STATEMENT

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

DISTRICT CORE VALUES

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

ORGANIZATIONAL CHART



AGENCY PROFILE

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 responsibly 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 BOUNDARIES

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: Board of Commissioners (5)
- Board of Commissioners Positions: Ex-officio, non-paid, appointed members
- Geographic Size of District: 347 Sq./Miles
- Population of District: 28,000
- Registered Voters in District: 19,719
- Age Profile: Median age: 49
- Income Profile: Median Income: \$44,310
- Racial Diversity Profile:
 - 76.4% White
 - 6.5% Hispanic
 - 4.3% Native American
 - 2.9% Asian
 - 1.1% Black

10.3% two or more races.

SCHOOLS LOCATED WITHIN THE DISTRICT

There are 5 elementary schools, one middle school and one high school in the District with a total enrollment of 3,513 (2014). The District is also home to the Peninsula Community College with total enrollment of 5,169 (2013-2014).

MAJOR EMPLOYERS LOCATED WITHIN DISTRICT

The District has several major employers:

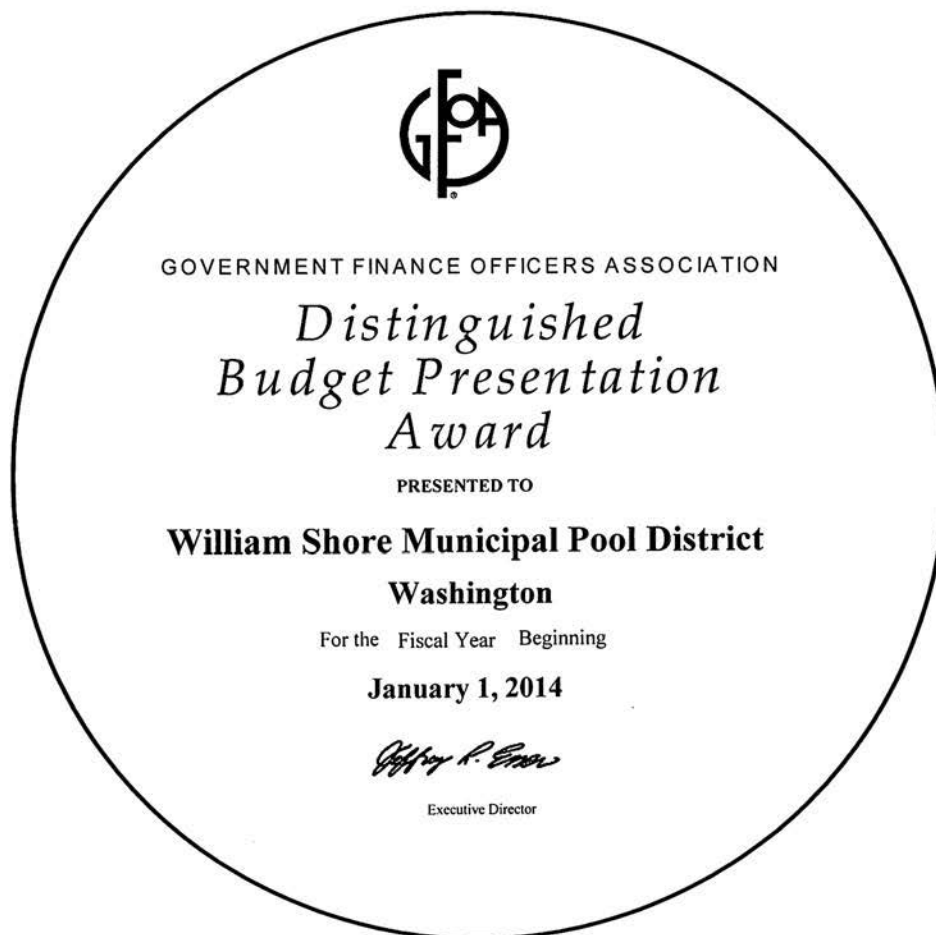
- Olympic Medical Center: 1062 employees
- Peninsula College: 544 employees
- Port Angeles School District: 505 employees
- Clallam County: 466 employees
- Westport Shipyard: 416 employees
- United States Coast Guard: 400 servicemen and employees
- Nippon Paper Industries: 242 employees

ECONOMIC STATICS FOR DISTRICT AREA

- Median Household Income: \$44,310 (2012)
- Median Housing Price: \$197,720 (2012)

BUDGET PRESENTATION 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 2014 Budget Report received the Distinguished Budget Presentation Award from GFOA. The 2015 budget has been done to the GFOA Distinguished Budget Presentation Award standards and will be submitted to the GFOA to qualify for the Distinguished Budget Presentation Award.



WASHINGTON STATE FINANCE OFFICERS ASSOCIATION BUDGET AWARD

The Washington State Finance Officers Association (WFOA) is a nonprofit association that 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 2014 Budget Report was awarded the Distinguished Budget Presentation Award from WFOA. The 2015 budget has been done to the WFOA Distinguished Budget Presentation Award standards and will be submitted to the WFOA to qualify for the Distinguished Budget Presentation Award.

Section 3: 2014 Accomplishments

AWARDS/AUDITS RECEIVED IN 2014

- Washington Recreation and Parks Association 2014 Aquatic Center of the Year award
- Washington Finance Officers Association Budget Presentation Award
- Government Finance Officers Association Budget Presentation Award
- Star Guard Unannounced Safety Review
- Washington State Auditors 2011-2013 Accountability Audit with no findings or recommendations
- Washington Cities Insurance Association 2015 Compact for completion of risk reduction

ACCOMPLISHMENTS DEFINED

Due to 2014 being a transitional year between our original Strategic Plan (2012-2014) and our new Strategic Plan (2015-2020) accomplishments in 2014 were a mix of both plans. Annually, management and staff collaborate on the initiatives, which are essentially the goals for the next fiscal year. During this process, timelines and expectations are set forth, agreed upon, and documented. Quarterly, the Executive Director and Managers evaluate their progress on their objectives. The following lists of accomplishments include strategic plan objectives from both Strategic Plans that have been met. These objectives have been noted with a checkmark (✓).

The District uses four core functional areas as the starting foundation when developing strategic initiatives and goals. These areas are:

- ***Customer Service and Programming***
- ***Financial Stability***
- ***Operational Excellence and Safety***
- ***Team Development***

Based upon these core functions, the 2014 highlights are as follows:

CUSTOMER SERVICE AND PROGRAMMING

- ✓ Started the monthly auto pay membership plan
- ✓ Audited all programs for interest and needs
- ✓ Increase in people who receive our email newsletter to 1900
- ✓ Increase in use of online registration
- ✓ Increase looks and responses from our Facebook page
- ✓ Restructured our Scholarship program for better accessibility
- ✓ Added Saturday exercise and lesson programs
- ✓ Certified additional exercise instructors
- ✓ Expanded popular exercise classes

Set new attendance record of visits to our facility and attendance in our swim lesson program

The District continues to participate with several organizations to provide specialized programming, including:

- United State Coast Guard
- Port Angeles Swim Club
- Port Angeles School District
- Olympic Medical Center
- Peninsula College
- Therapeutic Associates
- Local hotels and motels
- Lower Elwha Tribe
- North Olympic Peninsula Library

FINANCIAL STABILITY

- ✓ Adopted reserve policies for debt service
- ✓ Created an equipment replacement sinking fund
- ✓ Stabilized operational costs
- ✓ Received GFOA and WFOA budget presentation awards
- ✓ Reduced reliance on tax revenue by increasing earned revenue by 16% over 2013

FACILITIES/CAPITAL IMPROVEMENTS

- ✓ Adopted new Strategic Plan for 2015-2020
- ✓ Adopted new Capital Improvement Plan 2014-2015
- ✓ Exploring a Facility Expansion Plan
- ✓ Reduced power consumption by 43%

OPERATIONAL EXCELLENCE AND SAFETY

- ✓ Updated our Employee handbook
- ✓ Created an exempted employee handbook
- ✓ Participated in a unannounced Star Guard lifeguard review
- ✓ Added additional lifeguard training instructor
- ✓ Added a junior lifeguard program

TEAM DEVELOPMENT

- ✓ Participated in the following training and certification programs
 - Aquatic Facility Operators School
 - Starfish Aquatics International
 - Aquatic Exercise Association Certification (all our exercise instructors participated)
 - Washington Recreation and Park Association Aquatic Management School
 - Certified National Recreation and Parks Executive and Professional
- ✓ Instituted new longevity pay scale

Section 4: District Strategic Goals and Priorities

The 2015-2020 Strategic Plan is composed of four strategic initiatives that address our core functional areas and maintain our strategic values. These initiatives are based upon work and input from the Citizens Advisory Committee, staff, customers and community. These strategic initiatives are core to the mission and vision of the District and do not change from year to year. They are areas that we will always continue to pursue and improve.

A critical piece of the process included input from the District Board of Commissioners, Advisory Committee members and staff. The input included assessing the District's strengths, weaknesses, opportunities, and threats (SWOT). Through roundtable discussions and SWOT analysis we refined our four strategic initiatives and developed the goals to be accomplished. The action items to accomplish the goals were developed using the Specific, Measurable, Attainable, Realistic, Timely (SMART) principles to identify specific actions plans and key performance indicators designed so the goals can be measureable, precise and able to be managed on an ongoing basis.

While this Strategic Plan represents a final product, it is a living document and the strategic planning process is ongoing. An evaluation of our strategic initiatives and goals relative to established metrics for achievement takes place annually during the budget process.

STRATEGIC INITIATIVE #1: EXCEEDING CUSTOMER EXPECTATIONS

Goal #1: Increase the number of programs and events for all ages and socio-economic groups to increase the use of the District facility

Goal #2: Develop on-going training for customer service and financial transactions

Goal #3: Find opportunities to increase positive cooperative relationships and partnerships

Goal #4: Establish electronic and Social Media presence to distribute District information

STRATEGIC INITIATIVE #2: LONG TERM FINANCIAL STABILITY

Goal #1: Increase earned revenue to reduce reliance on tax revenue

Goal #2: Maintain adequate reserved balance fund levels

Goal #3: Create sinking fund to provide for long-term equipment replacement

Goal #4: Implement Best Practices in Finance and Accounting

STRATEGIC INITIATIVE #3: OPERATIONAL EXCELLENCE AND SAFETY

Goal #1: Provide the safest possible environment for the public and employees

Goal #2: Increase the use of Certified Instructors for programming

Goal #3: Increase compliance with Accessibility and ADA Standards with the facility

STRATEGIC INITIATIVE #4: TEAM DEVELOPMENT

Goal #1: Increase staff empowerment and growth development

Goal #2: Increase staff retention

Goal #3: Increase certification and training opportunities for job development

Section 5: Budget Process and Financial Policies

The budget document sets forth the District's financial plan for the 2015 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 Board to administer the District organization and deliver the 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 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.

By law, the budgeted expenditures must be balanced with either revenues and/or unreserved fund balances. The 2015 budget not only addresses operating expenditures for 2015 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 financial 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.

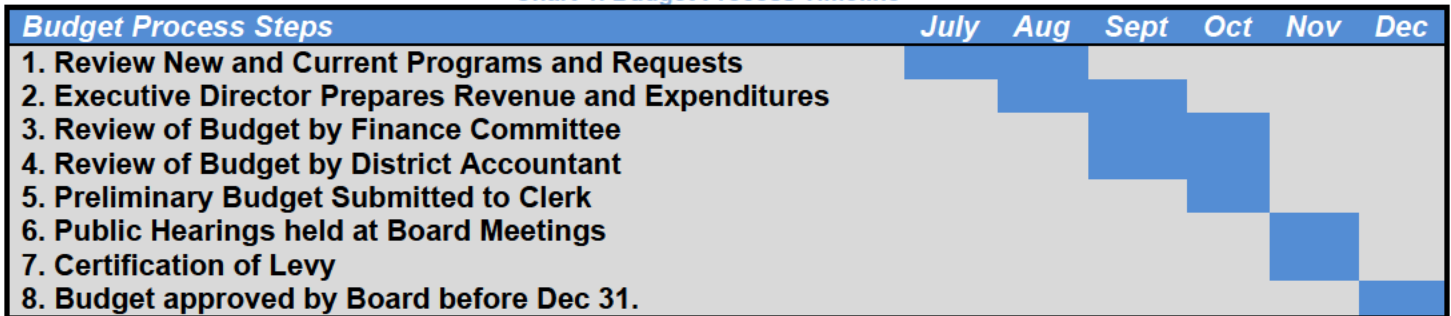
BUDGET PROCESS

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 2015 Budget was as follows:

Chart 4: Budget Process Timeline



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 (001).
- Capital Improvement Fund (301)

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.

EQUIPMENT REPLACEMENT RESERVE

An equipment replacement schedule was developed based on the District's projections of its future replacement needs. The projections will be updated and the schedule revised on an annual basis. This budget provides sufficient levels of funding to ensure that all capital facilities and equipment are properly maintained and that such future costs will be minimized. The reserve to accomplish the schedule is an annual reserve of \$25,000. This reserve is held in the Capital Improvement Fund as restricted funds.

BOND PAYMENT RESERVE

As part of the District's financial policy, the District is to hold in reserve one-year of payments for our outstanding loans and bonds. Currently this is estimated at \$150,000. This reserve is held in the General Fund as restricted funds.

YEAR-END SURPLUS FUNDS

Year-end surpluses in the General Fund may be used for nonrecurring emergency capital expenditures or dedicated to the Capital Improvement 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 District Accountant or his or her designee will issue monthly budget reports on the actual performance compared to budget estimates to the District Commissioners. This reporting includes

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 (001)** – 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 (301)** – This fund accounts for major capital construction projects and payments for outstanding loans and bonds.

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 6: Budget Summary

DISTRICT FUND BALANCES

The District fund balances have consistently improved as a result of a very controlled approach to both revenues and expenditures. At the start of 2014 the District had a total funds balance of \$262,992. By the end of 2014, the estimated unreserved and reserved balances for all funds are to be \$285,928. The budgeted 2015 ending balance for all funds are to be \$301,736, a 10% increase.

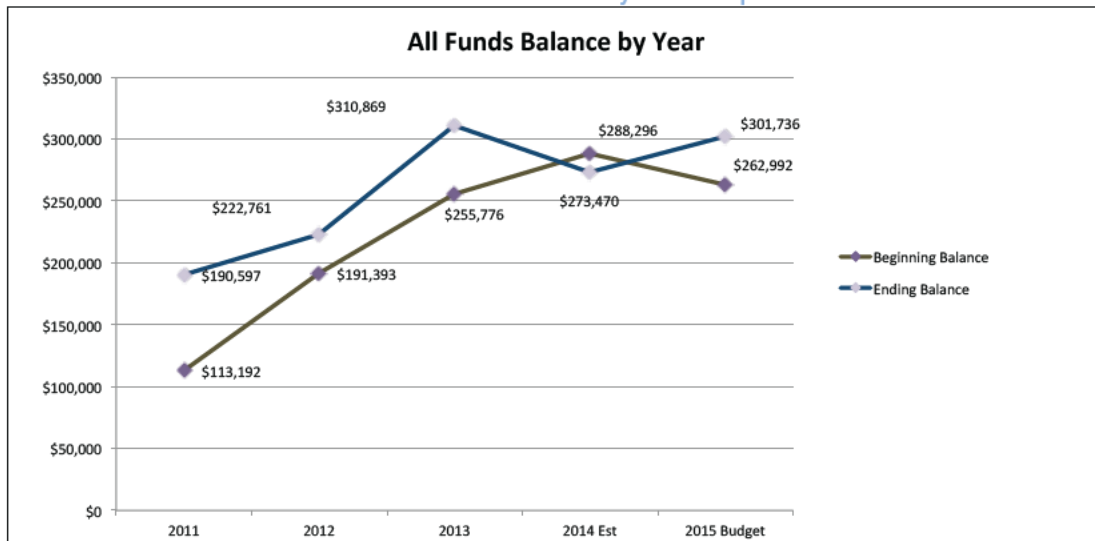
The General Fund balance is in compliance with the District's Financial Management Policy, which requires the unreserved fund balance to be a minimum three months average operational expense that includes to a maximum of six months of current operational expenses that excludes capital expenditures. For 2015, the ending General Fund balance increases will continue to grow at a similar rate as 2014 due to a stability in operational costs and similar allotment of capital improvement funds.

Chart 5: Fund Balances by Year

Fund	2011	2012	2013	2014 Est	2015 Budget	% Variance over 2014 Est.
General Fund (001)						
Beginning Balance	\$113,192	\$191,393	\$243,129	\$229,719	\$250,587	9.08%
Revenues	\$747,792	\$754,707	\$791,983	\$1,057,063	\$843,750	-20.18%
Expenditures	\$670,353	\$735,986	\$782,820	\$1,025,717	\$831,006	-18.98%
Ending Balance	\$190,597	\$243,129	\$229,719	\$250,587	\$263,331	5.09%
Accrued Liabilities*	-\$42,532	-\$75,551	-\$52,978	-\$52,978	-\$42,500	
Capital Improvement Fund (301)**						
Beginning Balance		\$0	\$12,647	\$58,577	\$12,405	-78.82%
Revenues		\$532,250	\$1,667,267	\$37,545	\$50,000	33.17%
Expenditures		\$519,603	\$1,621,337	\$83,717	\$24,000	-71.33%
Ending Balance		\$12,647	\$58,577	\$12,405	\$38,405	209.59%
All Funds						
Beginning Balances	\$113,192	\$191,393	\$255,776	\$288,296	\$262,992	-9%
Revenues	\$747,792	\$1,286,957	\$2,459,250	\$1,094,608	\$893,750	-18%
Expenditures	\$670,353	\$1,255,589	\$2,404,157	\$1,109,434	\$855,006	-23%
Ending Balances	\$190,597	\$222,761	\$310,869	\$273,470	\$301,736	10%
Accrued Liabilities*	-\$42,532	-\$75,551	-\$52,978	-\$52,978	-\$42,500	

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

Chart 6: Fund Balance by Year Graph



BUDGET REVENUE BY CATEGORY (ALL FUNDS)

Property tax revenue continues to be the largest revenue category. The District estimates it will receive 57% of total revenue from property taxes for 2015. The Average Washington State Park District received 80% of total revenue from property taxes in 2013.

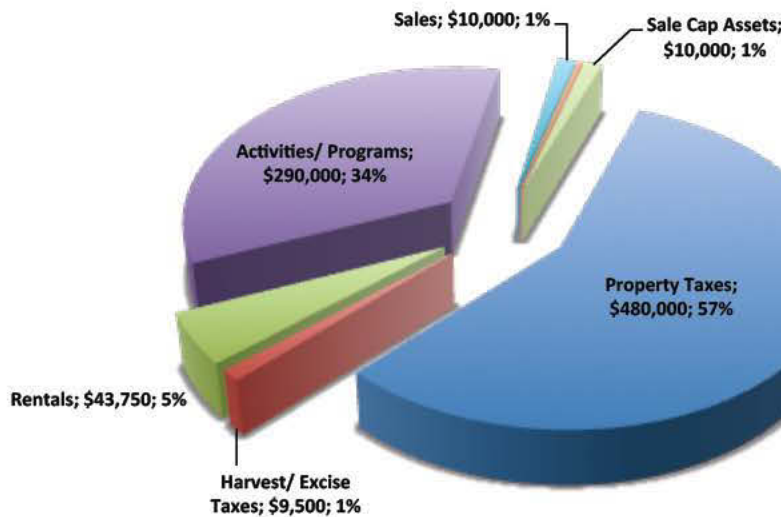
Several non-levy tax revenues relating to timber and excise taxes continue to be difficult to predict, which makes its very difficult to budget for from year to year.

Chart 7: 2015 Revenue by Category (All Funds)

Fund	Property Taxes	Harvest/ Excise Taxes	Rentals	Activities/ Programs	Sales	Misc/ Interest	Grants / Gifts	Proceeds from LT Debt	Sale Cap Assets	Interfund Transfer	Total by Fund
General Fund (001)	\$480,000	\$9,500	\$43,750	\$290,000	\$10,000	\$2,500	\$0	\$0	\$10,000	\$0	\$845,750
Capital Improvement Fund (301)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000
Total by Category	\$480,000	\$9,500	\$43,750	\$290,000	\$10,000	\$2,500	\$0	\$0	\$10,000	\$50,000	\$895,750

Chart 8: 2015 Revenue by Category Graph (All Funds)

2015 Revenue by Category (All Funds)



BUDGET EXPENDITURES BY CATEGORY (ALL FUNDS)

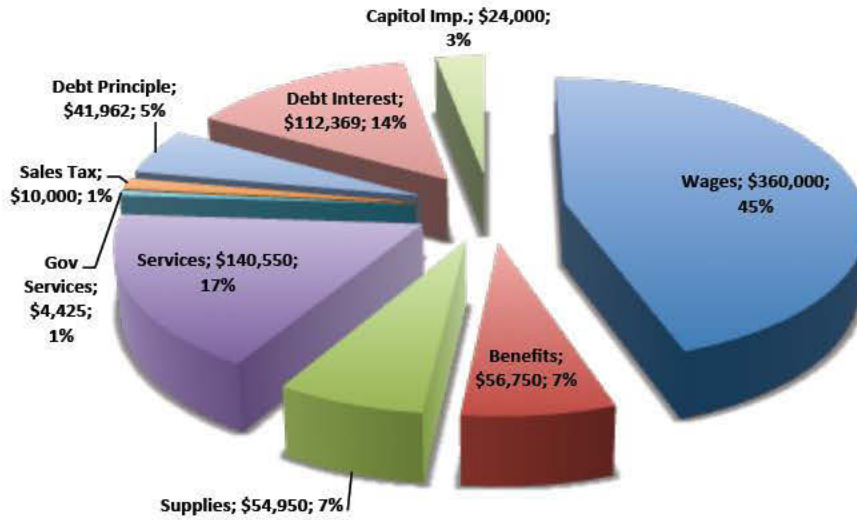
For the District, 2015 will be the first complete year after the completion of the Energy Improvement Project. The District will continue the debt service payments for the Energy Improvement Project. Operational expenses have stabilized as a result of the last three years capital improvement projects.

Chart 9: 2015 Expenditures by Category (All Funds)

Fund	Wages	Benefits	Supplies	Services	Gov Services	Sales Tax	Debt Principle	Debt Interest	Capitol Imp.	Interfund Transfers	Total by Fund
General Fund (001)	\$360,000	\$56,750	\$54,950	\$140,550	\$4,425	\$10,000	\$41,962	\$112,369	\$0	\$50,000	\$831,006
Capital Improvement Fund (301)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,000	\$0	\$24,000
Total by Category	\$360,000	\$56,750	\$54,950	\$140,550	\$4,425	\$10,000	\$41,962	\$112,369	\$24,000	\$50,000	\$855,006

Chart 10: 2015 Expenditures by Category Graph (All Funds)

2015 Expenditures by Category (All Funds)



Section 7: 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 and earned revenue are the major sources of revenue.

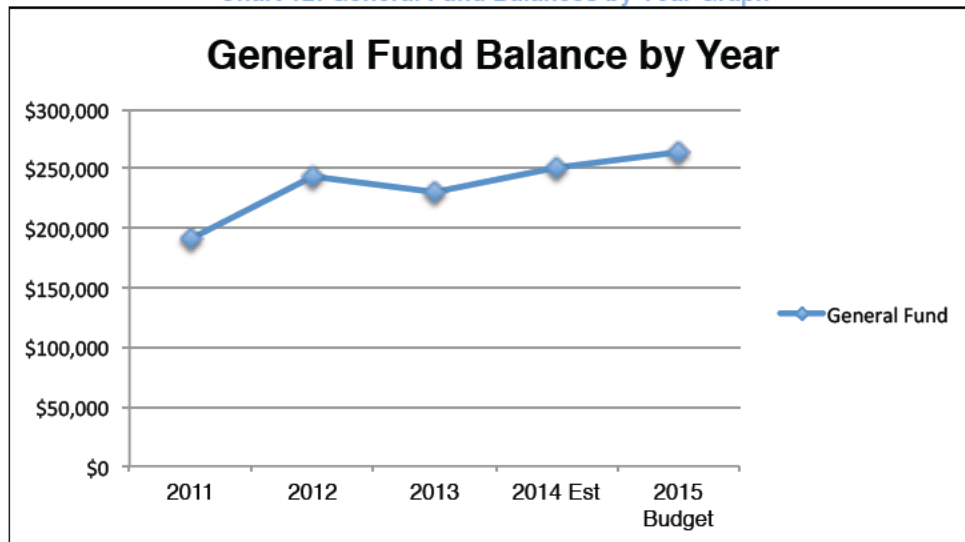
GENERAL FUND BALANCES

Chart 11: General Fund Balances by Year

Fund	2011	2012	2013	2014 Est	2015 Budget	% Variance over 2014 Est.
General Fund (001)						
Beginning Balance	\$113,192	\$191,393	\$243,129	\$229,719	\$250,587	9.08%
Revenues	\$747,792	\$754,707	\$791,983	\$1,057,063	\$843,750	-20.18%
Expenditures	\$670,353	\$735,986	\$782,820	\$1,025,717	\$831,006	-18.98%
Ending Balance	\$190,597	\$243,129	\$229,719	\$250,587	\$263,331	5.09%
Accrued Liabilities*	-\$42,532	-\$75,551	-\$52,978	-\$52,978	-\$42,500	

*Accrued Liabilities due to modified accrual Basis accounting.

Chart 12: General Fund Balances by Year Graph



GENERAL FUND BALANCE ANALYSIS AND ASSUMPTIONS

General Fund balance increase in 2015 will increase by 5%. This increase will continue to rise but not at double digit increases due to reaching the maximum non-tax revenue potential for the facility.

2015 GENERAL FUND REVENUE

The 2015 General Fund revenue shows a 16% decrease over the 2014 budget due to a one time utility rebate of \$230,000 in 2014. This rebate was used to payoff our line of credit with Clallam County in the amount of \$260,000. Timber and excise tax revenue continues to be difficult to project on an annual basis.

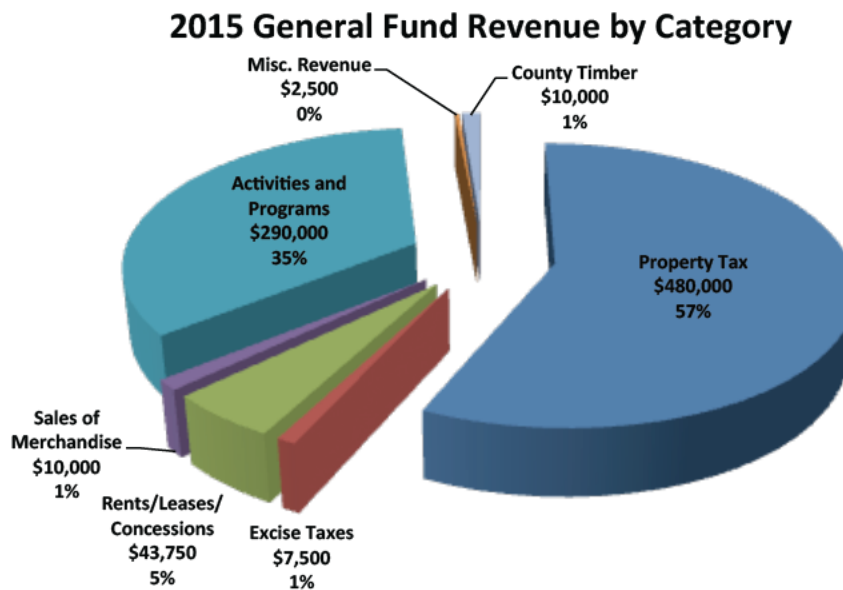
Chart 13: 2015 General Fund Revenue by Category Details

Description	2014 Budget	2014 Est	2015 Budget	Variance over 2014 Budget
Real and Personal Property Tax	\$475,000	\$470,016	\$480,000	1%
Sale of Tax Title Property	\$0	\$0	\$0	
Total General Property Tax*	\$475,000	\$470,016	\$480,000	1%

Forest Excise Tax/Private Harvest Tax	\$2,000	\$0	\$0	-100%
Total Timber Harvest Taxes*	\$2,000	\$0	\$0	-100%
Leasehold Excise Taxes	\$5,000	\$4,792	\$4,500	-10%
Timber Excise Tax	\$1,500	\$2,914	\$3,000	100%
Total Excise Taxes*	\$6,500	\$7,706	\$7,500	15%
Housing Authority PILT	\$0	\$0	\$0	
Total Intergovernmental Revenue*	\$0	\$0	\$0	
Vending Revenue	\$500	\$359	\$500	0%
Sales of Taxable Merchandise	\$8,500	\$9,438	\$9,500	12%
Total Sales of Merchandise*	\$9,000	\$9,797	\$10,000	11%
Activity Fees (Pass Sales)	\$55,000	\$70,548	\$71,000	29%
Activity Fees (General Admissions)	\$47,500	\$56,357	\$56,500	19%
Program Fees (Swim Classes/Instruction)	\$75,000	\$86,280	\$85,000	13%
Program Fees (Exercise Classes)	\$65,000	\$68,534	\$70,000	8%
Program Fees (Camps and Special Events)	\$10,000	\$6,890	\$7,500	-25%
Total Cultural and Recreation*	\$252,500	\$288,609	\$290,000	15%
Other Interest Earnings	\$0	\$0	\$0	
Total Interest and Other Earnings*	\$0	\$0		
Rentals (Short-Term) (One Time)	\$8,000	\$6,338	\$6,500	-19%
Equipment and Locker Rentals	\$2,500	\$3,993	\$4,000	60%
Lease of County Land (DNR Other)	\$350	\$170	\$250	-29%
Rentals (Long-Term) (Contracted)	\$31,000	\$32,937	\$33,000	6%
Total Rents, Leases and Concessions*	\$41,850	\$43,438	\$43,750	5%
Gifts, Pledges, Grants and Bequests		\$0	\$0	
Total Contribution and Donations from Private Sources*	\$0	\$0	\$0	
Misc. Other	\$2,500	\$2,149	\$2,500	0%
BPA Energy Rebate	\$200,000	\$230,000	\$0	-100%
Total Other Misc. Revenue	\$202,500	\$232,149	\$2,500	-99%
Sales Tax Collected/Agency Deposits	\$0	\$0	\$0	
Total Agency Deposits*	\$0	\$0	\$0	
Line of Credit from Clallam County				
Total Other Non-Revenues*	\$0	\$0	\$0	
Local Loan Program Proceeds				
Total Proceeds of Long Term Debt*	\$0	\$0	\$0	

Sale of Capitol Assets/County Timber	\$18,000	\$5,348	\$10,000	-44%
Disposition of Capitol Assets*	\$18,000	\$5,348	\$10,000	-44%
Transfer in from other Funds	\$0	\$0	\$0	
Total Transfer In	\$0	\$0	\$0	
Gov't Grants				
Total Gov't Grants	\$0	\$0	\$0	
TOTAL REVENUE	\$1,007,350	\$1,057,063	\$843,750	-16%

Chart 14: 2015 General Fund Revenue by Category Graph



GENERAL FUND REVENUE ANALYSIS AND ASSUMPTIONS

- The 2015 General Fund Budget projects revenue to decrease by 16% from the 2014 budget. This is the result of a one-time rebate payment of \$230,000 from BPA for energy savings in 2014.
- The revenue decrease is off-set partially by an anticipated increase in earned revenue of 15% and an increase in contracted rentals of 5%. Any additional growth in program revenue will be limited due to the reaching the capacity of the facility.
- Increase of property tax revenue by 1% or \$5,000.
- Several tax revenue streams continue to swing dramatically and are difficult to anticipate and budget (i.e. excise tax and county timber sales).

GENERAL FUND EARNED REVENUE

In determining the financial health of a Park District, the key indicator is the growth of the District's earned revenue or non-tax revenue. Earned revenue incorporates all the charges for service and program revenues for the District. Even though the largest single source of revenue for the all Park Districts will be property tax revenue, earned revenue is always the best indicator of the financial health of the District. In 2015, District property tax revenue will be 57% of the total revenue. The next greatest revenue source will be earned revenue at 41%. The average earned revenue for operating a Park District in Washington State in 2012 was 20% of total revenue. The chart below (*Chart 13*) shows the yearly increase of earned revenue and the yearly decrease of property tax revenue as a percentage of the total revenue. The chart shows that each year we are continuing to rely less on the property tax revenue and more on the earned revenue, which is a good indicator of the financial health of the District.

Chart 15: Yearly Comparison between Property Tax Revenue and Earned Revenue

Earned and Tax Revenue Comparison by Year					
	2011	2012	2013	2014 Est*	2015 Budget
Earned Revenue	\$267,534	\$269,913	\$300,374	\$341,844	\$343,750
Earned Revenue % of Revenue	36%	36%	38%	41%	41%
Property Tax Revenue	\$460,022	\$462,428	\$464,803	\$475,000	\$480,000
Property Tax % of Revenue	62%	61%	59%	57%	57%

*The one-time rebate of \$230,000 was subtracted for 2014 as revenue.

GENERAL FUND REVENUE YEARLY COMPARISON

Chart 16: General Fund Revenue Yearly Comparison by Category

Description	2011	2012	2013	2014 Budget	2014 Est	2015 Budget
Real and Personal Property Tax	\$460,022	\$462,259	\$464,803	\$475,000	\$470,016	\$480,000
Sale of Tax Title Property	\$0	\$169		\$0	\$0	\$0
Total General Property Tax*	\$460,022	\$462,428	\$464,803	\$475,000	\$470,016	\$480,000
Forest Excise Tax/Private Harvest Tax	\$7,313	\$2,460	\$0	\$2,000	\$0	\$0
Total Timber Harvest Taxes*	\$7,313	\$2,460	\$0	\$2,000	\$0	\$0
Leasehold Excise Taxes	\$4,760	\$3,540	\$4,978	\$5,000	\$4,792	\$4,500
Timber Excise Tax	\$0	\$0	\$2,869	\$1,500	\$2,914	\$3,000
Total Excise Taxes*	\$4,760	\$3,540	\$7,847	\$6,500	\$7,706	\$7,500
Housing Authority PILT	\$0		\$42	\$0	\$0	\$0
Total Intergovernmental Revenue*	\$0	\$0	\$42	\$0	\$0	\$0
Vending Revenue	\$0	\$336	\$30	\$500	\$359	\$500
Sales of Taxable Merchandise	\$4,567	\$7,167	\$10,327	\$8,500	\$9,438	\$9,500
Total Sales of Merchandise*	\$4,567	\$7,503	\$10,357	\$9,000	\$9,797	\$10,000
Activity Fees (Pass Sales)	\$56,477	\$54,794	\$59,231	\$55,000	\$70,548	\$71,000
Activity Fees (General Admissions)	\$56,354	\$42,023	\$51,285	\$47,500	\$56,357	\$56,500
Program Fees (Swim Classes/Instruction)	\$76,389	\$72,289	\$66,991	\$75,000	\$86,280	\$85,000
Program Fees (Exercise Classes)	\$27,732	\$42,845	\$63,811	\$65,000	\$68,534	\$70,000
Program Fees (Camps and Special Events)	\$1,947	\$7,035	\$11,949	\$10,000	\$6,890	\$7,500
Total Cultural and Recreation*	\$218,899	\$218,986	\$253,267	\$252,500	\$288,609	\$290,000
Other Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0
Total Interest and Other Earnings*	\$0	\$0	\$0	\$0	\$0	\$0
Rentals (Short-Term) (One Time)	\$4,844	\$6,953	\$4,820	\$8,000	\$6,338	\$6,500
Equipment and Locker Rentals	\$2,075	\$2,356	\$2,786	\$2,500	\$3,993	\$4,000
Lease of County Land (DNR Other)	\$103	\$358	\$317	\$350	\$170	\$250
Rentals (Long-Term) (Contracted)	\$32,423	\$31,196	\$27,163	\$31,000	\$32,937	\$33,000

Total Rents, Leases and Concessions*	\$39,445	\$40,863	\$35,086	\$41,850	\$43,438	\$43,750
Gifts, Pledges, Grants and Bequests	\$0	\$0	\$6,500		\$0	\$0
Total Contribution and Donations from Private Sources*	\$0	\$0	\$6,500	\$0	\$0	\$0
Misc. Other	\$4,624	\$2,561	\$1,664	\$2,500	\$2,149	\$2,500
BPA Energy Rebate				\$200,000	\$230,000	\$0
Total Other Misc. Revenue	\$4,624	\$2,561	\$1,664	\$202,500	\$232,149	\$2,500
Sales Tax Collected/Agency Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Total Agency Deposits*	\$0	\$0	\$0	\$0	\$0	\$0
Line of Credit from Clallam County						
Total Other Non-Revenues*	\$0	\$0	\$0	\$0	\$0	\$0
Local Loan Program Proceeds						
Total Proceeds of Long Term Debt*	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Capitol Assets/County Timber	\$8,163	\$16,366	\$12,417	\$18,000	\$5,348	\$10,000
Disposition of Capitol Assets*	\$8,163	\$16,366	\$12,417	\$18,000	\$5,348	\$10,000
Transfer in from other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Total Transfer In	\$0	\$0	\$0	\$0	\$0	\$0
Gov't Grants						
Total Gov't Grants	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$747,792	\$754,707	\$791,983	\$1,007,350	\$1,057,063	\$843,750

2015 GENERAL FUND EXPENDITURE

Expenditures in the 2015 General Fund budget reflect a 5% increase in operational expenditures. Wages and labor costs account for the majority of the increase. This is due to increased use of the facility, which requires a greater amount of lifeguards and instructors. Non-Operational expenditures shows a 48% decrease due to the 2014 debt payment to Clallam County to pay off the remainder of our line of credit. 2015 will be the first full year with all the 2012-2014 energy consumptions improvements finished, which will result in a greater stabilization of operational costs from year to year.

Chart 17: 2015 General Fund Expenditures by Category Details

Description	2014 Budget	2014 Est	2015 Budget	Variance over 2014 Budget
OPERATIONAL EXPENDITURES				
Wages Lifeguard	\$98,000	\$110,346	\$110,000	12%
Wages Instructor	\$45,000	\$42,944	\$45,000	0%
Wages Head Guard	\$55,000	\$61,966	\$62,500	14%
Wages Supervisors	\$80,000	\$76,681	\$80,000	0%
Wages Maintenance	\$13,000	\$13,082	\$13,000	0%
Wages Executive Director	\$45,000	\$45,000	\$45,000	0%

Sick and Vacation Pay	\$4,500	\$0	\$4,500	0%
Overtime	\$0	\$234	\$0	
Total Salaries and Wages	\$340,500	\$350,253	\$360,000	6%
Benefits	\$27,000	\$27,000	\$27,000	0%
Retirement	\$0	\$0	\$0	
Cafeteria Plan	\$12,000	\$11,230	\$12,000	0%
Unemployment	\$1,550	\$1,550	\$1,550	0%
Department of L&I	\$16,200	\$16,200	\$16,200	0%
Total Personnel Benefits	\$56,750	\$55,980	\$56,750	0%
Office Supplies				
Office Supplies	\$7,500	\$7,395	\$7,500	0%
Printing and Copying Supplies				
Computer Supplies				
Program Supplies and Equipment				
Exercise Classes	\$750	\$44	\$2,150	187%
Swim Classes/Instruction	\$1,800	\$923	\$1,800	0%
Camps and Special Events	\$2,150	\$939	\$1,000	-53%
Maintenance and Repairs Supplies				
Uniforms and Clothing	\$2,000	\$2,065	\$2,500	25%
Pool Chemicals	\$12,500	\$11,324	\$12,500	0%
Cleaning and Janitorial Supplies	\$7,000	\$6,744	\$7,000	0%
Lifeguard Supplies and Equip.	\$4,000	\$2,130	\$4,000	0%
Maintenance Supplies	\$8,500	\$6,854	\$8,500	0%
Miscellaneous Supplies				
Supplies Purchased For Inventory/Resale	\$7,000	\$4,409	\$7,000	0%
Small Tools and Minor Equip.	\$2,500	\$559	\$1,000	-60%
Total Supplies	\$55,700	\$43,386	\$54,950	-1%
Professional Services				
Network/Computer Service	\$2,000	\$2,806	\$3,000	50%
Professional/Transaction Services		\$5,557	\$5,000	100%
Accounting Services	\$12,600	\$14,000	\$15,000	19%
Legal Services	\$3,000	\$2,680	\$3,000	0%
Communications				
Telephone	\$1,500	\$1,180	\$1,200	-20%
Postage and Mailing	\$800	\$201	\$800	0%
Website/Internet	\$0	\$1,272	\$1,200	100%
Travel				
Travel Conferences/Conventions	\$3,000	\$5,446	\$2,000	-33%
Training	\$2,500	\$1,029	\$2,500	0%
Travel Misc./Gas Allowance	\$0	\$0	\$3,000	100%
Advertising				
Program Advertising	\$2,000	\$503	\$1,000	-50%
Operating Rentals and Leases				

Office Equipment Leases/Rents	\$1,850	\$1,915	\$1,850	0%
Insurance				
Liability Insurance	\$11,500	\$11,314	\$11,500	0%
Utility				
Electrical	\$65,000	\$80,437	\$65,000	0%
Repairs and Maintenance-Contracted				
Building Repairs	\$5,000	\$9,751	\$9,500	90%
Equipment Repairs	\$2,500	\$5,389	\$5,000	100%
Office Equipment Maintenance	\$1,200	\$0	\$0	-100%
Miscellaneous				
Print and Copying Service	\$750	\$281	\$500	-33%
Memberships and Dues	\$3,000	\$2,527	\$3,000	0%
Subscriptions	\$0	\$0	\$0	
Misc. Service	\$6,500	\$5,757	\$6,500	0%
Total Services	\$124,700	\$152,045	\$140,550	13%
Board Clerk	\$4,100	\$4,032	\$4,100	0%
State Auditor	\$3,400	\$4,794	\$0	-100%
PA City Maintenance Services	\$0	\$0	\$0	
Election Costs	\$0	\$0	\$0	
External Taxes and Operating Assessments	\$200	\$323	\$325	63%
Total Intergovernmental Services	\$7,700	\$9,149	\$4,425	-43%
OPERATIONAL EXPENSES TOTAL	\$585,350	\$610,813	\$616,675	5%
NON-OPERATIONAL EXPENDITURES				
Sales Tax/Agency	\$9,500	\$9,190	\$10,000	5%
Total Non Expenditures	\$9,500	\$9,190	\$10,000	5%
County Loan Line of Credit (principle)	\$257,809	\$257,809	\$0	-100%
Loans and Bonds (principle)	\$77,950	\$77,950	\$41,962	-46%
Total Debt Service Principle	\$335,759	\$335,759	\$41,962	-88%
Loans and Bonds (interest)	\$44,955	\$44,955	\$112,369	100%
Total Debt Service Interest	\$44,955	\$44,955	\$112,369	
Building and Structures	\$0	\$0	\$0	
Machinery and Equipment	\$0	\$0	\$0	
Total Capital Outlays	\$0	\$0	\$0	
Transfer Out to Capital Improvement Fund	\$25,000	\$25,000	\$50,000	100%
Total Transfers Out	\$25,000	\$25,000	\$50,000	100%
TOTAL NON-OPERATIONAL EXPENDITURES	\$415,214	\$414,904	\$214,331	-48%
TOTAL EXPENDITURES	\$1,000,564	\$1,025,717	\$831,006	-17%

Chart 18: 2015 General Fund Expenditure by Category Graph

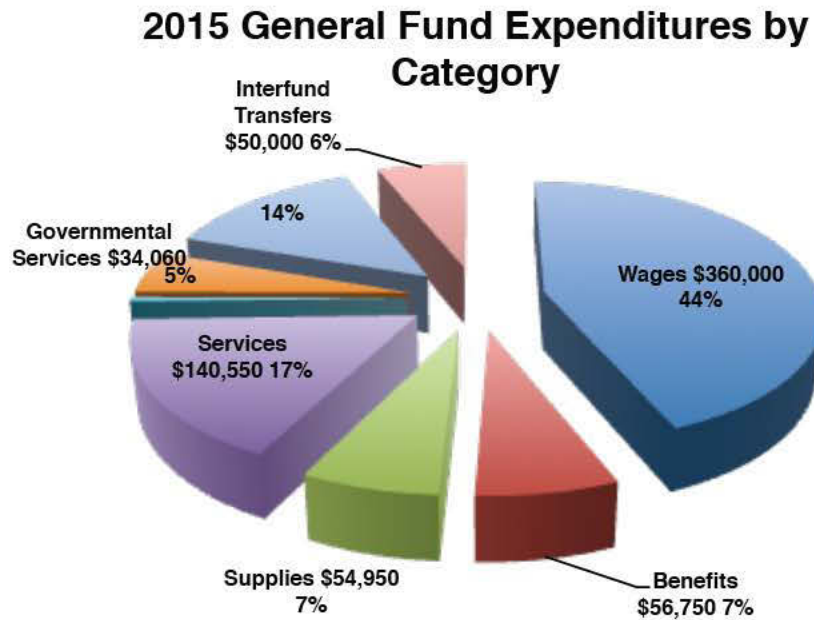
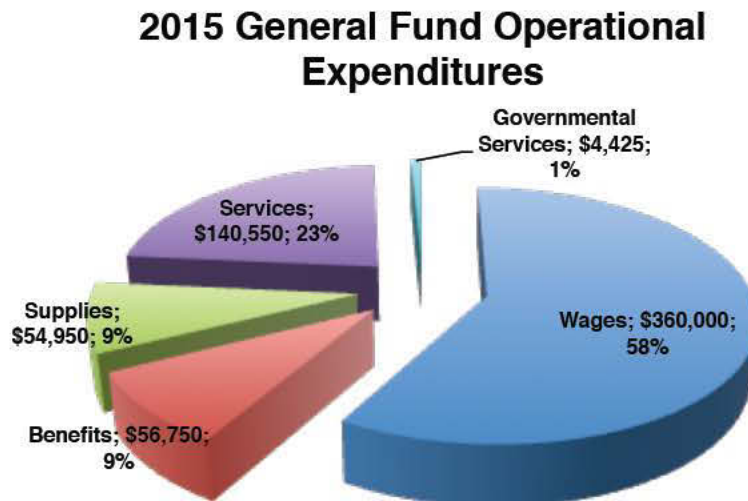


Chart 19: 2015 General Fund Operational Expenditures by Category



GENERAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

- A payment of \$260,000 was paid to clear our line of credit to Clallam County in 2014.
- 6% increase in the cost of employee wages, salaries and benefits
- 5% increase in overall operational costs due to increased use of facility
- \$50,000 transfer from General Fund to Capital Improvement Fund for capital projects in 2015 and the annual reserve payment of \$25,000 for equipment replacement.
- 2015 will be the first full year with the energy reductions in place to reduce our energy consumption.

GENERAL FUND EXPENDITURE YEARLY COMPARISON

Chart 20: General Fund Expenditure Yearly Comparison by Category

Description	2011	2012	2013	2014 Budget	2014 Est	2015 Budget
OPERATIONAL EXPENDITURES						
Wages Lifeguard	\$95,691	\$80,082	\$99,679	\$98,000	\$110,346	\$110,000
Wages Instructor	\$40,143	\$43,935	\$39,110	\$45,000	\$42,944	\$45,000
Wages Head Guard	\$40,122	\$49,445	\$59,978	\$55,000	\$61,966	\$62,500
Wages Supervisors	\$107,485	\$79,396	\$73,271	\$80,000	\$76,681	\$80,000
Wages Maintenance		\$5,051	\$12,617	\$13,000	\$13,082	\$13,000
Wages Executive Director	\$38,750	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Sick and Vacation Pay	\$1,449	\$4,384	\$254	\$4,500	\$0	\$4,500
Overtime	\$4,417	\$1,360	\$3,119	\$0	\$234	\$0
Total Salaries and Wages	\$328,057	\$308,653	\$333,028	\$340,500	\$350,253	\$360,000
Benefits	\$27,511	\$23,661	\$26,117	\$27,000	\$27,000	\$27,000
Retirement	\$0	\$0	\$0	\$0	\$0	\$0
Cafeteria Plan	\$11,675	\$11,790	\$11,314	\$12,000	\$11,230	\$12,000
Unemployment	\$8,956	\$5,018	\$1,465	\$1,550	\$1,550	\$1,550
Department of L&I	\$13,295	\$13,466	\$15,175	\$16,200	\$16,200	\$16,200
Total Personnel Benefits	\$61,437	\$53,935	\$54,071	\$56,750	\$55,980	\$56,750
Office Supplies						
Office Supplies	\$6,956	\$6,176	\$9,080	\$7,500	\$7,395	\$7,500
Printing and Copying Supplies	\$0					
Computer Supplies	\$70	\$0	\$989			
Program Supplies and Equipment						
Exercise Classes	\$4,368	\$655	\$117	\$750	\$44	\$2,150
Swim Classes/Instruction	\$1,870	\$1,874	\$28	\$1,800	\$923	\$1,800
Camps and Special Events	\$1,098	\$2,135	\$891	\$2,150	\$939	\$1,000
Maintenance and Repairs Supplies						
Uniforms and Clothing	\$4,702	\$2,394	\$1,563	\$2,000	\$2,065	\$2,500
Pool Chemicals	\$17,120	\$12,249	\$15,965	\$12,500	\$11,324	\$12,500
Cleaning and Janitorial Supplies	\$7,921	\$5,032	\$6,667	\$7,000	\$6,744	\$7,000
Lifeguard Supplies and Equip.	\$4,075	\$4,571	\$4,546	\$4,000	\$2,130	\$4,000
Maintenance Supplies	\$9,244	\$10,557	\$6,521	\$8,500	\$6,854	\$8,500
Miscellaneous Supplies						
Supplies Purchased For Inventory/Resale	\$6,140	\$6,890	\$4,331	\$7,000	\$4,409	\$7,000
Small Tools and Minor Equip.	\$3,414	\$3,714	\$1,537	\$2,500	\$559	\$1,000
Total Supplies	\$66,977	\$56,247	\$52,235	\$55,700	\$43,386	\$54,950
Professional Services						
Network/Computer Service	\$1,274	\$2,011	\$1,598	\$2,000	\$2,806	\$3,000
Professional/Transaction Services	\$5,004	\$1,634	\$3,790		\$5,557	\$5,000
Accounting Services	\$11,850	\$12,600	\$12,600	\$12,600	\$14,000	\$15,000
Legal Services	\$3,658	\$4,038	\$6,720	\$3,000	\$2,680	\$3,000
Communications						

Telephone	\$2,364	\$1,943	\$1,078	\$1,500	\$1,180	\$1,200
Postage and Mailing	\$158	\$779	\$257	\$800	\$201	\$800
Website/Internet	\$568	\$157	\$310	\$0	\$1,272	\$1,200
Travel						
Travel Conferences/Conventions	\$2,595	\$3,123	\$3,001	\$3,000	\$5,446	\$2,000
Training	\$3,149	\$1,350	\$1,332	\$2,500	\$1,029	\$2,500
Travel Misc./Gas Allowance	\$0	\$0	\$0	\$0	\$0	\$3,000
Advertising						
Program Advertising	\$1,084	\$1,173	\$1,465	\$2,000	\$503	\$1,000
Operating Rentals and Leases						
Office Equipment Leases/Rents	\$1,730	\$1,818	\$1,859	\$1,850	\$1,915	\$1,850
Insurance						
Liability Insurance	\$8,249	\$10,081	\$11,106	\$11,500	\$11,314	\$11,500
Utility						
Electrical	\$94,642	\$91,722	\$94,628	\$65,000	\$80,437	\$65,000
Repairs and Maintenance- Contracted						
Building Repairs	\$9,323	\$6,843	\$4,654	\$5,000	\$9,751	\$9,500
Equipment Repairs	\$2,181	\$2,709	\$3,421	\$2,500	\$5,389	\$5,000
Office Equipment Maintenance	\$453	\$1,259	\$355	\$1,200	\$0	\$0
Miscellaneous						
Print and Copying Service	\$308	\$533	\$609	\$750	\$281	\$500
Memberships and Dues	\$1,615	\$1,909	\$3,204	\$3,000	\$2,527	\$3,000
Subscriptions	\$3,810	\$58	\$7,029	\$0	\$0	\$0
Misc. Service	\$3,616	\$6,000	\$0	\$6,500	\$5,757	\$6,500
Total Services	\$157,631	\$151,740	\$159,016	\$124,700	\$152,045	\$140,550
Board Clerk	\$4,032	\$4,032	\$4,032	\$4,100	\$4,032	\$4,100
State Auditor	\$1,129	\$2,577	\$0	\$3,400	\$4,794	\$0
PA City Maintenance Services	\$29,321	\$29,280	\$6,100	\$0	\$0	\$0
Election Costs	\$0	\$0	\$0	\$0	\$0	\$0
External Taxes and Operating Assessments	\$163	\$165	\$243	\$200	\$323	\$325
Total Intergovernmental Services	\$34,645	\$36,054	\$10,375	\$7,700	\$9,149	\$4,425
OPERATIONAL EXPENSES TOTAL	\$648,746	\$606,629	\$608,725	\$585,350	\$610,813	\$616,675

**NON-OPERATIONAL
EXPENDITURES**

Sales Tax/Agency	\$10,057	\$9,311	\$9,249	\$9,500	\$9,190	\$10,000
Total Non Expenditures	\$10,057	\$9,311	\$9,249	\$9,500	\$9,190	\$10,000
County Loan Line of Credit (principle)				\$257,809	\$257,809	\$0
Loans and Bonds (principle)	\$0	\$0	\$0	\$77,950	\$77,950	\$41,962
Total Debt Service Principle	\$0	\$0	\$0	\$335,759	\$335,759	\$41,962
Loans and Bonds (interest)	\$5,027	\$3,480		\$44,955	\$44,955	\$112,369
Total Debt Service Interest	\$5,027	\$3,480	\$0	\$44,955	\$44,955	\$112,369

Building and Structures	\$0	\$0	\$0	\$0	\$0	\$0
Machinery and Equipment	\$6,523	\$0	\$0	\$0	\$0	\$0
Total Capital Outlays	\$6,523	\$0	\$0	\$0	\$0	\$0
Transfer Out to Capital Improvement Fund	\$0	\$116,566	\$164,846	\$25,000	\$25,000	\$50,000
Total Transfers Out	\$0	\$116,566	\$164,846	\$25,000	\$25,000	\$50,000
TOTAL NON-OPERATIONAL EXPENDITURES	\$21,607	\$129,357	\$174,095	\$415,214	\$414,904	\$214,331
TOTAL EXPENDITURES	\$670,353	\$735,986	\$782,820	\$1,000,564	\$1,025,717	\$831,006

Section 8: 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. New to 2015 is a restricted fund contribution of \$25,000 annually and will be maintained for the Districts equipment replacement schedule. This balance will be shown in the restricted fund balance at the end and beginning of each year.

2015 CAPITAL IMPROVEMENT FUND REVENUES

The Capital Improvement Fund does not generate any tax revenue. Revenue comes from General Fund transfers, loan proceeds, grants, and private or corporate donations. The 2015 budget anticipates receiving approximately \$25,000 from the General Fund for Capital Improvement Projects and \$25,000 for the equipment fund replacement annual payment.

Chart 21: 2015 Capital Improvement Fund Revenue

Description	2012	2013	2014 Est	2015 Budget
Restricted Opening Balance (Replacement Reserve)	\$0	\$0	\$0	\$0
Unrestricted Opening Balance	\$0	\$0	\$58,578	\$12,406
Total Beginning Balance	\$0	\$0	\$58,578	\$12,406
Other Interest Earnings	\$0	\$0	\$0	\$0
Total Interest and Other Earnings*	\$0	\$0	\$0	\$0
Gifts, Pledges, Grants and Bequests	\$0	\$0	\$12,545	\$0
Total Contribution and Donations from Private Sources*	\$0	\$0	\$12,545	\$0
Utility Incentive Rebate	\$12,647	\$0	\$0	\$0
Total Other Misc. Revenue	\$12,647	\$0	\$0	\$0
Commerce Grant	\$0	\$415,000	\$0	\$0
Capital Contributions	\$0	\$415,000	\$0	\$0
County Line of Credit	\$253,037	\$11,814	\$0	\$0
Total Other Non-Revenues	\$253,037	\$11,814	\$0	\$0
General Obligation Bond Proceeds		\$650,000		
Local Loan Proceeds Program	\$150,000	\$465,453	\$0	\$0
Total Proceeds of Long Term Debt*	\$150,000	\$1,115,453	\$0	\$0
Transfer in from General Fund	\$116,566	\$125,000	\$25,000	\$50,000
Total Transfer In	\$116,566	\$125,000	\$25,000	\$50,000
TOTAL REVENUE	\$532,250	\$1,667,267	\$37,545	\$50,000

CAPITAL IMPROVEMENT FUND REVENUE ANALYSIS AND ASSUMPTIONS

- The Capital Fund was established for the 2012 budget year.

- Transfer from General Fund is for equipment replacement fund payments and capital projects.

2015 CAPITAL IMPROVEMENT FUND EXPENDITURES

The 2015 Budget for the Capital Improvement Fund expenditures will remain focused on debt service for our completed Energy Improvement Project. The District will undertake several small capital projects during 2014 relating to facility improvements.

Chart 22: 2015 Capital Fund Expenditures

Description	2012	2013	2014 Est	2015 Budget
Intergovernmental Loans (principle)	\$0	\$37,244		\$0
Clallam County Loan Payment		\$150,000		\$0
Total Debt Service	\$0	\$187,244	\$0	\$0
Intergovernmental Loans (interest)	\$2,044	\$33,274	\$0	\$0
Total Debt Service Interest	\$2,044	\$33,274	\$0	\$0
Building and Structures	\$517,559	\$1,400,819	\$83,717	\$24,000
Machinery and Equipment				
Total Capital Outlays	\$517,559	\$1,400,819	\$83,717	\$24,000
TOTAL EXPENSES	\$519,603	\$1,621,337	\$83,717	\$24,000

*See Section 8 for greater detail on Capital Improvement Projects for 2015.

CAPITAL FUND EXPENDITURE ANALYSIS AND ASSUMPTIONS

- The Capital Fund was established for 2012 budget year.
- 2015 Capital Fund will be used for equipment replacement fund payments and capital projects.

Section 9: Capital Improvement Plan

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) involves the development of a long-term plan for capital expenditures for the District. Capital expenditures include expenditures for buildings, land, major equipment, and other commodities that are of significant value (greater than \$5,000) and have a useful life of at least five years.

The CIP lists each proposed capital item to be undertaken, the year in which it will be started, the amount expected to be expended in each year and the proposed method of financing these expenditures. The Capital Improvement Fund budget is enacted annually as part of the District Budget, based on the CIP. It encompasses enacting appropriations for the projects in the current year of the CIP.

Flexibility is built into the CIP to allow for delay of projects when financing constraints make it impossible to allow for funding of the entire array of projects and to move future projects forward when financial availability makes it possible.

CAPITAL IMPROVEMENT PLAN PROJECT EVALUATION CRITERIA

- **Safety/Accessibility:** The benefit to the safety, accessibility of the facility to all people regardless of impairment or disability should be evaluated.
- **Facility Needs:** The project should alleviate identified problems or deficiencies to maintain the quality of the facility.
- **Related Projects:** Often projects in one category are essential to the success of those in others.
- **Efficiency:** Projects that substantially improve the quality of service at the same operating cost, or eliminate obsolete and inefficient facilities should be identified using this category.
- **Public:** Projects are generally more easily implemented if there is public demand and support for them. Such public support should be gauged in terms of its strength and the depth of understanding

CAPITAL IMPROVEMENT PLAN UPDATE AND AMENDMENT

The CIP Plan will be updated annually and incorporated into the annual budget document. The District's Board of Commissioners may amend the CIP at any time if a decision must be made and action taken before the next CIP review period. All project additions or deletions must be approved by the Board. The CIP is required to be updated at a minimum annually to:

- Make any adjustments in future project years when changes occur in funding or cost.
- Add a year of project, if any, to replace the current year funded.

STEPS IN THE CAPITAL IMPROVEMENT PLAN PROCESS

The CIP is developed around the following steps:

1. Review of inventory of existing facilities and systems. This will help to indicate the eventual need for renewal, replacement, expansion or retirement of some of the systems. This inventory is part of the Maintenance and Operation documents which are updated on a regular basis.
2. Determine by review the status of previously approved projects and costs. The CIP should report on the status of previously approved projects.
3. The Executive Director will compile and evaluate project requests and needs.

4. The Executive Director will present the identified projects to the District's Advisory Committee to determine priority based upon CIP criteria.
5. The Executive Director and Finance Committee will perform financial analysis of all significant projects.
6. Once the Finance planning has completed as shown above, the Executive Director will present the recommended CIP as part of the budget document to the District's Board of Commissioners.
7. Approval of the budget and CIP.

CAPITAL IMPROVEMENT PLAN SUMMARY

The current CIP is focusing on near term projects in 2014-2015 until a direction is clear as to when and if the District would be doing an expansion project. Due to the scope the expansion project would have, no significant capital projects are being considered to avoid duplicity of projects and duplication of expended funds.

Although, the District does anticipate continuing its program of renovating and updating where duplication is not a factor. This Strategic Plan outlines the following projects:

1. **Repairing Parking Lots:** *The front and rear parking lots are in need of refinishing and stripping. There are areas of cracking and no drainage, which needs to be corrected by this project. (Completed August 2014)*
2. **Sidewalk Improvements:** *The Sidewalk improvements include removing old asphalt and installing grass, trees and shrubs (Completed May 2014)*
3. **Women's Locker Room Stall Replacement:** *A Donation of \$6,000 was given to the WSMPD for the replacement of the stalls in the Women's locker room. The existing ones were rusting away. (Completed August 2014)*
4. **Resurface Pool Floor:** *Remove and replace the pool paint in the pool with a more long lasting product. Current surfacing methods is only giving us 1 to 2 years lifespan (2015).*
5. **Paint Ceiling:** *Clean and paint ceiling of the Natatorium. Ceiling has not been painted since the early 1970's (2015).*
6. **Replace Sound Panels:** *Remove and replace sound panels with new encapsulated ones. Current sound panels are just open insulation that has been in place for over 15 years and is molding (2015).*
7. **Expansion Preliminary Plans:** *Complete preliminary plans of the two options for expansion. Plans would include expanded parking, new locker rooms, kids water area and variable depth therapy pool (2015 or 2016)*
8. **Paint Building:** *Paint the exterior and trim of building. Exterior has not been painted in 15 years and is peeling and fading (2016).*
9. **New Signage:** *Install new signage and LED reader board at the entrance to facility to better inform the public as to our activities and programs (2016).*

STATUS OF CAPITAL IMPROVEMENT PLAN PROJECTS

The following is the current list of CIP projects, timeline and current status of each project.

Section 10: Taxing Authority

Taxes make up approximately 57% 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 2015 budgeted tax rate is estimated at \$0.17. 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.

These two limitations do not apply to the District in the near term because the District has only been using a portion of the maximum lawful levy limit and would only apply when the District reaches its levy limit.

2015 LEVY

The levy rate is a product of the amount of the total taxes assessed and property values. After the District establishes the levy amount by the District Board of Commissioners rate, the County applies the total assessment to the total property values within the entity that then results in a levy rate per \$1,000 of assessed value.

The Clallam County Assessors Office has certified the property values (assessed values) for the District at 0.0005% higher than 2014 assessed values. This slight increase in property values shows a possible indication that the property value decline since 2009 has reached its bottom. The property values for the District have declined a total of 26% since the voters approved the Park District formation in 2009.

The District Board has decided to slowly return to the levy amount the voters approved in 2009, which was \$525,000. The Board decided the increase to be \$5,000 for 2015, which will total \$480,000 for the 2015 Tax levy.

The District Board has continued to have the District citizen's best interest in mind during the budget process concerning regular property taxes. The table below provides a history of levy rates.

DISTRICT HISTORICAL PROPERTY VALUES AND LEVY RATES

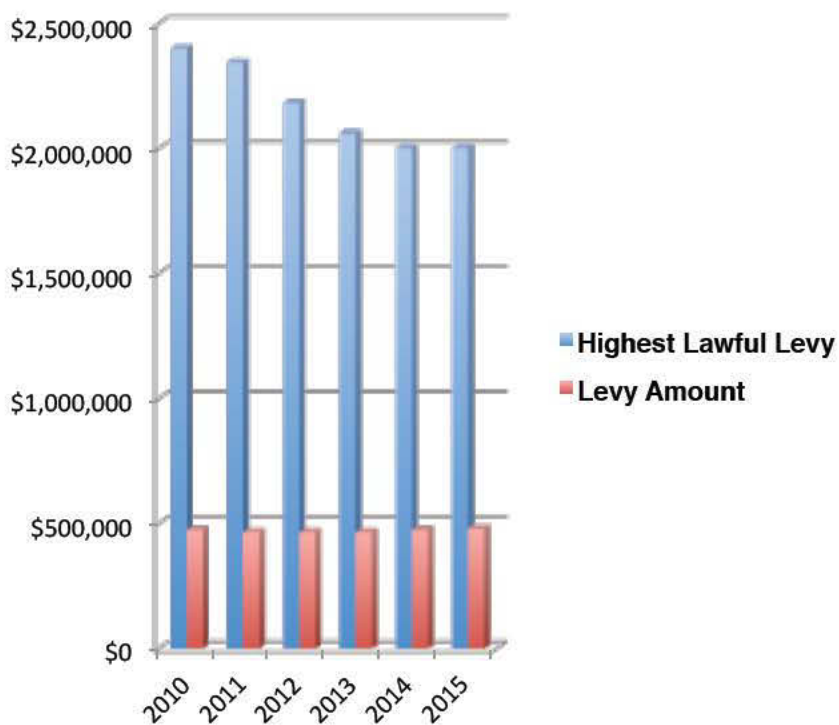
Chart 24: Property Values and Levy Rates by Year

Year	Assessed Property Value	% Increase/Decrease	Highest Lawful Levy	Levy Amount	A/V per \$1,000
2009*	\$3,498,913,138	N/A	\$2,624,185	\$525,000	\$0.1500
2010	\$3,198,254,744	-9%	\$2,398,691	\$475,000	\$0.1485

2011	\$3,125,867,763	-2%	\$2,344,401	\$465,000	\$0.1488
2012	\$2,908,002,027	-7%	\$2,181,002	\$465,000	\$0.1599
2013	\$2,745,879,119	-6%	\$2,059,409	\$465,000	\$0.1693
2014	\$2,668,958,264	-3%	\$2,001,719	\$475,000	\$0.1780
2015	\$2,668,970,455	0.0005%	\$2,001,728	\$480,000	\$0.1798
Total Increase/Decrease:		-26%			

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

Levy Rates by Year



*2014 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. These revenues vary drastically from year to year and are difficult to predict

Section 11: 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 annual budget. The District will raise capital at the lowest possible cost through maintenance of a high credit rating and reputation in the credit markets.

In 2011 the District Board of Commissioners 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 recommendations resulted in the 2012-2013 Capital Improvement Plan (CIP) and budgets for 2012 and 2013. Construction commenced in 2012 and the work was completed in June of 2013. A General Obligation Bond and a capital loan from the State of Washington LOCAL program were used for the CIP project. The total CIP project cost was \$2.1 million and \$1.3 million was financed. At the end of the 2015 budget year the total outstanding debt will be reduced to \$979,290.

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.

Chart 26: Debt Limits and Available Capacity

Long Term Debt Limit and Available Capacity				
Type of Debt	2014 District Valuation	Statutory Debt Limit	Total Debt Outstanding	Available Capacity
Non-Voter Approved (.25%)	\$2,668,970,455	\$6,672,426	\$979,290	\$5,693,136
Voter Approved (2.5%)	\$2,668,970,455	\$66,724,261	\$0	\$66,724,261

Section 12: Personnel

The District Budget for 2015, 46% 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 to full time salaried. Currently, the District has no labor union agreements with any classification of employees. The District facility is open 103 hours per week that requires 2.5 FTE's for each position The following is a list of each classification and details:

Chart 27: 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
Janitors	PT Hourly	Yes	No	No	Yes
Assist. Manager	FT Salary	No	Yes	Yes	Yes
Aquatic Manager	FT Salary	No	Yes	Yes	Yes
Executive Director	PT Salary	No	Yes	Yes	Yes

The District budget calls for 13.2 Full Time Equivalent (FTE) positions for 2015, which is the same as the FTE's for 2014. Each week, Head Lifeguard coverage is done with the Assistant Manger (20 hours per week) and the balance of hours is done with Head Lifeguards.

The increase in FTE's since 2013 is due to the increase in our programming and attendance of the facility as shown in our earned revenue increases.

Chart 28: FTE's by Personnel Category Yearly Comparison

Position	2010 FTE's	2011 FTE's	2012 FTE's	2013 FTE's	2014 FTE's	2015 FTE's
Lifeguard	2.8	3.0	3.0	4.1	5.1	5.1
Instructors	2.4	3.8	3.8	2.3	2.8	3.0
Head Lifeguard	6.3	1.3	1.3	1.8	2.1	2.1
Janitors				.5	.5	.5
Assistant Manager	0	2	2	1	1	1
Aquatic Manager	0	2	2	1	1	1
Executive Director/Manager	1	.7	.7	.7	.7	.5
TOTAL FTE's	12.4	12.8	12.8	11.4	13.2	13.2

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.

GAAPFR: 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.

William Shore Pool District

Budget-At-A-Glance

2015 Operating Budget

This "Budget-At-A-Glance" is a snapshot of the District's 2015 budget. The budget is adopted by the District Commissioners annually and is a forecast of revenues and expenditures for the fiscal year.



Mission Statement

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

Vision Statement

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

The District has a strong commitment to conservative fiscal planning. At the end of 2015, the District's closing balance of \$306,694. Each year the District has about \$41,000 in surplus. We continue to live within our financial means while providing important activities and delivering quality programs to the community.

Where Your Property Tax Dollar Goes?



225 E. 5th St.
 Port Angeles, WA 98362
 (360)417-9767
 williamshorepool.org

BOARD OF COMMISSIONERS

Mike Chapman
 President

Brad Collins
 Anna Minildi

Mike Doherty
 Cherie Kidd

Capital Improvement Projects

The Capital Improvement Projects (CIP) budget is adopted as part of the annual budget. A CIP's include the design, construction, purchase of major equipment, as well as major renovations.

The projects will continue to be modest in the 2015 budget. This is a result of long-range expansion plans that started in 2014 and will continue on 2015. In order to not duplicate projects, we have decided to limit capital spending to areas not associated with future expansion.

Some of this year's CIP projects include:

- Paint Natatorium Ceiling
- Replace Sound Baffles
- Replace Pool Surface
- Expansion Plan Design

Fully Funded Reserves

The District has established two financial reserves that are fully funded and protect the District against unexpected interruptions in revenues. The reserve funds ensure continued delivery of services while addressing emergencies and providing stability during economic downturns.

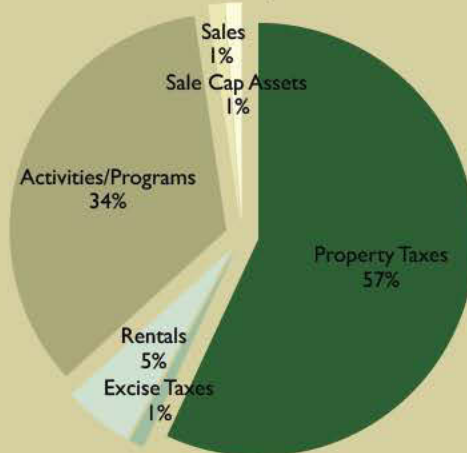
The first reserve is in the amount of \$150,000 which is one years worth of our bond and loan payments. The second reserve is for Capital Equipment replacement and is funded \$25,000 annually.

Financial Reports

Current and historical budget and audit documents are accessible at <http://www.williamshorepool.org>



2015 Revenue "Where Our Money Comes From"

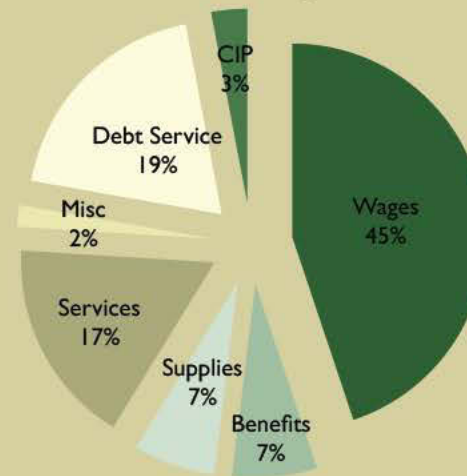


2015 REVENUE

Property Tax:	\$480,000
Excise Tax:	\$9,500
Rentals/Contracts:	\$43,750
Merchandise:	\$10,000
Programs:	\$290,000
Sale Capital Assets:	\$10,000
Misc Revenue:	\$2,500

Total: \$845,750

2015 Expenditures "Where the Money Goes"



2015 EXPENDITURES

Wages:	\$360,000
Benefits:	\$56,750
Supplies:	\$54,950
Services:	\$138,050
Misc. Expense:	\$14,425
Debt Service:	\$154,331
Capital Projects:	\$24,000

Total: \$802,506

Budget Highlights

- \$5,000 increase in tax revenue
- \$24,000 in capital improvement projects
- Establishment of a one year bond payment reserve (\$150,000)
- Establishment of an equipment replacement reserve (\$25,000 annually)
- Non-tax revenue rose 15% to in 2014.
- An additional un-restricted balance of \$166,669 at end of 2015
- \$41,000 end of 2015 surplus

Budget Priorities

- Fully fund the loan and bond 1 year reserve.
- Fund the annual equipment replacement reserve.
- Forecast future revenues to account for lower property values
- Develop a future pool facility expansion design
- Stabilize operating expenses
- Increase non-tax revenue
- Continue to invest in capital improvements to the facility
- Increase certified instructors

William Shore Memorial Pool District

225 E. 5th St.
Port Angeles, WA 98362-3015
Fax: 360.417.2493

COMMISSIONERS

MICHAEL CHAPMAN, MIKE DOHERTY, BRAD COLLINS, ANNA MINILDI, CHERI KIDD

RESOLUTION N^o _____, 2014

A RESOLUTION FOR ADOPTING 2015 ANUAL BUDGET

THE WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD OF COMMISSIONERS find as follows:

1. The District Executive Director and District Accountant has recommended a balanced Annual Budget and estimate of monies required to meet public expenses for the 2014 calendar year.
2. The Clerk of the Board, in accordance with RCW 85.55.120, did give notice that the Board would have a regular meeting on October 28, 2014 and November 25, 2014 giving taxpayers the opportunity to be heard regarding the proposed 2015 annual budget.
3. The Board of Commissioners conducted public hearing at the regular meeting on October 28, 2014 and November 25, 2014 to consider all relevant evidence and testimony regarding the 2015 annual budget.
4. The 2015 annual budget does not exceed the lawful limit of taxation as allowed to be levied by the William Shore Memorial Pool District for the purposes set forth in this budget, the estimated expenditures set forth in this budget being necessary to provide for the safe operation of the William Shore Pool facility and its programs during the 2015 calendar year
5. In accordance with RCW 84.55.120, a budget and levy public hearing was conducted on October 28, 2014 and November 25, 2014.

NOW, THEREFORE, BE IT RESOLVED by the William Shore Memorial Pool District Board of Commissioners, in consideration of the above findings of fact:

1. Approve and adopt the 2015 Annual Budget in the amounts of \$893,750.00 in resources and \$855,006.00 in expenditures.
2. Details of the budget are noted in exhibit A attached to and incorporated to this resolution.

PASSED AND ADOPTED this _____ day of _____ 2014

WSMPD PRESIDENT

ATTEST:

Tammy Sullenger, Admin Asst.

Mike Chapman, President

CC: Clallam County Treasurer, Budget Director and Auditor

William Shore Memorial Pool District

225 E. 5th St.
Port Angeles, WA 98362-3015
Fax: 360.417.2493

COMMISSIONERS

MICHAEL CHAPMAN, MIKE DOHERTY, ANNA MINILIDI, BRAD COLLINS, CHERIE KIDD

RESOLUTION N^o _____, 2014

A RESOLUTION FOR ADOPTING THE REGULAR PROPERTY TAX LEVY FOR COLLECTION IN THE 2015
CALANDAR YEAR

THE WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD OF COMMISSIONERS find as follows:

1. The Board of Commissioners has given proper public notice and conducted public hearings on Oct 28, 2014 and November 25, 2014 to consider all relevant evidence and testimony regarding regular property taxes to be levied for collection in 2015; and,
2. The District's actual levy amount from 2014 was \$475,000; and,
3. The highest lawful levy amount for collection in 2014 was \$2,001,718.70 as certified by the Clallam County Assessors Office.
4. The population of the William Shore Memorial Pool District is greater then 10,000
5. In accordance with RCW 84.55.120, a budget and levy public hearings were conducted on October 28, 2014 and November 25, 2014.

NOW, THEREFORE, BE IT RESOLVED by the William Shore Memorial Pool District Board of Commissioners, in consideration of the above findings of fact:

1. In accordance with RCW 84.55.092 and RCW 84.53.020, authorizes an increase in the regular property tax levy for 2014 in the amount of \$480,000, a 1.0% increase from 2014. This increase is exclusive of additional revenue resulting from new construction, improvements to property, new constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and refunds made.
2. The 2014 regular property tax levy of \$480,000 is \$45,000 less then the anticipated regular property tax levy which voters approved in 2009.
3. The Board of Commissioners does reserve the right to protect our future levy capacity when calculating future highest lawful levy capacities as allowed by RCW 84.55.092

PASSED AND ADOPTED this _____ day of _____ 2015

WSMPD PRESIDENT

ATTEST:

Tammy Sullenger, Admin Asst.

Mike Chapman, President

CC: Clallam County Assessor, Auditor and Treasurer

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