

Highlands Recreation District Financial Guidelines

REVENUE

The District will encourage a diversified revenue base that is generated to shelter the community from fluctuations in any one-revenue source.

The District will establish and maintain user charges and fees based on the cost of providing services and general maintenance and upkeep of the facility. Certain services will be subsidized by the District in order to provide needed community programs and events.

BUDGETING and EXPENDITURES

The Highlands Recreation District will adopt a balanced fiscal budget effective from July 1 to June 30 of the following calendar year. A balanced operating budget requires current year operating expenses to be fully funded by current year revenues and, as needed, unassigned /unreserved fund balance.

Fund Balance Reserves may be used only for non-recurring “one-time” and/or capital projects and not for on-going operations.

Long-term debt will be confined to capital improvements or special projects that cannot be financed from current revenues.

The General Manager is authorized to implement the programs as approved in the adopted budget. Within a specific fund the General Manager, with approval from the Board of Directors, may transfer appropriations between categories and programs as needed to implement the adopted budget.

With approval of the Board of Directors, unexpected appropriations may be carried forward to the next fiscal year.

The fiscal budget will include not more than 15% of the operating expenses designated for contingencies for non-recurring, unanticipated expenditures. With approval from the Board of Directors, the General Manager may expend from contingencies if needed during the fiscal year.

A capital outlay (fixed asset) purchase will be any single item or piece of equipment which costs more than \$5000 and has an expected useful life exceeding one year. Items costing less than \$5000 per item will be designated as small fixed assets.

Monthly budget reports will be submitted to the Board of Directors to provide information on the status of the District's financial condition.

FUND BALANCE RESERVES

Reserves will be established, dedicated and maintained annually to meet known and estimated unknown future liabilities. The minimum Fund Balance will be no less than 15% of the annual operating budget.

There will be four Assigned Fund Balance Reserve Accounts:

1. Appropriated for Contingencies: This account shall not exceed 15% of the annual operating budget, and is available to address unexpected events.
2. Capital Reserve: This account shall be for large capital improvement projects only.
3. General Reserve: This account shall be for improvements or as otherwise deemed necessary.
4. EEC Building Reserve: This account shall hold funds for the exclusive purpose of early repayment of the Certificates of Participation incurred for EEC Building construction.

There will be one Restricted Fund Balance Reserve Account:

1. BNY COP Reserve: This account holds funds for final interest and principal payments as required by the terms of the Certificates of Participation. These funds cannot be used for any other purpose.

There will be one Unassigned Fund Balance Account which may be used to fund operating expense shortfalls or capital improvement projects as deemed appropriate by the Board of Directors.

The District Board of Directors shall determine use of or contributions to the Assigned and Unassigned Fund Balance Accounts as described above. The Restricted Fund Balance Account may not be changed unless the terms of the COP are revised.

CAPITAL IMPROVEMENTS

Capital Improvements will be funded by available fund reserves and other state and federal funding sources as they become available. No capital improvements will be undertaken without confirmation and availability of appropriate funding.

The District will maintain a fixed asset list that is to be updated monthly. Future capital expenditures will be projected annually for a 5-year period based on changes at the facility or replacement of the infrastructure.

The District will coordinate development of the capital improvements with the development of the operating budget.

Adopted on November 8, 2005 by the Highlands Recreation District Board of Directors
Adopted on November 12, 2013 by the Highlands Recreation District Board of Directors