CHAPTER 6 – FINANCE

6.01 Fees and Charges

(A) The Board will set general fees and charges by resolution and delegate authority to the Manager to set administrative fees and charges. The District will take into account the following criteria:

(1) Charging fair and equitable fees for participation in District programs and for use of District facilities by District residents and non-resident users;

(2) Use consistent methodology, incorporating consideration for direct and overhead costs;

(3) User fees for District residents that consider other contributions such as property taxes, levies or other means;

(4) Accommodations for senior users;

(5) Accommodations for disabled patrons;

(6) Accommodations for low income patrons as arranged through the Family Assistance Program;

(7) Current markets in the public and private sectors; and

(8) Adjustment and implementation of fees, as necessary, to ensure continued equity, consistency and fairness.

(B) The Board will review District fee policy as needed to ensure fees are in line with these criteria.

6.02 Debt Policies

(A) The District use of non-general obligation supported debt should not negatively impact future operations.

Working Guidelines: *The District should not issue any new non-general obligation debt until other financial targets are met, unless the source of future annual debt service is identified, with preference toward using debt for projects that provide cost savings or revenue enhancements.*

(B) The District use of non-general obligation debt should provide an appropriate matching of the benefits provided to the cost of the debt service.

(1) Working Guidelines – use of debt: *Non-general obligation debt should be used for projects that provide savings or revenue enhancements that meet or exceed the debt service costs, and for land acquisition or capital improvements. Non-general obligation debt may be used to finance capital replacements in an emergency situation.*

(2) Working Guidelines – term of debt: *The term of non-general obligation debt should not exceed 100% of the weighted average life of the projects being funded.*

6.03 Minimum Fund Balances / Reserves

(A) The District should maintain an appropriate level of ending fund balance in the General Operating Fund to provide financial stability and minimize service disruptions.

Working Guidelines: *The District should maintain ending general operating fund balance levels of 10 percent of operating expenses. In any year in which the District is not at the targeted fund level, the budgeted contingency or unappropriated ending fund balance will be increased by 1% of property tax revenues.*

(B) The District should measure its obligation for replacement of assets and ensure that replacements are managed in a manner that does not negatively impact District services.

(1) Working Guidelines – measurement of replacement obligation: *The District should measure the replacement obligation based on deferred replacements (i.e. backlog) for both major and routine replacements plus percentage of life used for major replacements.*

(2) Working Guidelines – prioritization of maintenance replacements funding: *The District should priority fund all major items replacements (subject to condition of asset deferrals) a minimum of $350,000 of routine replacements, and fund the balance of routine replacements based on available funding.*

6.04 Cost Recovery

(A) The District should establish consistent guidelines to measure the full cost of District programs and capital projects.

(1) Working Guidelines – operating programs: *The District should measure the cost of programs based on a full-cost method, including measurement of direct variable cost, other variable cost, and an allocation of fixed indirect cost, based on actual utilization.*

(2) Working Guidelines – capital projects: *The District should measure the cost of capital projects based on the direct external cost plus the full cost (including indirect cost allocations) of District staff time to manage the projects.*

(B) The District should maintain fee policies that utilize the measurement of cost recovery / subsidy of District programs subject to other District goals.

Working Guidelines: *In establishing program fees, the District should measure and consider both the variable cost of programs or activities and the full cost of programs or activities, including fixed costs and an allocation of overhead. District fees should also be established based on an allocation of available program subsidy, which is in turn based on available non-program resources.*

(C) The District should recognize cost recovery of internal support functions for activities funded by special or restricted funds to ensure that there are no hidden interfund subsidies.

Working Guidelines: *The District should charge the cost of staff support to capital projects, and should recognize an interfund reimbursement so that all capital costs are borne by the capital projects fund.*

6.05 Cost / Benefit Analysis

The District should establish a consistent methodology of measuring cost / benefit analysis that can be used for proposed capital expansion or acquisitions.

Working Guidelines: *The District should assess cost / benefit based on net present value of net financial returns using a discount rate equal to the District current borrowing rate.*

6.06 Financial Goal Measurement

(A) The District should establish, through the long-term financial planning process, financial goals and strategies and should periodically review these goals and strategies.

Working Guidelines: *The District should review the goals and strategies annually as part of the Board of Directors annual goals and objectives.*

(B) The District should periodically measure progress toward financial goals.

Working Guidelines: *The District should develop an annual reporting process for measuring progress toward financial goals.*