



Special Meeting of the Spokane Park Board Finance Committee Minutes

3 p.m. Tuesday, Feb. 9, 2021

WebEx Virtual Meeting

Mark Buening – Parks Finance/Budget Director

Committee Members:

Bob Anderson – Chair
Gerry Sperling

Additional Park Board members:

Jennifer Ogden
Nick Sumner

Guests:

Parks Staff:

Garrett Jones
Mark Buening
Jason Conley
Megan Qureshi
Jonathan Moog
Jennifer Papich
Al Vorderbrueggen
Mark Poirier
Pamela Clarke

Summary

- Mark Buening presented an overview of the methodology of calculating fund balances, reflecting fund balance reserves, and 2020 lease vehicle charges and 2021 proposal.
- Garrett Jones presented the case for updating the current revenue stabilization reserve policy.

The next regularly scheduled meeting is 3 p.m. March 9, 2021, via WebEx.

MINUTES

The meeting was called to order at 3:01 p.m. by committee chair Bob Anderson.

Action items:

Discussion items:

1. **Methodology of calculating beginning fund balances** – *Mark Buening* prefaced by explaining that the Parks and Golf funds are defined differently; the Parks fund's primary source of revenue coming from taxes or another government source, while the Golf fund is an enterprise fund which draws its primary source of revenue from programs budgeted within that fund. The regulations and rules for an enterprise fund are like that of a private entity. The balance for 1400 is straightforward; 1) Cash and revenues are calculated, minus expenditures for the calendar year, 2) The beginning balance for the new calendar year is the ending balance carried over from the year previous. Negatives or reserves represent funds to be appropriated for specific purposes, these amounts are not counted toward the cash balance, because the amount is being reserved for contingencies. Garrett Jones pointed out that the beginning cash balance shows the combined amount of liquid cash and reserves, with the reserve amount displaying as a negative. To clarify further, the negative amount is not an indicator of a cash deficiency. The Golf fund, which is an enterprise fund, is calculated by current assets minus current liabilities. Current assets are: Cash, investments, receivables, accrued interest, and inventory totaling \$1.5 million. Liabilities are currently: payables, matured long-term debt due to other funds, current long-term debt, and depreciation. Long-term assets do not show up in the financials of an enterprise fund. Total liabilities are at a total of \$347,000. Current assets minus current liabilities is at \$1,173,626 for the beginning fund balance.
2. **Reflecting fund balance reserves** – *Mark Buening* explained that there is a 7% of a \$1 million reserve requirement, which is 7% of the current year's adopted budget (\$262,535). Facility Improvement, which is taxed separately, is a part of the fund but is set aside as a reserve; this amount is adjusted monthly due to the two \$81,000 payments made by Parks yearly and incoming revenue.
3. **2021 Revenue Stabilization Reserve policy** – *Garrett Jones* began by explaining that where there are added expenses due to unforeseen events, such as a windstorm or a pandemic, they do not change the bottom line for Parks funding toward its programs. Mr. Jones noted that the policy consisted of two documents and contained old language which was inconsistent with their present budget constraints – having \$300,000 that doesn't fall below 7% of their reserves, when they have a 5% reserve passed by the Park Board. Mr. Jones suggested an additional \$300,000 be added, since unforeseen events do significantly impact expenses. To that end, Mr. Jones suggested the policy be updated to broaden what revenue can be applied to within the policy, on the grounds that the 2020 has presented a different financial climate than 2013 to 2015.
4. **2020 lease vehicle charges and 2021 proposal** – *Mark Buening* stated that in 2020, the lease vehicle program through Enterprise was being tested. There was a total of 5 vehicles leased to Parks, to determine if other City Departments would mirror this template. The efficacy of the program was proven and there has been strong interest in citywide implementation. Leasing cost is at \$555 monthly per vehicle, total payments in 2020 were at \$33,306 over 12 months. This was a Capital purchase paid out of the Parks Operating Fund. Parks intends to expand the program significantly in 2021, this will precipitate a funds transfer from 1400 to 1950; payments will be made through 1950 and capitalized through that fund. The original 5 leased vehicles will be sold, yielding an expected minimum of \$3000 for each, totaling \$15,000 to be invested toward lease payments for new vehicles. Setting this up as a separate project in 1950 will allow Parks to track revenues and expenditures related those purchases, as there will be an expansion in 2021, with a total of 21 vehicles, specifically, 20 pickup trucks and a 15-passenger van for Recreation Department. These will replace the oldest Fleet vehicles and Parks is expecting to save considerably on maintenance because of this

model. Bob Anderson was in approval of this, adding that the ability to track and display significant savings always yields an excellent talking point when communicating with the media, reflecting positive stewardship of taxpayer dollars.

Contract items from other committees: This item was not discussed.

1. Turf and chemical value blanket (not to exceed \$195,000) – Golf Committee

Adjournment: The meeting adjourned at 3:59 p.m.

The next regularly scheduled meeting is 3 p.m. March 9, 2021, via WebEx.

Parks Fund Expenditure History

| | | 2018 Actuals | | 2019 Actuals | | 2020 Preliminary |
|------------------------|----|--------------|----|--------------|----|------------------|
| Beginning fund Balance | \$ | 3,309,735 | \$ | 1,883,481 | \$ | 924,865 |
| Revenues | \$ | 19,380,194 | \$ | 22,141,660 | \$ | 17,266,884 |
| Expenditures | \$ | (20,806,448) | \$ | (23,100,277) | \$ | (15,898,812) |
| Ending Fund Balance | \$ | 1,883,481 | \$ | 924,865 | \$ | 2,292,937 |

Parks Fund 2021 Beginning Fund Balance

| Code | Desc | Actual FFF 0/13 2020/2020 |
|-------|-------------------------|------------------------------|
| 28230 | RESERVE FOR INVENT | 174,579.19 |
| 28660 | FUND BALANCE | 757,966.35 |
| 28890 | CURRENT YR NET REVENUES | 1,368,072.00 |
| | Total | 2,300,617.54 |

| | | |
|--------------------------------------|----|-------------|
| 2021 Beginning Fund Balance | \$ | 2,300,618 |
| Less 5% Reserve Requirement | \$ | (1,154,523) |
| Less Stabilization Reserve | \$ | (400,000) |
| Available Funds Over Reserves | \$ | 746,095 |

Golf Fund Beginning Fund Balance

Current Assets Minus Current Liabilities

Golf Fund 2021 Beginning Fund Balance

Current Assets

| Code | Desc | Actual FFF |
|-------|------------|-----------------|
| 11010 | CASH | \$ 226,109.19 |
| 11790 | INVESTMENT | \$ 1,215,312.09 |
| 12000 | RECEIVABLE | \$ 4,597.96 |
| 12400 | ACCR INTER | \$ 291.00 |
| 14100 | INVENTORY | \$ 74,094.62 |

| | |
|----------------------|-----------------|
| Total Current Assets | \$ 1,520,404.86 |
|----------------------|-----------------|

Current Liabilities

| Code | Desc | Actual FFF |
|-------|-------------------|-----------------|
| 21300 | ACCTVCHPAY | \$ (82,843.58) |
| 21700 | MATURED LT | \$ (50,449.41) |
| 22500 | DUE OTHFND | \$ (61,723.53) |
| 23100 | OTR ACC LB | \$ (12,053.10) |
| 23500 | CURRENT LT | \$ (20,428.58) |
| 24500 | DEP/OTHER | \$ (119,280.60) |
| 28524 | RES. EQUIP. REPL. | \$ (105,528.50) |

| | |
|---------------------------|-----------------|
| Total Current Liabilities | \$ (346,778.80) |
|---------------------------|-----------------|

Current Assets-Current Liabilities = \$ 1,173,626 Beginning Fund Balance

| | | |
|-----------------------------|----|-----------|
| Less 7% Reserve Requirement | \$ | (262,535) |
|-----------------------------|----|-----------|

| | | |
|-----------------------------------|----|-------------|
| Less Facility Improvement Reserve | \$ | (1,014,825) |
|-----------------------------------|----|-------------|

| | | |
|------------------------------|----|-----------|
| Cash Available Over Reserves | \$ | (103,734) |
|------------------------------|----|-----------|

Parks and Recreation Revenue Stabilization Fund Policy

The Revenue Stabilization Fund (RSF) was established by the Park Board in 2013 to assist Parks and Recreation Directors in managing revenue loss due to unforeseen impacts and circumstances.

Currently the Revenue Stabilization Fund has a balance of \$300,000 and depending on use should be periodically refunded by the Park Board as funds become available. As of July 2015 no funds have been accessed from the RSF.

Process for Use of Revenue Stabilization Fund:

1. Only Parks and Recreation Directors shall be permitted to make a request to access the RSF.
2. All requests shall be presented in writing and approved by the Parks Director prior to being presented to the Park Board Committee. All requests must be accompanied by documentation explaining the reason for the loss.
3. Requests for use of the RSF can only be made in the third and fourth quarter of any given year for losses experienced at any point in that year.
4. All requests shall be made to the Parks and Recreation Director no later than November 15th of any given year.
5. Upon approval of the Parks Director the request shall be presented as an action item to the next Park Board Committee associated with the request (for example a request from Park Operations shall go in front of the Land Committee).
6. If approved at the appropriate Committee it shall be presented as an action item at the next Finance committee.
7. If approved by the Finance Committee it shall be considered at the next Park Board meeting.
8. If approved by the Park Board then the Parks and Recreation Budget & Finance Director will make the necessary transfer.
9. If at the end of the budget year the department that made the request has revenue that exceeds expenditures, those funds shall be used to pay back the RSF.

Criteria for Use of the Revenue Stabilization Fund:

1. It is expected that Directors will attempt to manage revenue loss through sound budget management; it is only after determining that the loss cannot be mitigated within the adopted budget can a Director make a request of the RSF.
2. Request for use of the RSF is for unexpected revenue loss only; it cannot be used for expenditures that exceed budget either in total or in any given area.
3. The revenue loss must be the result of circumstances beyond the control of a Director, for example: unexpected weather, unplanned construction, attraction or facility shutdown.
4. Revenue loss due to poor management by a Director or their staff shall disqualify requests to access the RSF.
5. Requests for use of the RSF can only be made for the budget year the revenue loss is experienced; the RSSF cannot be accessed for previous year's losses.

6. All requests must be greater than \$10,000.
7. Each request shall be unique to a Department and an unexpected event or circumstance.

| | |
|--|-----------------------------------|
| CITY OF SPOKANE PARKS AND RECREATION DIVISION ADMINISTRATIVE POLICY AND PROCEDURE | ADMIN 1400-13-13 LGL 2013-0024 |
| TITLE: REVENUE STABILIZATION ACCOUNT EFFECTIVE DATE: November 14, 2013 REVISION EFFECTIVE DATE: N/A | |

1.0 GENERAL

1.1 This document sets forth the Spokane Parks and Recreation Division's policy and procedure for the Revenue Stabilization Account.

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This policy and procedure shall apply to the Spokane Parks and Recreation Division.

3.0 REFERENCES

City Charter Section 48. Park Board – Powers

Rules of the Park Board Section 14, General Operating Policies and Procedures, Rulings, and Appeals

4.0 DEFINITIONS

None

5.0 POLICY

- 5.1 There is created a revenue stabilization account within the Park Fund to provide allocation and appropriation of the Park Fund's unassigned monies.
- 5.2 The purpose of the Park Fund revenue stabilization account is to identify, reserve, and accumulate unexpended Park Fund resources in order to mitigate impacts of future unanticipated Park Fund revenue shortfalls, budgetary imbalances, and shortages in working capital, and to provide revenue for emergency or other exigent circumstances.

6.0 PROCEDURE

- 6.1 An allocation of \$300,000 shall be made from the Park Fund unassigned fund balance to be appropriated to the revenue stabilization account.
- 6.2 Unspent monies in the revenue stabilization account will be carried over at the conclusion of each fiscal year.
- 6.3 The account will be replenished annually such that it will remain at \$300,000, provided the Park Fund unassigned fund balance does not fall below seven percent (7%) of the Park Fund appropriations for such year.
- 6.4 Disbursements from the revenue stabilization account may be made to mitigate a Park Fund revenue shortfall deemed by the Park Board to meet one or more of the following criteria:
 - 6.4.1 The revenue shortfall results from revenue collections considered to be materially short of the amount estimated for the annual budget;
 - 6.4.2 The revenue shortfall is expected to persist beyond the end of the fiscal year;
 - 6.4.3 The revenue shortfall did not result from pricing services or offering pricing discounts below the cost recovery goal or mismanagement without prior Park Board approval.
- 6.5 Potential use of the revenue stabilization account would be considered for the following:
 - 6.5.1 Prolonged inclement weather contributing to decreased revenue.

6.5.2 Construction project planning occurred after revenue was estimated which required closing of facilities or curtailing of services that negatively impact revenues.

6.5.3 Major repairs of facilities or grounds as a result of an abnormal event required closing of facilities or curtailing of services that negatively impact revenues.

6.5.4 Other unforeseen material events that negatively impact revenues.

6.6 Appropriations from this account are made only upon approval of the Park Board by resolution.

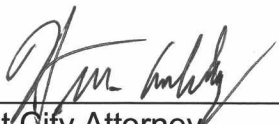
7.0 RESPONSIBILITIES

The Director of Parks and Recreation is responsible for reporting an annual balance and administering this policy and procedure.

8.0 APPENDICES

None

APPROVED BY:



Assistant City Attorney

11/21/13

Date



Director, Parks and Recreation

11/21/13

Date