

THREE RIVERS PARK DISTRICT

FINANCIAL MANAGEMENT PLAN

Originally Adopted: September, 1989

Amended: February, 1991	March, 1994	July, 2015
March, 1994	November, 2009	
December 1995	December, 2011	
February 2001	March, 2014	
January, 2007	April, 2014	

PURPOSE

Accounting for public funds will be accomplished in a manner consistent with generally accepted accounting principles to ensure that the public's investment in the Park District is carefully managed. This plan provides the basic framework for managing and accounting for Park District funds. It will enable the Board of Commissioners and the Superintendent and Senior Management Group of the Park District to make decisions that contribute to the financial stability of the District.

The objectives of this plan are:

- To provide timely and accurate data to the Board of Commissioners to enable them to adopt financial policies that are in the best interest of the Park District and its constituents.
- To avoid financial problems and emergencies.
- To establish operational principles which minimize the costs of governance to an extent consistent with service and facilities authorized by the Board of Commissioners.
- To prevent deterioration of the Park District's equipment, facilities and natural resources through a systematic program of maintenance, rehabilitation and/or replacement.
- To establish revenue policies which emphasize a balance of revenue sources, distribute costs fairly and provide adequate funds for operating authorized programs and activities.
- To protect and enhance the Park District's credit rating and prevent default on any debt.
- To ensure the appropriate use and protection of all Park District funds through an effective and accurate system of financial recordkeeping.
- To provide planning and financing for development and operation of new facilities and amenities.

POLICIES

Capital Improvement, Preservation and Rehabilitation Planning and Funding

1. The Park District will use a system-wide Asset Management Program under the administration of the Superintendent and as authorized by the Board of Commissioners to provide a sound, comprehensive and fiscally responsible method to manage capital development, maintenance, rehabilitation, information technology, and other significant activities of the Park District.
2. The Park District will use a committee structure under the administration of the Superintendent to inventory, review, and recommend projects for funding in the areas of new initiatives, infrastructure management, preservation and maintenance of existing facilities, public and life safety programs and information technology.
3. The Park District will maintain, manage and replace existing assets through the development of annual, short-term (5 year) and long-term (20+ year) plans in accordance with industry best management practices and as adopted by the Board of Commissioners.
4. The Park District will develop an annual and five-year Capital Investment Program (CIP) which will include land acquisition, new development and the functional redevelopment of existing facilities as authorized by the Board of Commissioners.
5. The Park District will prepare and maintain a Park or Trail Master Plan that will provide a common vision of future development prior to beginning major development or redevelopment of park or trail facilities.
6. The Park District Board of Commissioners will adopt a project budget for all capital projects identified in the current year annual work program contained in the Asset Management Plan.
7. The Park District will utilize a variety of funding sources for projects within the Board adopted Asset Management Program including:
 - a) Metropolitan Council Grants

Proceeds from grants approved by the Metropolitan Council will be used for projects that qualify as regional in nature and are consistent with Park District policies.
 - b) General Obligation Bonds

Proceeds from the sale of general obligation bonds will be used to finance projects which do not qualify for Metropolitan Council grants or for which insufficient Metropolitan Council grant funding is available to implement the project on a timely basis.

c) Revenue Bonds

Proceeds from the sale of revenue bonds will be used to finance projects consistent with the Park District's priorities which will generate sufficient direct revenues to support the debt service payments associated with the bonds.

d) General Obligation Revenue Bonds

Proceeds from the sale of general obligation revenue bonds will be used to finance projects that have direct revenues to support the debt service payments but may, due to unusual conditions, require additional support from other sources if the direct revenues are not adequate.

e) Federal, State, Local and Private Grants and Donations

Proceeds from government and private grants and donations will be used to finance projects for which the grants are given provided the project is included in the adopted Asset Management Program.

f) Land Acquisition, Development and Betterment Fund

A Park District fund which can be used for land acquisition, projects which do not currently qualify for Metropolitan Council grants or projects that result in the betterment of a park facility or the Park District as a whole.

g) Park Preservation and Rehabilitation Fund

Proceeds from the Metropolitan Council's Lottery-in-Lieu-of-Tax grant will be used to finance projects which involve reconstruction, renovation and maintenance of existing capital infrastructure.

8. The Park District will use change orders to authorize changes in construction contracts. In order to maintain the efficiency of projects and meet construction schedules, administrative approval of change orders by the Superintendent is allowed provided:
 - a) The change order does not alter the character of the project.
 - b) The change order does not exceed \$50,000.
 - c) The necessary funds are available in the approved project budget.
 - d) The cumulative amount of all approved change orders does not exceed 10% of the original contract approved by the Board of Commissioners. If the contract did not require and receive approval by the Board of Commissioners, no percentage limit exists.

- e) Once the cumulative amount of all change orders exceeds 10% of the contract amount approved by the Board, all future change orders must be approved by the Board of Commissioners prior to the work commencing.
9. The Park District will, for each project, consider the need for a public communications plan to solicit public input and/or inform the public regarding the need, strategies and timing of the project to ensure the project delivers the expected and desired outcomes.
 - a) The communications plan may include a variety of techniques including public forums, open houses, press releases, information on the Park District's website, social media and other methods as deemed appropriate.

Vehicle and Mobile Equipment

1. The Park District will develop an annual replacement program as adopted by the Board of Commissioners that will project its vehicle and mobile equipment needs on a five-year basis.
2. The Park District will account for all vehicle and equipment costs through the Equipment Internal Service Fund. This fund will be financed by charges to user departments and its annual budget will consist of the operations, maintenance, depreciation and replacement costs of current equipment along with the purchase of equipment as contained in the five-year plan.
3. The Equipment Internal Services Fund will maintain a minimum cash balance at year-end of \$500,000 to ensure availability of adequate funds for emergency situations.
4. The annual Board adopted budget for the Equipment Internal Service Fund will include a list of equipment to be purchased. One quarter of the value of this list will not be purchased until a financial projection of the fund's revenues and expenditures is complete, shows a positive operating result and the Superintendent authorizes the purchase of the remaining equipment. If the projection shows a negative result, a portion of the equipment proposed to be purchased will need to be eliminated for the fiscal year.

Revenue

1. The Park District will attempt to utilize a variety of revenue sources, emphasizing those that are stable, to mitigate the difficulties which may result from fluctuation in any one revenue source.
2. All revenue sources will be reevaluated annually and long-term projections will be made where possible.

3. Pursuant to the Board adopted cost recovery policy, the Park District will provide basic services such as parks, trails, rivers and lakes, non-guarded beaches, fishing piers, general picnic areas, nature centers and visitor centers, play areas, boat access areas, and gardens without the imposition of user fees.
4. The Park District will charge user fees for all services and amenities that provide additional recreational or educational opportunities beyond those defined as basic services such as reservation picnicking, group and individual camping, equipment rental, cross country skiing, golfing, downhill skiing and snowboarding, snow tubing, lessons, educational and recreational programs, concessions and swimming in chlorinated swim ponds.
5. User fees will be determined based on the direct costs of providing services and established goals to recover those costs pursuant to adopted Board policy. The appropriate level of cost recovery will be based on an assessment of who is benefiting from the service provided. The Park District will also consider available resources, public need, public acceptance, and the community economic climate when establishing fees and charges.
6. The Park District may subsidize the cost recovery objective of services for persons with economic need or for other targeted populations, as determined by the Board, through tax-supported fee reductions, scholarships, grants or other methods.

Golf and Alpine Operations

1. The Park District will, by Board action, designate and provide golf and alpine operations (i.e. special revenue facilities as defined in the Board approved cost recovery plan) in which revenues generated by the activity are expected to meet or exceed direct costs including debt but excepting depreciation.
2. The facilities provided will be consistent with the Park District's mission and the parks and recreation industry. The existence of private sector facilities and services will be a primary consideration when determining the justification for public parks and recreation services and facilities.
3. Fees for these activities are to be established at a level sufficient to support direct costs, be competitive with similar public and private facilities, and provide surplus operating revenue. The Board of Commissioners may choose to subsidize a service at these facilities when the Park District is providing services to specific under represented user groups or providing services not available from the private sector.
4. All golf and alpine operations shall maintain a year-end minimum cash balance of 10% of the subsequent year's budget to provide funds for cash flow purposes. In addition, the minimum cash balance required will be increased by any debt service payment due during the first half of the year.

5. Annual budgets should include a contingency equal to 10% of the operation's budget and a contribution to the capital improvement reserve fund for each facility equal to 5% of the operation's budget. Operations with annual debt service payments, should strive to meet these levels when their fee structure allows.
6. Cash balances in excess of the minimum required for debt and cash flow will be committed to future capital improvements or other Board directed uses.

Gifts and Donations

1. Gifts of personal or real property will be accepted if consistent with Park District objectives and in the best interest of the Park District as determined by the Board of Commissioners. Gifts that are inconsistent with Park District interests may be accepted provided they can be easily sold or used to generate revenue.
2. Gifts of less than \$25,000 with conditions limiting the use of the funds can be accepted by the Superintendent or designee if the conditions are consistent with the Park District's mission. The acceptance of gifts of \$25,000 or more with limiting conditions must be approved by the Board of Commissioners.
3. Expenditures of funds from gifts will be consistent with conditions, if any, or with the mission of the Park District if no conditions exist. The Superintendent or designee must approve all expenditures under \$25,000. Expenditures of \$25,000 or more require approval of the Board of Commissioners.
4. A quarterly report will be submitted to the Board of Commissioners detailing the balance of each donation account and highlighting the significant donation receipts and expenditures.

Debt

1. The Park District will confine long-term borrowing to Board approved capital improvements or projects that cannot be financed from current revenues.
2. The Park District may use short-term borrowing (defined as debt with a final maturity within 5 years) to finance equipment acquisition as authorized by the Board provided that the life of the equipment is at least equal to the life of the financing instrument.
3. The Park District will attempt to keep the average maturity of bonds at or below 20 years and in no case will the bond life exceed the expected useful life of the improvements or projects being funded.

4. The Park District will evaluate the structure of each issue prior to issuance to ensure that all aspects of the issue are compatible with Park District goals contained in its Board adopted capital improvement plan and operating budget.
 - a) The evaluation must include a Board of Commissioners discussion regarding the tax levy impact over the life of the bonds. This discussion should occur when the Asset Management Program is approved as well as when the bond issuance is authorized.
5. The total general obligation debt outstanding at any time will not exceed one-tenth of one percent of the market value of taxable property.
6. The Park District will not incur long-term debt to support current operations.
7. The Park District will comply with all laws regarding disclosure, reporting and compliance for all bond issues.
 - a) The Director of Finance is responsible for monitoring compliance and responding to regulatory communications.
8. The Park District will contemplate advanced refunding of outstanding debt to remove or change bond covenants, restructure the stream of debt service payments or to achieve interest cost savings. Any refinancing requires approval by the Board of Commissioners. If an advance refunding is undertaken to achieve interest cost savings, the net savings from the refunding must be at least 3% of the refunded debt service and should be balanced against the cost associated with the refunding.

Reserves

1. The Park District will commit a portion of fund balance in the General Fund and other appropriate funds for the payment of compensated absences. The amount committed will be the liability for accrued vacation, severance pay and associated benefits. This commitment will be recorded prior to all other commitments.
2. The Park District will, to the extent of the available fund balance, make the following assignments of the General Fund balance in the following order:
 - a) Assignment for subsequent year's budget equal to 100% of the state operations and maintenance funding received in the current year which will be used to fund the ensuing year's operations.
 - b) Assignment for working capital equal to 22% of the ensuing year's budget to ensure availability of adequate funds for the ensuing year's budget until property tax and park use revenues are received.
 - c) Assignment for contingencies equal to \$1,000,000.

3. The Park District will maintain an undesignated and unreserved minimum cash balance in the following funds:
 - a) Equipment Internal Service Fund - \$500,000
 - b) Risk Management Fund- \$500,000
 - c) Land Acquisition, Development and Betterment Fund - \$500,000
 - d) Park Preservation and Rehabilitation Fund - \$1,000,000
 - e) Noerenberg Trust Fund - \$1,200,000
 - f) Glen Lake Golf Course Fund - \$150,000
 - g) Debt Service Fund – an amount equal to the principal and interest payable in the subsequent year.
4. The Park District will maintain reserve funds for bond issues in the amount required by the covenants with respective bondholders.
5. The Park District will spend restricted resources before unrestricted resources. In addition, when committed, assigned and/or unassigned resources are available, the Park District will use resources in the following order; committed, assigned and finally unassigned.
6. Fund Balance in excess of the reserves outlined in the financial management plan may be spent on the following one-time costs with board approval:
 - a) Repayment or refinancing of debt.
 - b) Restore reserves to minimum levels
 - c) purchase of equipment.
 - d) Partial or full funding of improvements to park district facilities and trails or Acquisition/Construction of new facilities and trails.
 - e) Funding for projects in the approved asset management plan thereby reducing the amount of debt to be issued.
 - f) Funding one-time start up expenditures associated with a new program or new service.
 - g) Funding a limited pilot program prior to making the program or service a part of the operating

Investments

1. The Park District will pool cash from all funds and invest at least 98% of its idle cash on a continuous basis.
2. The Park District will pool its investible cash with other public agencies as authorized by the Board of Commissioners, when appropriate and practical, to increase the efficiency and effectiveness of investing public funds.
3. The Park District's accounting system will provide regular information to allow for the monitoring of cash position and investment performance.
4. The Park District will require all banks and financial institutions holding Park District deposits to collateralize these deposits through pledging of securities as required by state law.
5. The Park District will limit its investments to those investments allowed under Minnesota State Statute Section 118A.04.

Accounting, Auditing and Financial Reporting

1. The Park District will establish and maintain a true and accurate record of all revenues collected and funds expended.
2. The accounting system will be maintained in conformity with generally accepted accounting principles.
3. Regular monthly and annual financial reports will be prepared to provide a summary of financial activity by fund. These reports will be submitted to the Board of Commissioners at least quarterly.
4. An independent public accounting firm will perform an annual audit of the Park District and will issue public opinions on the Park District's financial statements and operations.

Risk Management

1. The Park District will maintain a separate Risk Management Fund within its accounting records to account for all risk management revenues and expenses.
2. The Park District will annually calculate an estimate of the funding required to purchase the necessary insurance and or administer a self-insurance program and allocate as approved by the Board from the General Fund and other appropriate funds the required amount. In determining the estimated funding, the Park District will utilize data from both internal and external sources.
3. The Park District will conduct educational safety and risk avoidance programs.

4. The Superintendent or designee will have the authority to settle claims against the Park District without prior approval by the Board of Commissioners in an amount not to exceed \$100,000.
5. All expenditures from the Risk Management Fund require approval of the Chief Financial Officer so that losses can be monitored and reported and future risk projections be made.
6. The risk management fund will pay all insurance premiums and direct costs associated with an insurable event. Costs incurred due to regular use or caused by an uninsurable event will not be funded by the risk management fund.

Operating Budgets

1. The Park District will pay for all current expenditures with current revenues pursuant to Board approved budgets. The Park District will avoid budgeting procedures which balance current expenditures at the expense of meeting future year's revenues or that rely on accumulated fund balance to meet current obligation.
2. The budget will provide for adequate funding for the required maintenance and orderly replacement of the Park District's capital equipment.
3. The budget will provide for adequate funding of all employee benefit programs and retirement programs.
4. The Park District will maintain a budgetary control system to assist in adhering to the budget. Monthly reports comparing actual revenues and expenditures to budgeted amounts will be a central component to this system.
5. The Park District will comply with applicable laws when purchasing goods and services.
6. Service levels and type of programs to be delivered relative to the funding provided will be included as an integral part of all operating budgets.
7. The Superintendent will be authorized to approve the purchase of goods or services including contracts for services in an amount not to exceed \$100,000 provided such expenditure is a part of an adopted budget, including the general fund and other operating budgets as well as any approved capital budget included in the Asset Management Program.
8. The Park District will amend operating budgets as changes in funding or priorities require. The Superintendent is authorized to amend annually approved budgets by reallocating the previously approved amount. Amendments modifying the total dollar amount of budgeted revenues or expenditures must be approved by the Board of Commissioners.

9. The Superintendent may authorize the expenditure of unbudgeted funds for revenue generating programs when the additional revenue will exceed the expenditures required. As soon as practical after the program costs are authorized, the Superintendent will submit a budget adjustment request to the Board of Commissioners.
10. The Park District will use grants to supplement revenues and expenditures in operating budgets when the conditions of the grant are consistent with the Park District mission and objectives of the budget. All acceptances must be approved by the Superintendent. Grants in excess of \$25,000 must also be approved by the Board of Commissioners.

Special Assessments

1. The Park District will pay only those special assessment levies that meet statutory and case law criteria for validity.
2. The Park District will pursue all means of redressing invalid assessments including negotiation and legal appeals.
3. The Park District will pay all valid special assessments in a timely manner to avoid any penalty and interest costs that accrue on late payments.