



**Office of the Washington State Auditor**  
**Pat McCarthy**

## **Financial Statements Audit Report**

# **Eastmont Metropolitan Parks District**

**Douglas County**

**For the period January 1, 2014 through December 31, 2015**

**Published February 27, 2017**

**Report No. 1018617**





**Office of the Washington State Auditor**  
**Pat McCarthy**

February 27, 2017

Board of Commissioners  
Eastmont Metropolitan Parks District  
East Wenatchee, Washington

**Report on Financial Statements**

Please find attached our report on the Eastmont Metropolitan Parks District's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Eastmont Metropolitan Parks District  
Douglas County  
January 1, 2014 through December 31, 2015**

Board of Commissioners  
Eastmont Metropolitan Parks District  
East Wenatchee, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Eastmont Metropolitan Parks District, Douglas County, Washington, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 30, 2017.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's

internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we have reported to the management of the District in a separate letter dated February 3, 2017.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

January 30, 2017

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Eastmont Metropolitan Parks District Douglas County January 1, 2014 through December 31, 2015**

Board of Commissioners  
Eastmont Metropolitan Parks District  
East Wenatchee, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Eastmont Metropolitan Parks District, Douglas County, Washington, for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the Eastmont Metropolitan Parks District has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Eastmont Metropolitan Parks District, for the years ended December 31, 2015 and 2014, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Eastmont Metropolitan Parks District, as of December 31, 2015 and 2014, or the changes in financial position or cash flows for the years



then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Other Matters**

### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming opinions on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

January 30, 2017

## **FINANCIAL SECTION**

**Eastmont Metropolitan Parks District  
Douglas County  
January 1, 2014 through December 31, 2015**

### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2015  
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Notes to Financial Statements – 2015  
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### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2015  
Schedule of Liabilities – 2014

**Eastmont Metropolitan Parks District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2015**

**Beginning Cash and Investments**

30810	Reserved	8,190
30880	Unreserved	404,525
388 & 588	Prior Period Adjustments, Net	-

**Operating Revenues**

310	Taxes	794,291
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	139,472
350	Fines and Penalties	-
360	Miscellaneous Revenues	5,346
Total Operating Revenues:		939,109

**Operating Expenditures**

570	Culture and Recreation	839,169
598	Miscellaneous Expenses	-
Total Operating Expenditures:		839,169
Net Operating Increase (Decrease):		99,940

**Nonoperating Revenues**

370-380, 395 & 398	Other Financing Sources	56,882
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		56,882

**Nonoperating Expenditures**

580, 596 & 599	Other Financing Uses	31,877
591-593	Debt Service	23,228
594-595	Capital Expenditures	73,071
597	Transfers-Out	-
Total Nonoperating Expenditures:		128,176

**Net Increase (Decrease) in Cash and Investments: 28,646**

**Ending Cash and Investments**

5081000	Reserved	-
5088000	Unreserved	441,361
<b>Total Ending Cash and Investments</b>		<b>441,361</b>

*The accompanying notes are an integral part of this statement.*

**Eastmont Metropolitan Parks District  
Fund Resources and Uses Arising from Cash Transactions  
For the Year Ended December 31, 2014**

**Beginning Cash and Investments**

30810	Reserved	58,636
30880	Unreserved	376,183
388 & 588	Prior Period Adjustments, Net	-

**Operating Revenues**

310	Taxes	757,458
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	123,522
350	Fines and Penalties	-
360	Miscellaneous Revenues	10,384
Total Operating Revenues:		891,364

**Operating Expenditures**

570	Culture and Recreation	796,941
Total Operating Expenditures:		796,941
Net Operating Increase (Decrease):		94,423

**Nonoperating Revenues**

370-380, 395 & 398	Other Financing Sources	50,084
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		50,084

**Nonoperating Expenditures**

580, 596 & 599	Other Financing Uses	-
591-593	Debt Service	23,228
594-595	Capital Expenditures	143,383
597	Transfers-Out	-
Total Nonoperating Expenditures:		166,611

**Net Increase (Decrease) in Cash and Investments:** **(22,104)**

**Ending Cash and Investments**

5081000	Reserved	8,190
5088000	Unreserved	404,525
Total Ending Cash and Investments		412,715

*The accompanying notes are an integral part of this statement.*

EASTMONT METROPOLITAN PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 1, 2015 THROUGH DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eastmont Metropolitan Park District (EMPD) was incorporated on December 29, 2004 and operates under the laws of the State of Washington applicable to a metropolitan park district that is a junior taxing district. The EMPD is a special purpose local government and provides parks and recreation services.

The district reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting system (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State Law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as describe below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their interned purpose. Each fund is reported as a separate column in the financial statements. The following funds types are used:

Government Fund Types:

General Fund:

The general fund is the operating fund of the EMPD. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

### C. Budgets

The District adopts annual appropriated budgets for general funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

General Fund: 2015	Budget	Actual	Variance	
Administration	\$ 520,403.00	\$ 516,529.00	\$ 3,874.00	
Supplies	\$ 111,700.00	\$ 87,673.00	\$ 24,027.00	
Other Services	\$ 208,623.00	\$ 224,356.00	\$ (15,733.00)	
Intergov. Services	\$ 12,000.00	\$ 8,072.00	\$ 3,928.00	
Capital Expenditures	\$ 120,000.00	\$ 73,071.00	\$ 46,929.00	
Bond Payment	\$ 23,228.00	\$ 23,228.00	\$ -	
Intergovernmental	\$ 5,500.00	\$ 2,539.17	\$ 2,960.83	

The EMPD Executive Director is authorized to transfer budgeted amounts between departments within any fund, however, any revisions that alter the total expenditures of the EMPD, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the EMPD's Board of Commissioners.

Amended budget resolutions are reviewed in public session.

### D. Cash and Investments

It is the EMPD policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the county or its agent or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2015 are as follows: \$330,328.18.

### E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$500 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### F. Compensated Absences

Vacation leave may be accumulated annually up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

#### G. Long Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the EMPD's debt transactions for the fiscal year 2015. The debt service payment for the fiscal year being reported and future payment requirements including principal and interest are as follows.

Pay period	Principal	Interest	Total			
6/1/2015	\$10,758.94	\$855.06	\$11,614.00			
12/1/2015	\$10,863.84	\$750.16	\$11,614.00			
6/1/2016	\$10,969.76	\$644.24	\$11,614.00			
12/1/2016	\$10,635.86	\$978.14	\$11,614.00			
6/1/2017	\$10,824.65	\$789.35	\$11,614.00			
12/1/2017	\$11,016.76	\$597.21	\$11,614.00			
6/1/2018	\$11,212.34	\$401.66	\$11,614.00			
12/1/2018	\$11,416.60	\$202.64	\$11,619.24			

#### H. Other Financing Sources or Uses

The District's other Financing Sources consist of Agency Deposits, surplus sales and miscellaneous non-revenue. The District's other Financing uses for 2015 was Agency Disbursements.

#### I. RISK MANAGEMENT

The EMPD is a member of Enduris. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. Enduris was formed July 10, 1987, when two counties and two cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of June 3 2016, there are 518 Enduris members representing a broad range of special purpose districts.

Enduris allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establishes a plan for total self-insurance, and provides excellent risk management services and other related services. Enduris provides “occurrence” policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk” basis, blanket from using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable paper, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offer employee dishonesty coverage up to a liability limit of \$1,000,000.00.

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that is subject to a “per occurrence” \$500,000 deductible on liability loss, \$100,000 deductible on property loss and \$5,000 deductible on boiler and machinery loss. The member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$499,000 on liability losses, \$99,000 on property loss, \$4,000 on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability amount the participating members.

The contract requires member to continue membership for a period of not less than one year and must give notice 60 days before terminating participation. The Intergovernmental Contract (Master Agreement) is automatically renewed after the initial one full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Intergovernmental Contract.

Enduris is fully funded by its member participants, Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris financial statements can be obtained at Enduris Washington, 1610 S. Technology Blvd. Suite 100, Spokane, WA 99224.

#### NOTE 2: PROPERTY TAXES

The Douglas County Treasurer acts as an agent to collect property taxes levied within the EMPD boundary. Property tax revenues are recognized when cash is received by the EMPD. Delinquent taxes are considered fully collectible because of lien affixes to the property after taxes are levied.

The EMPD’s regular levy for the year 2015 was \$.27 per \$1,000 on an assessed valuation of \$2,952,620,936 for a total regular levy of \$797,207.65.



#### NOTE 4: PENSION PLANS

Substantially all the EMPD's full-time and qualifying part-time employees participate in the retirement program administered by the Washington State Department of Retirement Systems under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to : Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or can be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov) .

The EMPD full time and qualifying part-time employees can choose between two plans, PERS 2 or 3. Rates are set annually by state legislation.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution requirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

Currently all Eligible EMPD employees are enrolled in the DRS PERS Plan 2. The current rates are Employer – 11.18% and Employee – 6.12% of monthly income.

At June 30, 2015, the EMPD's proportionate share of the collective net pension liabilities, as reported on the Schedule 9 was as follows:

	Allocation Percentage	Liability (Asset)
PERS 1	0.002723%	142,438
PERS 2 and 3	0.003518%	125,700

#### NOTE 4: OTHER DISCLOSURES

The EMPD maintains the Apple Capital Loop Trail for the city of East Wenatchee and Douglas County through an Interlocal Agreement. The County and City paid the EMPD \$6,000 each for a total of \$12,000 in 2015 for these services.

The EMPD through an agreement with the Wenatchee Valley YMCA pays the YMCA a monthly fee to manage and operate the Eastmont Aquatic Center, which is owned by the EMPD. The monthly fee is \$4,550 or \$54,600 for the year 2015.

The EMPD's General Obligation Bond measure for \$4,000,000.00 was approved by the voters in November 2016. This Bond is for capital improvements at the Eastmont Aquatic Center and the Eastmont Community Park Playground.

EASTMONT METROPOLITAN PARK DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eastmont Metropolitan Park District (EMPD) was incorporated on December 29, 2004 and operates under the laws of the State of Washington applicable to a metropolitan park district that is a junior taxing district. The EMPD is a special purpose local government and provides parks and recreation services.

The district reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting system (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State Law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

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- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their interned purpose. Each fund is reported as a separate column in the financial statements. The following funds types are used:

Government Fund Types:

General Fund:

The general fund is the operating fund of the EMPD. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund.

## B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

## C. Budgets

The District adopts annual appropriated budgets for general funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

General Fund: 2014	Budget	Actual	Variance	
Administration	\$ 486,443.03	\$ 466,531.00	\$ 19,912.03	
Supplies	\$ 113,715.00	\$ 89,178.00	\$ 24,537.00	
Other Services	\$ 208,672.00	\$ 231,334.00	\$ (22,662.00)	
Intergov. Services	\$ -	\$ 6,931.00	\$ (6,931.00)	
Capital Expenditures	\$ 10,000.00	\$ 143,383.00	\$ (133,383.00)	
Bond Payment	\$ 23,228.00	\$ 23,228.00	\$ -	
Intergovernmental	\$ 5,500.00	\$ 2,966.27	\$ 2,533.73	

The EMPD Executive Director is authorized to transfer budgeted amounts between departments within any fund, however, any revisions that alter the total expenditures of the EMPD, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the EMPD's Board of Commissioners.

Amended budget resolutions are reviewed in public session.

## D. Cash and Investments

It is the EMPD policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the county or its agent or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2014 are as follows: \$206,202.48.

#### E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$500 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### F. Compensated Absences

Vacation leave may be accumulated annually up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

#### G. Long Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the EMPD's debt transactions for the fiscal year 2014. The debt service payment for the fiscal year being reported and future payment requirements including principal and interest are as follows.

Pay period	Principal	Interest	Total			
6/1/2014	\$10,552.17	\$1,061.83	\$11,614.00			
12/1/2014	\$10,655.05	\$958.95	\$11,614.00			
6/1/2015	\$10,758.94	\$855.06	\$11,614.00			
12/1/2015	\$10,863.84	\$750.16	\$11,614.00			
6/1/2016	\$10,969.76	\$644.24	\$11,614.00			
12/1/2016	\$10,635.86	\$978.14	\$11,614.00			
6/1/2017	\$10,824.65	\$789.35	\$11,614.00			
12/1/2017	\$11,016.76	\$597.21	\$11,614.00			
6/1/2018	\$11,212.34	\$401.66	\$11,614.00			
12/1/2018	\$11,416.60	\$202.64	\$11,619.24			

#### H. Other Financing Sources or Uses

The District's other financing sources consist of, surplus sales, insurance recovery, miscellaneous non-revenue, cancelled warrants.

#### I. Reserved Portion of ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subjected to restrictions on use imposed by external parties or due to internal commitments. The Board of Commissioners is the highest level of decision-making authority and the final action required to establish, modify or rescind a fund balance commitment. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of \$8,190. This amount was approved by the Board of Commissioners to be spent on an additional capital project, building a raised bed flower garden.

#### J. RISK MANAGEMENT

The EMPD is a member of Enduris. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. Enduris was formed July 10, 1987, when two counties and two cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of June 3, 2016, there are 518 Enduris members representing a broad range of special purpose districts.

Enduris allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establishes a plan for total self-insurance, and provides excellent risk management services and other related services. Enduris provides “occurrence” policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk” basis, blanket from using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable paper, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offer employee dishonesty coverage up to a liability limit of \$1,000,000.00.

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that is subject to a “per occurrence” \$500,000 deductible on liability loss, \$100,000 deductible on property loss and \$5,000 deductible on boiler and machinery loss. The member is responsible for the first \$1000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$499,000 on liability losses, \$99,000 on property loss, \$4,000 on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability amount the participating members.

The contract requires member to continue membership for a period of not less than one year and must give notice 60 days before terminating participation. The Intergovernmental Contract (Master Agreement) is automatically renewed after the initial one full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Intergovernmental Contract.

Enduris is fully funded by its member participants, Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris financial statements can be obtained at Enduris Washington, 1610 S. Technology Blvd. Suite 100, Spokane, WA 99224.

#### NOTE 2: PROPERTY TAXES

The Douglas County Treasurer acts as an agent to collect property taxes levied within the EMPD boundary. Property tax revenues are recognized when cash is received by the EMPD. Delinquent taxes are considered fully collectible because of lien affixes to the property after taxes are levied.

The EMPD's regular levy for the year 2014 was \$.27 per \$1,000 on an assessed valuation of \$2,703,781,137 for a total regular levy of \$730,020.02.

#### NOTE 3: PENSION PLANS

Substantially all the EMPD's full-time and qualifying part-time employees participate in the retirement program administered by the Washington State Department of Retirement Systems under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to : Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or can be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The EMPD full time and qualifying part-time employees can choose between two plans, PERS 2 or 3. Rates are set annually by state legislation.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution requirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in connection with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

Currently all Eligible EMPD employees are enrolled in the DRS PERS Plan 2. The current rates are Employer – 11.18% and Employee – 6.12% of monthly income.

#### NOTE 4: OTHER DISCLOSURES

The EMPD maintains the Apple Capital Loop Trail for the city of East Wenatchee and Douglas County through an Interlocal Agreement. The County and City paid the EMPD \$6,000 each for a total of \$12,000 in 2014 for these services.

The EMPD through an agreement with the Wenatchee Valley YMCA pays the YMCA a monthly fee to manage and operate the Eastmont Aquatic Center, which is owned by the EMPD. The monthly fee is \$4,450 or \$53,400 for the year 2014.

The EMPD's General Obligation Bond measure for \$4,000,000 was approved by the voters in November 2016. This Bond is for capital improvements at the Eastmont Aquatic Center and the Eastmont Community Park Playground.



**Eastmont Metropolitan Parks District**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2015**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	LGO Bond - Capital Projects	12/1/2018	87,699	-	21,623	66,076
	<b>Total General Obligation Debt/Liabilities:</b>		<b>87,699</b>	<b>-</b>	<b>21,623</b>	<b>66,076</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
264.30	Net Pension Liability		-	268,138	-	268,138
259.12	Compensated Absences		15,490	-	2,835	12,655
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>15,490</b>	<b>268,138</b>	<b>2,835</b>	<b>280,793</b>
	<b>Total Liabilities:</b>		<b>103,189</b>	<b>268,138</b>	<b>24,458</b>	<b>346,869</b>

**Eastmont Metropolitan Parks District**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2014**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	LGO Bond - Capital Projects	12/1/2018	108,906	-	21,207	87,699
	<b>Total General Obligation Debt/Liabilities:</b>		<b>108,906</b>	<b>-</b>	<b>21,207</b>	<b>87,699</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		10,996	4,494	-	15,490
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>10,996</b>	<b>4,494</b>	<b>-</b>	<b>15,490</b>
	<b>Total Liabilities:</b>		<b>119,902</b>	<b>4,494</b>	<b>21,207</b>	<b>103,189</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>