



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements Audit Report**

# **Si View Metropolitan Park District**

**For the period January 1, 2020 through December 31, 2020**

*Published October 21, 2021*

Report No. 1029233



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

October 21, 2021

Board of Commissioners  
Si View Metropolitan Park District  
North Bend, Washington

**Report on Financial Statements**

Please find attached our report on the Si View Metropolitan Park 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

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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*

### **Si View Metropolitan Park District January 1, 2020 through December 31, 2020**

Board of Commissioners  
Si View Metropolitan Park District  
North Bend, 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 Si View Metropolitan Park District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 6, 2021.

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 state law 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.

As discussed in Note 12 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 12.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit 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 opinions 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.

## 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

October 6, 2021

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Si View Metropolitan Park District January 1, 2020 through December 31, 2020**

Board of Commissioners  
Si View Metropolitan Park District  
North Bend, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Si View Metropolitan Park District, for the year ended December 31, 2020, 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 state law 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 audit. We conducted our audit 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 Si View Metropolitan Park District has prepared these financial statements to meet the financial reporting requirements of state law 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 cash and investments of the Si View Metropolitan Park District, and its changes in cash and investments, for the year ended December 31, 2020, 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 Si View Metropolitan Park District, as of December 31, 2020, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.



## **Matters of Emphasis**

As discussed in Note 12 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 12. Our opinion is not modified with respect to this matter.

## **Other Matters**

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

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 October 6, 2021 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  
October 6, 2021

## **FINANCIAL SECTION**

### **Si View Metropolitan Park District January 1, 2020 through December 31, 2020**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2020  
Notes to the Financial Statements – 2020

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2020

**Si View Metropolitan Park District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds</b>		<b>201 Si</b>
		<b>(Memo Only)</b>	<b>001 General Fund</b>	<b>View/Tollgate</b>
				<b>Debt Service Fund</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	7,305,813	1,971,344	178,876
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	2,619,816	1,801,185	818,631
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,049,020	1,330	580
340	Charges for Goods and Services	584,969	584,505	24
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	112,541	51,424	4,948
Total Revenues:		4,366,346	2,438,444	824,183
<b>Expenditures</b>				
570	Culture and Recreation	2,406,002	2,402,161	2,332
Total Expenditures:		2,406,002	2,402,161	2,332
Excess (Deficiency) Revenues over Expenditures:		1,960,344	36,283	821,851
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	6,638,982	-	697,426
397	Transfers-In	70,808	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		6,709,790	-	697,426
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	4,646,067	70,703	-
591-593, 599	Debt Service	1,674,446	-	1,523,127
597	Transfers-Out	70,808	70,808	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	(1,905)	(1,905)	-
Total Other Decreases in Fund Resources:		6,389,416	139,606	1,523,127
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,280,718</b>	<b>(103,323)</b>	<b>(3,850)</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	6,680,155	-	175,026
50841	Committed	-	-	-
50851	Assigned	1,038,355	-	-
50891	Unassigned	1,868,021	1,868,021	-
<b>Total Ending Cash and Investments</b>		<b>9,586,531</b>	<b>1,868,021</b>	<b>175,026</b>

<b>202 Si View Interior Debt Service Fund</b>	<b>300 Capital Projects Fund</b>	<b>301 Capital Projects Fund - 2018 Bond</b>
1,320	396,438	4,757,835
-	-	-
-	-	-
-	-	-
-	1,047,110	-
2	-	438
-	-	-
394	4,777	50,998
396	1,051,887	51,436
13	148	1,348
13	148	1,348
383	1,051,739	50,088
-	-	5,941,556
70,808	-	-
-	-	-
-	-	-
70,808	-	5,941,556
-	409,822	4,165,542
70,808	-	80,511
-	-	-
-	-	-
-	-	-
70,808	409,822	4,246,053
<b>383</b>	<b>641,917</b>	<b>1,745,591</b>
-	-	-
1,703	-	6,503,426
-	-	-
-	1,038,355	-
-	-	-
<b>1,703</b>	<b>1,038,355</b>	<b>6,503,426</b>

# **Si View Metropolitan Park District**

## **Notes to the Financial Statements**

### **For the Year Ended December 31, 2020**

#### **Note 1 – Summary of Significant Accounting Policies**

The Si View Metropolitan Park District was incorporated on February 4, 2003 and operates under the laws of the state of Washington applicable to a special purpose park district form of government. The district 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 described below.
- Component units are required to be disclosed but are not included in the financial statements. (see Notes to 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 presented using classifications that are similar to the ending balance classification 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 intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

#### **GOVERNMENTAL FUND TYPES**

##### **General Fund**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

### Debt Service Fund

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

### Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

#### 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.

#### C. Cash and Investments

See Note 3, *Deposits and Investments*

#### D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

Vacation leave may be accumulated up to a maximum of 240 hours and is payable upon separation or retirement.

Sick leave may accumulate indefinitely. Upon separation or retirement, any sick leave accumulated beyond 240 hours shall be paid to the employee's HRA VEBA account at the rate of  $\frac{1}{4}$  of his/her existing pay.

Compensatory time off may be accumulated up to a maximum of 96 hours. Upon separation or retirement, unused compensatory time off shall be paid to the employee at the employee's final regular rate of pay.

Payments are recognized as expenditures when paid.

For 2020, the District's compensated absences liability is \$95,487. (Vacation leave - \$87,843; Sick leave - \$7,458; Compensatory time - \$186).

F. Long-Term Debt

See Note 6, Debt Service Requirements.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the District. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restriction and commitments of Ending Cash and Investments consist of \$175,026 for the Si View/Tollgate Debt Service Fund, \$1,703 for the Si View Interior Debt Service Fund and \$6,503,426 for the Capital Projects – 2018 Bond Fund.

**Note 2 – Budget Compliance**

The district adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund 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.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General Fund			
General Fund	\$3,970,820.18	\$2,494,921.18	\$1,475,899.00
Revenue Stabilization Fund	\$55.00	\$69.03	(\$14.03)
Equipment Fund	\$55,012.00	\$36,549.81	\$18,462.19
Park Fund	\$34,002.00	\$10,047.83	\$23,954.17
Gift Card Fund	\$0	\$180.41	(\$180.41)
Total 001 – General Fund	\$4,059,889.18	\$2,541,768.26	\$1,518,120.92
201 – Si View/Tollgate Debt Service Fund	\$827,361.30	\$1,525,459.23	(\$698,097.93)
202 – Si View Interior Debt Service Fund	\$70,843.00	\$70,820.99	\$22.01
300 – Capital Projects Fund	\$802,441.47	\$409,969.18	\$392,472.29
301 - Capital Projects Fund (2018 Bond)	\$3,807,847.00	\$4,247,401.18	(\$439,554.18)
Total All Funds	\$9,568,381.95	\$8,795,418.84	\$772,963.11

- The \$1,518,120.92 variance in the combined General Fund is the result of state mandated limitations due to the COVID-19 pandemic. The District was able to conduct limited

programming during the year including childcare (in conjunction with Snoqualmie Valley School District) and limited summer camps. In response to the facility and program size limitations, the District reduced part-time/seasonal labor and realized expense savings on programs that were unable to run. In addition, the District elected to not transfer \$200,000 to the (300) Capital Projects Fund.

- The (\$698,097.93) variance in the (201) Si View/Tollgate Debt Service Fund is due to a debt refunding to refinance the remaining \$685,000 principal balance of the District's 2010 UTGO Bonds. The debt refunding was approved by the commission with a bond closing date of 12/22/20. The refunding will provide an estimated net savings of \$140,584.
- The \$392,472.29 variance in the (300) Capital Projects Fund reflects capital projects that were budgeted, but not completed during the budget year.
- The (\$439,554.18) variance in the (301) Capital Projects Fund (2018 Bond) is due in part to a critical property acquisition for future park and facility expansion. The District commission authorized the \$2,240,000.00 property acquisition of surplus Washington State Department of Transportation property utilizing 2018 bond funds.

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the District's legislative body.

### **Note 3 – Deposits and Investments**

Investments are reported at original cost. Deposits and investments by type at December 31, 2020 are as follows:

<u>Type of Deposit or Investment</u>	<u>District's own deposits and investments</u>	<u>Total</u>
L.G.I.P. (King County)	\$9,586,307.38	\$9,586,307.38
TOTAL	\$9,586,307.38	\$9,586,307.38

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

### **Investments in King County Investment Pool**

The District is a voluntary participant in the King County investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the King County Finance Committee in accordance with RCW 36.48.070. The District reports its investments in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.



### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a municipal financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the District or its agent in the government's name.

### Note 4 – Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed daily.

Property tax revenues are recognized when cash is received by the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The District's regular levy for the year 2020 was \$.46672 per \$1,000 on an assessed valuation of \$3,878,617,730 for a total regular levy of \$1,810,225. Actual tax collected for the 2020 year was \$1,781,751 resulting in a percentage of property tax collected of 98.4%.

In 2020, the District also levied \$.21214 per \$1,000 for debt service on voter approved 2010 and 2018 bonds for an additional levy of \$822,819. Actual tax collected for the 2020 debt service levy was \$809,961 resulting in a percentage of property tax collected of 98.4%.

### Note 5 – Interfund Loans

The District did not have any interfund loan activity during 2020.

### Note 6 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for the year ended December 31, 2020.

The debt service requirements for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$478,000.00	\$593,859.88	\$1,071,859.88
2022	\$504,000.00	\$593,281.00	\$1,097,281.00
2023	\$555,000.00	\$581,612.20	\$1,136,612.20

2024	\$586,000.00	\$568,059.20	\$1,154,059.20
2025	\$622,000.00	\$553,471.00	\$1,175,471.00
2026	\$581,000.00	\$537,748.60	\$1,118,748.60
2027-2031	\$3,011,000.00	\$2,444,709.20	\$5,455,709.20
2032-2036	\$2,100,000.00	\$2,074,825.00	\$4,174,825.00
2037-2041	\$3,215,000.00	\$1,620,800.00	\$4,835,800.00
2042-2046	\$4,655,000.00	\$959,337.50	\$5,614,337.50
2044-2051	\$2,360,000.00	\$130,700.00	\$2,490,700.00
TOTALS	\$18,667,000.00	\$10,658,403.58	\$29,325,403.58

### Debt Refunding

The District issued \$628,724.60 of general obligation refunding bonds to retire \$685,000 of existing 2010 series bonds. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$140,584. The financial statements reflect other financing sources of \$697,426 (Refunding Debt Proceeds) and other financing uses of \$688,479.72 (Refunding Debt Service) pertaining to this transaction.

### **Note 7 – Pension Plans**

#### A. State Sponsored Pension Plans

Substantially all District's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans PERS 2 and PERS 3.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, 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 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2020 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$52,342	.007222%	\$254,976
PERS 2/3	\$86,627	.009403%	\$120,259

### **Note 8 – Risk Management**

The Si View Metropolitan Park District is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities 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. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2020, 103 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through Lexington Insurance Company and CHUBB in 2020, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million., Lexington provided excess insurance up to \$50

million, and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

#### **Note 9 – GASB NO. 40 Disclosure Statement**

In accordance with State law, the District's governing body has entered into a formal interlocal agreement with the district's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool).

As of December 31, 2020, the district had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
King County Investment Pool	\$9,662,997.84	1.20 Years

**Impaired Investments.** As of December 31, 2020, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The District's share of the impaired investment pool principal is \$284.51, and the District's fair value of these investments is \$177.43.

**Interest Rate Risk.** As of December 31, 2020, the Pool's average duration was 1.20 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

**Credit Risk.** As of December 31, 2020, the district's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A"), municipal securities (rated at

least “A” by two NRSROs), commercial paper (rated at least the equivalent of “A-1”, certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer’s office.

#### **Note 10 – Health and Welfare**

The Si View Metropolitan Park District is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2020, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolled groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of

all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-100-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report of the AWC Trust HCP is available from the Washington State Auditor's office.

#### **Note 11 – Component Units, Joint Ventures and Related Parties**

The Si View Community Foundation was formed in 2008 as a non-profit public benefit corporation to develop broad involvement in and support for youth programs, parks, recreational facilities and services to meet the needs of the community. The Si View Community Foundation board is and has been comprised of current and past District commissioners and staff as well as general community members. Foundation funding is achieved through community donations, employer matching contributions and grant funding to support scholarships and other recreation programs and stated purposes. The District does not provide any funding to the Si View Community Foundation.

For 2020, the Foundation had net income of \$24,640.50 based on \$29,677.17 in investment earnings, \$9,666.59 in community donations and grants, and expenses of \$14,703.26 in awarded scholarships and project funding.

For the year ended December 31, 2020, the Foundation disbursed a total of \$1,167.00 in scholarship funds to the District. The District returned a total of \$37.00 to the Foundation in scholarship refunds for programs that were cancelled.

## **Note 12 – COVID-19 Pandemic**

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

In response to these events, the District cancelled all programming and closed all physical facilities except for limited essential functions. As the pandemic progressed, the District was able to provide limited childcare working in conjunction with Snoqualmie Valley School District as well as provide limited programming options including summer camps and other youth programs.

For 2020, the District had total revenue in the General Fund (excluding beginning net cash) of \$2,438,446 (actual) vs. \$4,004,384 (budget) for a net reduction in revenue of \$1,565,938. On the expense side, the District had \$2,541,768 (actual) vs. \$4,059,889 (budget) for a net reduction in expense of \$1,518,121. Ending net cash was \$1,868,021 (actual) vs. \$1,872,646 (budget) for a net reduction of just \$4,625.

To offset the loss in revenue, the District reduced part-time/seasonal staff and eliminated non-essential spending. The District also deferred some capital projects and elected to not transfer \$200,000 to the (300) Capital Projects Fund. If needed, the District has available reserves within the General Fund balance.

Looking into 2021, the District reopened the pool effective March 1<sup>st</sup> to a strong public response and programming levels continue to build momentum as the State begins to ease restrictions. The District continues to provide childcare, youth programming, ongoing maintenance of our parks as well as central finance and admin functions. Most full-time staff continue to work remotely and are working toward full reopening and complete resumption of programming.

The District has responded to the ongoing COVID challenges with sound financial controls and finds itself in a strong position as restrictions begin to ease. The District anticipates that programming levels will continue to grow and recover to pre-pandemic levels.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the District is unknown at this time.



**Si View Metropolitan Park District  
Schedule of Liabilities  
For the Year Ended December 31, 2020**

<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>						
251.12	2010 Bonds - Si View/Tollgate	12/1/2030	995,000	-	995,000	-
251.11	2015 Bonds - Si View Interior	12/1/2025	386,000	-	60,000	326,000
251.12	2016 Refunding Bonds (Chase)	12/1/2030	3,556,000	-	55,000	3,501,000
251.12	2019 Bonds (November 2018)	12/1/2048	8,855,000	-	-	8,855,000
251.12	2020 Bonds (2019 Series 2)	12/1/2048	-	5,985,000	-	5,985,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>13,792,000</b>	<b>5,985,000</b>	<b>1,110,000</b>	<b>18,667,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		84,323	11,164	-	95,487
264.30	Pension Liability		394,524	-	19,289	375,235
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>478,847</b>	<b>11,164</b>	<b>19,289</b>	<b>470,722</b>
<b>Total Liabilities:</b>			<b>14,270,847</b>	<b>5,996,164</b>	<b>1,129,289</b>	<b>19,137,722</b>



## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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