



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

William Shore Memorial Pool District

(Shore Metro Park District)

For the period January 1, 2020 through December 31, 2021

Published May 4, 2023

Report No. 1032496



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

May 4, 2023

Board of Commissioners
Shore Metro Park District
Port Angeles, Washington

Report on Financial Statements

Please find attached our report on Shore Metro Park District's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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Shore Metro Park District
225 E 5th St. Port Angeles, WA 98362 – Tel. 360-417-9767
www.williamshorepool.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Shore Metro Park District January 1, 2020 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2019 – December 31, 2019	Report Ref. No.: 1028457	Finding Ref. No.: 2019-001
Finding Caption: The District's internal controls over financial statement preparation were not adequate to ensure accurate financial reporting.		
Background: The District prepares its financial statements in accordance with the cash basis Budgeting, Accounting and Reporting System (BARS) Manual. This was the first year the District was required to have a financial statement audit. Our audit identified a material weakness in the District's internal controls over financial reporting related to outstanding liabilities, which resulted in errors in the financial statements.		
Status of Corrective Action: <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>We changed our bookkeeping recording process to reflect cash basis reporting when running reports to submit the annual reports to the SAO. Financial reporting to the Board of Commissioners was correct and without findings so no corrections were required since we report to the Board in accrual basis.</i>		

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*

Shore Metro Park District January 1, 2020 through December 31, 2021

Board of Commissioners
Shore Metro Park District
Port Angeles, 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 Shore Metro Park District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 25, 2023.

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.

REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the District in a separate letter dated April 25, 2023.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

April 25, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Shore Metro Park District January 1, 2020 through December 31, 2021

Board of Commissioners
Shore Metro Park District
Port Angeles, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Shore Metro Park District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Shore Metro Park District, and its changes in cash and investments, for the years ended December 31, 2021 and 2020, on the basis of accounting described in Note 1.

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 Shore Metro Park District, as of December 31, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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 BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023 on our consideration of the District's internal control over financial reporting and on the 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 the effectiveness of the District's 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.

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

Pat McCarthy, State Auditor

Olympia, WA

April 25, 2023

FINANCIAL SECTION

Shore Metro Park District January 1, 2020 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fund Resources and Uses Arising from Cash Transactions – 2020
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Liabilities – 2020

William Shore Memorial Pool District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

Beginning Cash and Investments

308	Beginning Cash and Investments	2,089,854
388 / 588	Net Adjustments	-

Revenues

310	Taxes	1,659,061
320	Licenses and Permits	-
330	Intergovernmental Revenues	219,107
340	Charges for Goods and Services	786,409
350	Fines and Penalties	-
360	Miscellaneous Revenues	4,231
Total Revenues:		2,668,808

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	1,626,501
Total Expenditures:		1,626,501
Excess (Deficiency) Revenues over Expenditures:		1,042,307

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-

Other Decreases in Fund Resources

594-595	Capital Expenditures	86,986
591-593, 599	Debt Service	1,010,541
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		1,097,527

Increase (Decrease) in Cash and Investments: **(55,220)**

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	1,552,412
50841	Committed	-
50851	Assigned	-
50891	Unassigned	482,222
Total Ending Cash and Investments		2,034,634

William Shore Memorial Pool District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

Beginning Cash and Investments

308	Beginning Cash and Investments	14,278,362
388 / 588	Net Adjustments	-

Revenues

310	Taxes	1,495,908
320	Licenses and Permits	-
330	Intergovernmental Revenues	2,732,368
340	Charges for Goods and Services	199,343
350	Fines and Penalties	-
360	Miscellaneous Revenues	73,691
Total Revenues:		4,501,310

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	733,232
Total Expenditures:		733,232
Excess (Deficiency) Revenues over Expenditures:		3,768,078

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-

Other Decreases in Fund Resources

594-595	Capital Expenditures	15,007,349
591-593, 599	Debt Service	946,669
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		15,954,018

Increase (Decrease) in Cash and Investments: (12,185,940)

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	2,092,420
50841	Committed	-
50851	Assigned	-
50891	Unassigned	-
Total Ending Cash and Investments		2,092,420

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The William Shore Pool District (District) was incorporated June 9 of 2009. The District operates under the laws of the state of Washington applicable to a Municipal Corporation; is a Special Purpose local government and provides recreation activities.

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 including capital and debt expenditures.

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 \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Unless otherwise provided by separate employment agreements, after 30 days of employment each regular full-time employee (30 or more hours per week) accrues PTO leave as follows:

Years of Service	PTO Hourly Accrual	PTO Annual Accrual	PTO Maximum Accrual
years 0 & 2	.0615	128 hours/16 days	256 hours/32 days
years 3 & 4	.0692	144 hours/18 days	288 hours/36 days
years 5 & 6	.0730	152 hours/19 days	304 hours/38 days
years 7 & 8	.0846	176 hours/22 days	352 hours/44 days
years 9 & 10	.0884	184 hours/23 days	368 hours/46 days
11+	.0923	192 hours/24 days	384 hours/48 days

Payments are recognized as expenditures when paid. As of December 31, 2021, the District has \$9,069 in PTO liability. The District pays out approximately 50% of the Current liability each fiscal year. Balances are payable to employee when leaving employment.

F. Long-Term Debt

See Note 4 – *Long Term Debt*.

G. Risk Management and Risk Pool Insurance

The District is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 160 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimit. The Board of Directors determines the limits and terms of coverage annually. Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimit.

Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimit.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

H. 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 Board of Commissioners. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of \$482,222. This restriction is a bond reserve fund held by the owner of the our Park Revenue Bond (Kitsap Bank) in an interest bearing account.

Note 2 – 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.

For the operational period of 2021, no financial or operational changes occurred due to Covid-19.

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.

The District was given \$0 in Cares Act funding for our Child Care programs.

Note 3 – Deposits and Investments

Deposits

The District's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC (established under Chapter 39.58 of the Revised Code of Washington) constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC agent in the name of the collateral pool.

Investments

The District Commission has authorized the District Treasurer to invest in savings or time deposits in designated public depositories, obligations of the United States or its agencies, obligations of Local and State governments that are rated "A" or higher, and other limited investments. With the exceptions of certain reserve fund investments, the investment policy generally limits the maximum maturity of any security purchased to five years. Investments are purchased through broker relationships with all securities purchased held in the District's name at a third-party custodian.

Investment activity for the year ended December 31, 2021 was as follows:

Deposits and Investments at Fair Value	Dec 31, 2021
Unrestricted Cash	
Clallam County	\$47,359
Cash in Till	\$1,100.00
Kitsap Bank	\$656,051
Undeposited Funds	\$3,970
DA Davidson Bank Insured Deposit Program	\$838,427
Total Unrestricted Cash	\$1,546,672
Restricted Cash	
Kitsap Bank Bond Reserve Fund	\$482,222
Total	\$482,222
Total Cash and Investments	\$2,029,130

Of the above investments, cash and cash equivalents are protected by the Federal Deposit Insurance Corporation (FDIC) or the Public Deposit Protection Commission (PDPC). The US Agencies are guaranteed by the US government.

The table below identifies the type of investments, investment rating and maturities of the District's investment portfolio as of December 31, 2021:

Types of Investments	Moody Rating	Less than 1 year	1-2 years
US Gov't Securities	AAA	\$838,427	\$0

It is the District policy to invest all temporary cash surpluses.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in 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 deposits and certificates of deposit are covered by federal depository insurance (FDIC) or by collateral held in a multiple 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 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the District and summarizes the District debt transactions for year ended December 31, 2021.

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

Debt Payment Schedule				
Year	Principal	Interest	Total Payment	Balance
2021	\$378,734	\$631,806	\$1,010,540	\$17,030,391
2022	\$483,243	\$617,615	\$1,100,858	\$16,547,147
2023	\$457,147	\$601,022	\$1,058,169	\$16,090,000
2024	\$460,000	\$587,279	\$1,047,279	\$15,630,000
2025	\$470,000	\$570,910	\$1,040,910	\$15,160,000
26-29	\$2,525,000	\$2,678,463	\$5,203,463	\$13,105,000
30-34	\$2,995,000	\$2,208,167	\$5,203,167	\$10,110,000
35-39	\$3,650,000	\$1,638,154	\$5,288,154	\$6,460,000
40-44	\$4,685,000	\$895,427	\$5,580,427	\$1,775,000
45-47	\$1,775,000	\$143,800	\$1,918,800	\$0

Unused Lines of Credit

At fiscal year end, the District had \$500,000 available in unused lines of credit.

Note 5 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The Districts regular levy for the year 2021 was \$0.4159 per \$1,000 on an assessed valuation of \$3,967,140,789 for a total regular levy of \$1,650,000. The lawful legal maximum levy the District is able to levy is \$0.75 per \$1,000. The District's banked levy capacity is \$0.3341 per \$1,000.

Note 1 - Summary of Significant Accounting Policies

The William Shore Pool District (District) was incorporated June 9 of 2009. The District operates under the laws of the state of Washington applicable to a Municipal Corporation; is a Special Purpose local government and provides recreation activities.

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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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 \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Unless otherwise provided by separate employment agreements, after 30 days of employment each regular full-time employee (30 or more hours per week) accrues PTO leave as follows:

Years of Service	PTO Hourly Accrual	PTO Annual Accrual	PTO Maximum Accrual
years 0 & 2	.0615	128 hours/16 days	256 hours/32 days
years 3 & 4	.0692	144 hours/18 days	288 hours/36 days
years 5 & 6	.0730	152 hours/19 days	304 hours/38 days
years 7 & 8	.0846	176 hours/22 days	352 hours/44 days
years 9 & 10	.0884	184 hours/23 days	368 hours/46 days
11+	.0923	192 hours/24 days	384 hours/48 days

Payments are recognized as expenditures when paid. As of December 31, 2020, the District has \$25,600 in PTO liability. The District pays out approximately 50% of the Current liability each fiscal year.

F. Long-Term Debt

See Note 4 - *Debt Service Requirements*.

G. Risk Management and Risk Pool Insurance

The District is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 160 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimit. The Board of Directors determines the limits and terms of coverage annually. Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimit. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimit.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

H. 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 Board of Commissioners. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of \$1,587,282. This restriction the bond proceeds for the on-going aquatic center expansion capital project and debt service.

Note 2 – 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.

For the operational period of 2019, no financial or operational changes occurred due to Covid-19.

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.

The District was given \$75,688 in Cares Act funding for our Child Care programs.

Note 3 – Deposits and Investments

Deposits

The District's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC (established under Chapter 39.58 of the Revised Code of Washington) constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC agent in the name of the collateral pool.

Investments

The District Commission has authorized the District Treasurer to invest in savings or time deposits in designated public depositories, obligations of the United States or its agencies, obligations of Local and State governments that are rated "A" or higher, and other limited investments. With the exceptions of certain reserve fund investments, the investment policy generally limits the maximum maturity of any security purchased to five years. Investments are purchased through broker relationships with all securities purchased held in the District's name at a third-party custodian.

Investment activity for the year ended December 31, 2020 was as follows:

Deposits and Investments at Fair Value	Dec 31, 2020
Unrestricted Cash	
Clallam County	\$24,401
Cash in Till	\$1,100
Kitsap Bank	\$695,674
Total	\$721,175
Restricted Cash	
DA Davidson Bank Insured Deposit Program	\$885,282
Kitsap Bank Bond Reserve Fund	\$702,000
Total	\$1,587,282
Total Cash and Investments	\$2,308,460

Of the above investments, cash and cash equivalents are protected by the Federal Deposit Insurance Corporation (FDIC) or the Public Deposit Protection Commission (PDPC). The US Agencies are guaranteed by the US government.

The table below identifies the type of investments, investment rating and maturities of the District's investment portfolio as of December 31, 2020:

Types of Investments	Moody Rating	Less than 1 year	1-2 years
US Gov't Securities	AAA	\$885,282	\$0

It is the District policy to invest all temporary cash surpluses.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in 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 deposits and certificates of deposit are covered by federal depository insurance (FDIC) or by collateral held in a multiple 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 – Long-Term Debt

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

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

Debt Payment Schedule				
Year	Principal	Interest	Total Payment	Balance
2020	\$314,625	\$632,046	\$946,671	\$17,409,125
2021	\$378,734	\$631,807	\$1,010,540	\$17,030,391
2022	\$483,243	\$607,622	\$1,100,858	\$16,547,147
2023	\$457,147	\$590,689	\$1,058,169	\$16,090,000
2024	\$460,000	\$587,279	\$1,047,279	\$15,630,000
25-29	\$2,525,000	\$2,678,463	\$5,203,463	\$13,105,000
30-34	\$2,995,000	\$2,208,167	\$5,203,167	\$10,110,000
35-39	\$3,650,000	\$1,638,154	\$5,288,154	\$6,460,000
40-44	\$4,685,000	\$895,427	\$5,580,427	\$1,775,000
45-47	\$1,775,000	\$143,800	\$1,918,800	\$0

Unused Lines of Credit

At fiscal year end, the District had \$500,000 available in unused lines of credit.

Note 5 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The Districts regular levy for the year 2020 was \$0.4025 per \$1,000 on an assessed valuation of \$3,726,433,174 for a total regular levy of \$1,500,000. The lawful legal maximum levy the District is able to levy is \$0.75 per \$1,000. The District's banked levy capacity is \$0.75 per \$1,000.

**William Shore Memorial Pool District
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.96	LOCAL Loan I (2012B)	6/1/2022	31,306	-	15,262	16,044
263.96	LOCAL Loan II (2013A)	6/1/2023	154,773	-	47,019	107,754
251.11	Kitsap Bond (2013A)	6/1/2023	183,046	-	71,453	111,593
251.12	UTGO Bond (2018UT)	12/1/2047	3,500,000	-	-	3,500,000
251.11	LTGO Bond (2018LT)	12/1/2047	5,975,000	-	180,000	5,795,000
Total General Obligation Debt/Liabilities:			9,844,125	-	313,734	9,530,391
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Revenue Bond	12/1/2044	7,565,000	-	65,000	7,500,000
259.12	Paid Time Off Liabilities		9,952	16,459	17,342	9,069
Total Revenue and Other (non G.O.) Debt/Liabilities:			7,574,952	16,459	82,342	7,509,069
Total Liabilities:			17,419,077	16,459	396,076	17,039,460

**William Shore Memorial Pool District
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.96	LOCAL Loan I (2012B)	6/1/2022	45,824	-	14,517	31,307
263.96	LOCAL Loan II (2013A)	6/1/2023	208,126	-	53,354	154,772
251.11	Kitsap Bond (2013A)	6/1/2023	252,232	-	69,186	183,046
251.12	UTGO Bond (2018UT)	12/1/1947	3,500,000	-	-	3,500,000
251.11	LTGO Bond (2018LT)	12/1/1947	6,150,000	-	175,000	5,975,000
Total General Obligation Debt/Liabilities:			10,156,182	-	312,057	9,844,125
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Revenue Bond	12/1/1944	7,565,000	-	-	7,565,000
259.12	Paid Time Off Liabilities		8,268	17,332	15,648	9,952
Total Revenue and Other (non G.O.) Debt/Liabilities:			7,573,268	17,332	15,648	7,574,952
Total Liabilities:			17,729,450	17,332	327,705	17,419,077

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. 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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