



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Metropolitan Park District of Tacoma

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

Published November 30, 2023

Report No. 1033696



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

November 30, 2023

Board of Commissioners
Metropolitan Park District of Tacoma
Tacoma, Washington

Report on Financial Statements

Please find attached our report on the Metropolitan Park District of Tacoma'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

Americans with Disabilities

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Metropolitan Park District of Tacoma January 1, 2021 through December 31, 2021

2021-001 The District lacked adequate internal controls over preparing financial statements to ensure timely reporting.

Background

State and federal agencies, the Board of Commissioners, and the public rely on information included in the District's financial statements to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance the District's financial reporting and financial statements are timely.

State law requires local governments to submit annual financial reports to the State Auditor's Office within 150 days of the end of the fiscal year, with accurate, summarized financial information and supporting schedules. The *Budgeting, Accounting and Reporting System* (BARS) Manual, section 4.1.6, requires local governments to correct errors and omissions in annual reports, including those identified during an audit.

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the District's ability to produce and submit timely financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies in internal controls as a finding.

This issue was reported as a finding in the prior two audits (report No. 1031065 and 1032981).

Description of Condition

The District did not file its prior two years of annual reports timely, which affected its 2021 financial reporting. Specifically:

- The District filed its 2019 annual report on June 10, 2021, which was 376 days after the reporting deadline. This delay caused the District to miss the September 30, 2020, federal single audit deadline.
- The District filed its 2020 annual report on June 9, 2022, which was 375 days after the reporting deadline.

- The lack of timely reporting in 2019 and 2020 had a direct effect on the District's 2021 financial reporting. The District manually submitted its 2021 annual report on September 28, 2023, which was 486 days after the reporting deadline; however, it still has not filed the annual report electronically, as required by the State Auditor's Office.

Cause of Condition

Between 2017 and 2021, the District experienced significant turnover in key positions responsible for preparing the financial statements and submitting them to our Office by the statutory deadline.

Effect of Condition

Delays in the availability of complete financial reports prevent District officials, the public, and other interested parties from obtaining timely information. Such delays and inaccuracies also hinder public transparency and our Office's efforts to compile statistical and financial information that the Legislature and other parties' use. Further, the District's failure to respond impeded our Office's ability to audit the government in a timely manner, as state law requires.

Recommendation

We recommend the District continue to strengthen internal controls over its financial systems and processes for preparing financial statements. These controls should include completing and submitting financial statements by the required filing deadlines.

District's Response

Metro Parks Tacoma (the District) appreciates the opportunity to respond to the Washington State Auditor's Office's (SAO) conclusions. We acknowledge the ongoing commitment of the audit staff to work through issues and maintain open communication. The fieldwork associated with the concurrent audit review process for fiscal year 2021 went smoothly and demonstrates the District's continuing commitment to expeditiously complete our requirements. The District is committed to continuing to improve processes and procedures over the preparation and review of the financial statements to ensure their accuracy.

Throughout 2021, the District experienced turnover in key finance and accounting staff positions. The District is taking this turnover trend seriously and is looking closely at the organizational structure to curb this trend and to ensure that staff is

being deployed effectively to meet the District's fiduciary responsibilities. In addition, the District's Administration is exploring opportunities to examine the District's accounting practices, accounting records, policies and procedures to ensure that internal controls and other financial management practices conform to best practices. The District is also considering additional resources to complete a final review of prepared financial statements.

The District will establish and follow effective internal controls over financial reporting. Specifically, the District will:

- Dedicate additional staff to ensure staff responsible for preparing financial statements have the necessary resources and training to prepare timely, accurate, and complete financial statements in accordance with reporting standards.*
- Conduct an effective, independent financial statement review that ensures the required financial statement package is accurate and complies with reporting standards.*
- Establish an effective oversight process for reporting financial activity and reviewing financial statements. Management will develop and formally adopt policies that establish control procedures and other requirements for monthly, quarterly financial, and other operations.*

Auditor's Remarks

We appreciate the District's commitment to resolving this finding, and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3, Internal Control, required each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objective.

RCW 43.09.200, Local government accounting—Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments.

RCW 43.09.230, Local government accounting—Annual reports—Comparative statistics.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Metropolitan Park District of Tacoma January 1, 2021 through December 31, 2021

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

Audit Period: January 1, 2019 through December 31, 2020	Report Ref. No.: 1032981	Finding Ref. No.: 2020-001
Finding Caption: The District's internal controls over preparing financial statements were inadequate for ensuring accurate and timely reporting.		
Background: Our audit found deficiencies in internal controls over accounting and financial reporting that affected the District's ability to produce and submit timely, reliable financial statements. <ul style="list-style-type: none"> The District did not submit an accurate and timely annual report in 2018, which had a direct effect on its 2019 and 2020 financial reporting. District staff lacked technical knowledge and the experience necessary to prepare the financial statements and supplementary schedules accurately and completely. The District contracts with a consultant to prepare its financial statements, but it does not adequately oversee the consultant's work. The District lacked an effective secondary review of the financial statements to ensure the information was fairly presented before submitting them to our Office. 		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Fully Corrected </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Partially Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid </div> </div>		
Corrective Action Taken: <i>Metropolitan Park District of Tacoma (MPT) understands the importance of adequate internal controls to ensure accurate and complete reporting. The District is committed to continuing to improve processes and procedures over the preparation and review of the financial statements to ensure their accuracy.</i> <i>Throughout 2018, the District experienced turnover in key finance and accounting staff positions. Since July of 2022, the District has taken corrective measures to ensure that staff is being deployed effectively to meet the District's fiduciary responsibilities. In addition, the District's Administration has identified opportunities to examine the District's accounting practices, accounting records, policies, and procedures to ensure that internal controls and</i>		

other financial management practices conform to best practices. The District has also added resources and internal control processes for review and completion of prepared financial statements.

The District has established and followed effective internal controls over financial reporting. Specifically, including:

- Dedicating additional staff to ensure those responsible for preparing financial statements have the necessary resources and training to prepare timely, accurate and complete financial statements in accordance with reporting standards.*
- Conducting effective, independent financial statement review that ensures the required financial statement package is accurate and comply with reporting standards.*
- Establishing effective oversight process for reporting financial activity and reviewing financial statements. Management will develop and formally adopt policies that establish control procedures and other requirements for monthly, quarterly financial, and other operations.*

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*

Metropolitan Park District of Tacoma January 1, 2021 through December 31, 2021

Board of Commissioners
Metropolitan Park District of Tacoma
Tacoma, 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 governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Metropolitan Park District of Tacoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2023.

Our report includes a reference to other auditors who audited the financial statements of the Greater Metro Parks Foundation and the Eastside Community Center QALICB, as described in our report on the Park District's financial statements. The financial statements of the Greater Metro Parks Foundation and the Eastside Community Center QALICB were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Metro Parks Foundation and the Eastside Community Center QALICB or that are reported on separately by those auditors who audited the financial statements.

REPORT ON 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) 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. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2021-001 that we consider to be significant deficiencies.

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*.

DISTRICT'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

November 28, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Metropolitan Park District of Tacoma January 1, 2021 through December 31, 2021

Board of Commissioners
Metropolitan Park District of Tacoma
Tacoma, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Metropolitan Park District of Tacoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Metropolitan Park District of Tacoma, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Greater Metro Parks Foundation or the Eastside Community Center QALICB, which in aggregate represent 100 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greater Metro Parks Foundation and Eastside Community Center QALICB, is based solely on the reports of the other auditors. The financial statements of the Greater Metro Parks Foundation and the Eastside Community Center QALICB were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Matter of Emphasis

As discussed in Note 5D to the 2021 financial statements, as a result of the COVID-19 pandemic, the full extent of the direct or indirect financial impact on the District is unknown. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 as a whole 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
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, 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 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

November 28, 2023

FINANCIAL SECTION

Metropolitan Park District of Tacoma January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Activities – 2021

Balance Sheet – Governmental Funds – 2021

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position – 2021

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2021

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities – 2021

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund – 2021

Statement of Net Position – Proprietary Funds – 2021

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2021

Statement of Cash Flows – Proprietary Funds – 2021

Statement of Net Position – Fiduciary Funds – 2021

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2021

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2021

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2021

Management's Discussion and Analysis For the Year Ended December 31, 2021

The management of Metropolitan Park District of Tacoma (Metro Parks) presents this narrative overview and analysis of the financial activities of Metro Parks during the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information contained in accompanying financial statements and notes.

FINANCIAL HIGHLIGHTS

- At the end of 2021 the assets and deferred outflows of resources of Metro Parks exceeded its liabilities and deferred inflows by \$203 million, an increase of \$26.5 million from 2020.
- District-wide revenues were \$86.5 million (up \$14.7 million) while expenses were \$60.0 million (up \$4.5 million). Revenue increases are primarily due to an increase in charges for services revenue related to re-opening of facilities after COVID-19 related closures and an increase in capital grants and contributions due to significant land donations received in 2021.
- At the close of 2021, Metro Parks' governmental funds reported a combined ending Fund Balance of \$25.8 million, a decrease of \$11.1 million from 2020. The decrease in fund balance reflects significant spending on capital projects, funded primarily by bond funds received in prior years.
- At the close of 2021, Metro Parks' business-type activities reported a combined ending net position of \$108.3 million. This represents an increase of \$12.0 million from 2020. This increase is primarily due to an increase of \$8.4 million in charges for services revenue related to re-opening of facilities after COVID-19 related closures plus capital assets contributed from governmental funds (\$4.4 million).
- In accordance with Governmental Accounting Standards Board (GASB) Statement 63 certain deferred inflows and outflows are reported. The deferred charge on refunding was \$1.8 million at the end of 2021, reflecting a decrease of \$500 thousand, which represents amortization of prior balances. Total deferred outflows were \$4.4 million and include the amounts related to pensions, as described below.
- In accordance with GASB Statements 68 and 71 pension liabilities and related deferred inflows and outflows are reported on the statement of net position. Metro Parks' net pension liability as of December 31, 2021, totaled \$1.7 million and net pension asset totaled \$17.3 million. Related deferred outflows of \$2.6 million and deferred inflows of \$19.1 million are also reported.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Metro Parks' basic financial statements which comprises three components – government-wide financial statements; fund financial statements; and notes to the financial statements.

Management's Discussion and Analysis For the Year Ended December 31, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are designed to provide readers with a broad overview of Metro Parks as a whole using accounting methods similar to those used by private-sector companies. There are two government-wide statements – the Statement of Net Position and the Statement of Activities. The two government-wide statements report Metro Parks' net position and how it has changed.

The STATEMENT OF NET POSITION includes all of the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of Metro Parks with the differences between the two reported as net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Net position is one way to measure Metro Parks' financial health. Over time, increases or decreases in net position may indicate whether Metro Parks' financial position is improving or deteriorating. Additional factors the reader must consider in order to adequately assess Metro Parks' overall financial health include changes in its property and sales tax base, and the condition of its assets.

The STATEMENT OF ACTIVITIES presents information showing changes in the net position of Metro Parks during the most recent fiscal year. Thus, revenues and expenses are reported in this statement for some items that will actually result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick and vacation leave). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various Metro Parks activities and the degree to which activities are subsidized by general revenues.

Both government-wide financial statements distinguish between those Metro Parks functions principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of operating costs through user fees and charges (business-type activities).

Governmental activities include most of Metro Parks' basic services, such as parks maintenance, recreational services, and general administration. Property taxes, sales tax, a subsidy from the City of Tacoma, and federal, state, and local grants finance most of these activities, with minor support coming from user fees.

Business-type activities include facilities and attractions such as a zoo, a wildlife park, a marina, and a golf course. Metro Parks charges fees to customers for these attractions with the intent of covering most of the cost associated with operating them. The zoo and wildlife park receive a designated percentage of sales tax collected in Pierce County. The other activities may also receive tax support.

Management's Discussion and Analysis For the Year Ended December 31, 2021

FUND FINANCIAL STATEMENTS

The accounts of Metro Parks are organized and operated on the basis of individual funds and fund accounting. The fund financial statements provide more detailed information about Metro Parks' most significant funds—not Metro Parks as a whole. Each fund is an independent fiscal and accounting entity with a self-balancing set of accounts composed of assets, liabilities, fund equity, revenues, and expenditures or expenses. Fund accounting segregates Metro Parks' resources and spending activities based upon the purposes for which the resources are allocated. Fund accounting also provides management with information to control spending activities and demonstrate compliance with finance-related legal and contractual provisions. All of Metro Parks' funds can be separated into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS

Most of Metro Parks' park and recreational services are included in governmental funds which focus on how cash (and other financial assets that can be readily converted to cash) flows in and out and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance Metro Parks' programs. Because this information does not encompass the additional long-term focus of the government-wide statements, separate reconciliations are provided.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the 2018 UTGO Bond Projects Funds, and the Bond Local Projects Fund, which are considered major funds. Data from the remaining governmental funds are combined into a single aggregated presentation.

PROPRIETARY FUNDS

Metro Parks uses two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various Metro Parks functions.

Management's Discussion and Analysis

For the Year Ended December 31, 2021

Proprietary funds provide the same type of information as the government-wide financial statements but provide more detail and additional information, such as cash flows. Metro Parks' Zoological and Environmental Education Fund (which includes Point Defiance Zoo and Aquarium and Northwest Trek Wildlife Park) is Metro Parks' major enterprise fund. The other enterprise funds, Point Defiance Boathouse Marina, and Meadow Park Golf Course, are considered non-major funds; however, they are reported alongside the major fund.

Metro Parks' internal service funds are responsible for purchases and debt for fleet vehicles, medical self-insurance and property/liability claims insurance that predominantly benefit governmental rather than business-type functions. Therefore, they have been included within governmental activities in the government-wide financial statements.

FIDUCIARY FUNDS

Fiduciary funds are used to provide information about the financial relationships in which Metro Parks acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. Metro Parks has one fiduciary fund, used to account for custodial collections and remittances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of Metro Parks' net position (\$189.1 million) reflects its investment in capital assets (land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Metro Parks uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Metro Parks' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the government-wide net position (\$8.9 million) represents resources that are subject to external restrictions on how they may be used.

Governmental activities account for \$251.6 million (66.4%) of total assets and \$94.7 million (46.6%) of total net position. Business-type activities account for \$127.4 million (33.6%) of total assets and \$108.3 million (53.4%) of total net position.

Management's Discussion and Analysis

For the Year Ended December 31, 2021

CONDENSED STATEMENT OF NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 45,209,546	\$ 44,288,386	\$ 26,788,217	\$ 13,625,167	\$ 71,997,763	\$ 57,913,553
Capital Assets	206,357,918	196,072,944	100,564,116	96,930,949	306,922,034	293,003,893
Total Assets	\$ 251,567,464	\$ 240,361,330	\$ 127,352,333	\$ 110,556,116	\$ 378,919,797	\$ 350,917,446
Deferred Outflows of Resources	\$ 3,047,563	\$ 3,825,559	\$ 1,343,910	\$ 1,300,847	\$ 4,391,473	\$ 5,126,406
Long-term Liabilities Outstanding	\$ 145,562,477	\$ 158,467,111	\$ 8,767,887	\$ 12,243,801	\$ 154,330,364	\$ 170,710,912
Other Liabilities	4,618,964	3,628,155	2,225,453	2,010,017	6,844,417	5,638,172
Total Liabilities	\$ 150,181,441	\$ 162,095,266	\$ 10,993,340	\$ 14,253,818	\$ 161,174,781	\$ 176,349,084
Deferred Inflows of Resources	\$ 9,776,587	\$ 1,924,906	\$ 9,369,677	\$ 1,233,877	\$ 19,146,264	\$ 3,158,783
Net Position:						
Net Investment in Capital Assets	\$ 131,643,630	\$ 120,048,527	\$ 94,402,033	\$ 89,460,138	\$ 189,117,726	\$ 174,576,031
Restricted	7,791,173	9,483,604	1,063,251	-	8,854,424	9,483,604
Unrestricted	(44,777,804)	(49,365,414)	12,867,942	6,909,130	5,018,076	(7,523,650)
Total Net Position	\$ 94,656,999	\$ 80,166,717	\$ 108,333,226	\$ 96,369,268	\$ 202,990,225	\$ 176,535,985

GOVERNMENTAL ACTIVITIES: Overall, total revenues exceeded expenses before transfers in governmental activities by \$18.9 million. Governmental activities were funded by program revenues of \$20.9 million (40.0%) and general revenues (primarily taxes) of \$31.4 million (60.0%). Governmental program revenues were subsidized by general revenues at a lower level in 2021 than in 2020 due to an increase in program revenue related to recovery from COVID-19 related closures.

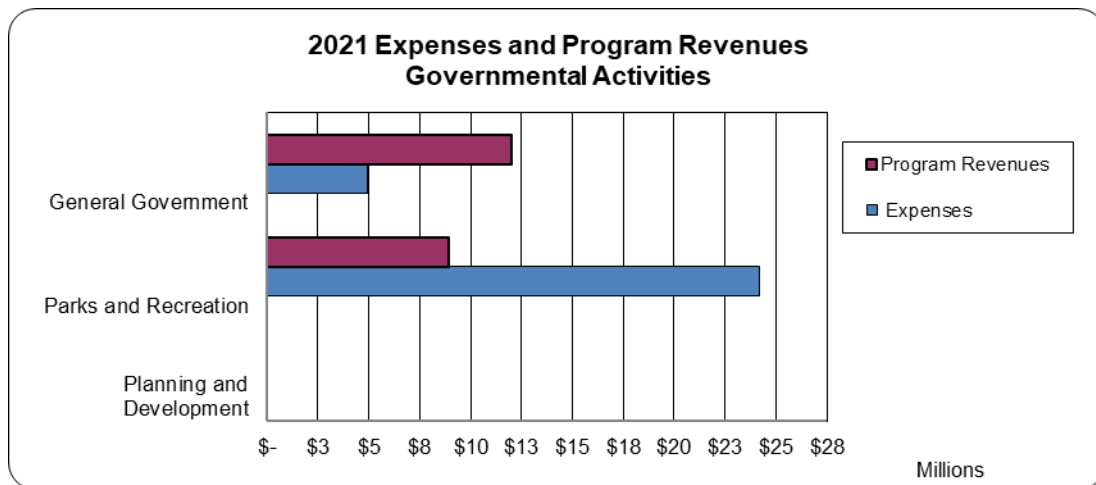
Transfers netting \$4.4 million were made for capital purposes. These transfers decreased the net position in governmental activities and increased the net position in business-type activities.

BUSINESS-TYPE ACTIVITIES: Net position before transfers in business-type activities increased \$7.6 million. Most of this change was due to increased operating revenue in the Zoological & Environmental Education Fund (\$7.2 million) as well as less significant increases in other business-type operating revenues.

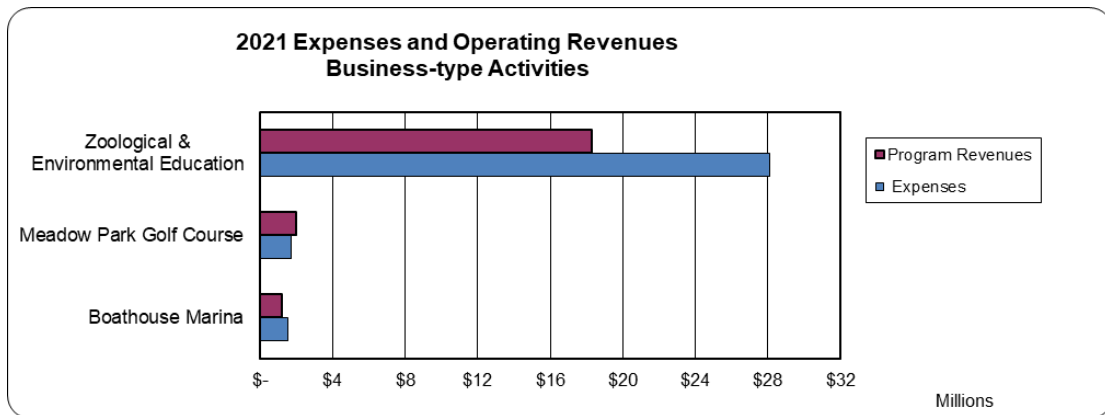
Management's Discussion and Analysis For the Year Ended December 31, 2021

CONDENSED STATEMENT OF CHANGES IN NET POSITION						
Summary of Activities	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	\$ 2,416,910	\$ 2,158,678	\$ 19,351,717	\$ 10,910,020	\$ 21,768,627	\$ 13,068,698
Operating Grants & Contributions	6,483,456	5,921,413	1,171,758	1,222,031	7,655,214	7,143,444
Capital Grants & Contributions	12,014,351	1,381,731	-	-	12,014,351	1,381,731
General Revenues						
Total Taxes	31,188,203	38,191,028	13,524,023	11,593,941	44,712,226	49,784,969
Investment Earnings	23,674	187,284	-	-	23,674	187,284
Disposition of Capital Assets	-	22,900	-	7,002	-	29,902
Miscellaneous Revenue	216,012	128,453	113,119	76,209	329,131	204,662
Total Revenues	\$ 52,342,606	\$ 47,991,487	\$ 34,160,617	\$ 23,809,203	\$ 86,503,223	\$ 71,800,690
Expenses						
General Government	\$ 4,931,499	\$ 5,199,304	\$ -	\$ -	\$ 4,931,499	\$ 5,199,304
Parks and Recreation	24,189,675	21,271,148	-	-	24,189,675	21,271,148
Planning and Development	(122,300)	193,561	-	-	(122,300)	193,561
Interest	4,451,857	4,856,212	-	-	4,451,857	4,856,212
Marina Activities	-	-	1,474,400	1,179,635	1,474,400	1,179,635
Golf Course Activities	-	-	2,151,037	1,639,379	2,151,037	1,639,379
Zoological Activities	-	-	22,972,815	21,235,821	22,972,815	21,235,821
Total Expenses	\$ 33,450,731	\$ 31,520,225	\$ 26,598,252	\$ 24,054,835	\$ 60,048,983	\$ 55,575,060
Increase (Decrease) in net position before transfers	\$ 18,891,875	\$ 16,471,262	\$ 7,562,365	\$ (245,632)	\$ 26,454,240	\$ 16,225,630
Transfers In (Out)	\$ (4,401,593)	\$ (1,122,471)	\$ 4,401,593	\$ 1,122,471	\$ -	\$ -
Increase (Decrease) in net position	\$ 14,490,282	\$ 15,348,791	\$ 11,963,958	\$ 876,839	\$ 26,454,240	\$ 16,225,630
Change in Net Position						
Beginning Net Position	\$ 80,166,717	\$ 64,817,926	\$ 96,369,269	\$ 95,492,429	\$ 176,535,986	\$ 160,310,355
Increase (Decrease) in Net Position	14,490,282	15,348,791	11,963,958	876,839	26,454,240	16,225,630
Ending Net Position	\$ 94,656,999	\$ 80,166,717	\$ 108,333,227	\$ 96,369,269	\$ 202,990,226	\$ 176,535,986

The following charts show expenses by activity type compared to the program revenues for both governmental activities and business-type activities.



Management's Discussion and Analysis For the Year Ended December 31, 2021



FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

The focus of Metro Parks' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Metro Parks' financing requirements.

The General Fund is the chief operating fund of Metro Parks. At the end of 2021, the unassigned Fund Balance of the General Fund was \$7.0 million, an increase of \$2.5 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned Fund Balance to total fund expenditures. This year, unassigned Fund Balance represents 26.9% of total expenditures, compared to 20.4% in 2020.

The other major governmental funds of Metro Parks are the 2018 UTGO Bond Projects Fund and the Bond Local Projects Fund. The 2018 UTGO Bond Projects Fund was determined to be a major fund due to total reported assets plus deferred outflows, and expenditures. The Bond Local Projects Fund was determined to be a major fund based on total expenditure.

Revenues and Other Financing Sources. The main revenue source for the General Fund is taxes, which account for \$20.0 million (69.0%) of revenues. Other significant revenue sources include intergovernmental revenues of \$5.2 million (18.0%) and charges for services revenue of \$2.4 million (8.3%). The 2018 UTGO Bond Projects fund received 100% of funding from investment earnings in 2021. The Bond Local Projects fund received 96.2% of funding from intergovernmental revenue in 2021.

Expenditure and Other Financing Uses. General Fund expenditures increased by \$4.2 million (18.8%) from \$22.1 million in 2020 to \$26.2 million in 2021. This reflects an increase in normal operating expenses in 2021 after significant cost reduction measures implemented because of COVID-19 in 2020. 2018 UTGO Bond Projects Fund expenditures represent capital outlay of \$8.7 million. Bond Local Projects Fund expenditures represent capital outlay of \$6.1 million.

Management's Discussion and Analysis For the Year Ended December 31, 2021

FINANCIAL ANALYSIS OF THE MAJOR BUSINESS-TYPE FUND

Metro Parks' proprietary funds distinguish operating revenues and expenses from non-operating items. The operating revenues and expenses generally result from providing services and producing and delivering goods in connection with each proprietary fund's principal ongoing operations.

The Zoological and Environmental Education fund is the only major enterprise fund. Charges for admissions totaling \$14.9 million represent 100% of operating revenue. Non-operating revenues total \$14.8 million and include sales taxes of \$12.0 million and property taxes of \$1.6 million. Operating expenses total \$23.1 million, of which \$3.3 million (14.2%) is depreciation expense. Interest expense of \$275 thousand represents much of total non-operating expenses. Operating revenues increased 94.5% (\$7.2 million) from 2020 to 2021. This significant increase represents a return to normal operations following COVID-19 related closures and significant related revenue losses in 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget Comparisons. Metro Parks adopted a biennial budget covering the 2021 and 2022 calendar years. This budget adopted by the Board of Park Commissioners for the General Fund anticipated revenues of \$57.6 million. With appropriations set at \$57.6 million and transfers in/out at \$1.5 million, the fund balance would decrease by \$1.6 million.

The 2021-2022 biennial budget was amended once during fiscal year 2022. The amendment increases the General Fund operating revenue by \$4.5 million primarily due to estimated increases in property tax, sales tax, and grants/intergovernmental revenues. The General Fund operating expenditure increased by \$5.7 million to reflect operational changes related to the costs for salaries and benefits, supplies, services, and other charges required to carry out the District's day-to-day operations. The amendment also reestablished the budgeted fund balance with an increase of \$304,609 resulting in an anticipated fund balance amount of \$4,496,247.

At the end of 2021, 46.8% of budgeted biennial revenues were received, compared to 41.0% of budgeted expenditures.

More detailed information about the budget is located in Note 3.A in the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Asset Activity. Metro Parks' net capital assets for governmental and business-type activities amounted to \$306.9 million at December 31, 2021. This balance includes land, infrastructure, buildings and other improvements, furnishings, and equipment as well as construction in progress. Additional information on Metro Parks' capital assets can be found in Note 4.C to the financial statements.

Management's Discussion and Analysis

For the Year Ended December 31, 2021

- The net increase in capital assets for Metro Parks was \$13.9 million in 2021. This increase includes donated assets totaling \$7.8 million, an increase in construction in progress of \$5.2 million and depreciation expense totaling \$10.7 million.
- Governmental activity capital assets represent 67.2% of Metro Parks' net capital assets. These assets are used to provide Metro Parks' citizens with park and recreational facilities and activities which are subsidized by tax revenues.
- Business-type activities utilize 32.8% of Metro Parks' net capital assets. The majority of these assets are in the Zoological and Environmental Education Fund. These facilities provide a wide array of Pacific Rim and native wildlife experiences through exhibits, on and off-site programs, and events.

Debt Administration. At the end of 2021 Metro Parks had total long-term liabilities outstanding of \$140.7 million: \$134.6 million in governmental activities (95.6%) and \$6.1 million in business-type activities (4.4%). Additional information about the debt of Metro Parks can be found in Note 4.E to the financial statements.

- Total bonded debt outstanding at year end was \$148.6 million; \$142.4 million in governmental activities and \$6.2 million in business-type activities. All bonded debt is backed by the full faith and credit of Metro Parks.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Metro Parks' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance and Accounting Services, Metro Parks Tacoma, 4702 South 19th Street, Tacoma, WA 98405.

Metropolitan Park District of Tacoma
Statement of Net Position
December 31, 2021

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Assets				
Current Assets:				
Cash and cash equivalents	\$ 31,197,772	\$ 12,539,470	\$ 43,737,242	\$ 1,133,242
Receivables (net)	7,413,192	3,381,107	10,794,299	68,679
Other assets	-	-	-	412
Internal balances	(2,301,934)	2,301,934	-	-
Inventory	48,405	82,027	130,432	-
Temporarily Restricted Assets:				
Cash held for endowments	-	-	-	99,076
Cash reserves	-	-	-	431,666
Investments	-	-	-	7,897,391
Long-term receivables	-	-	-	52,250
Total Current Assets	36,357,435	18,304,538	54,661,973	9,682,716
Noncurrent Assets:				
Net pension asset	8,852,111	8,483,679	17,335,790	-
Capital Assets (net of accumulated depreciation)				
Land	43,791,321	4,442,712	48,234,033	-
Buildings	36,678,682	65,215,157	101,893,839	25,071,928
Infrastructure	104,881,336	26,054,994	130,936,330	4,348,314
Equipment	1,364,444	1,164,166	2,528,610	480,039
Collections	567,168	612,885	1,180,053	58,030
Construction in progress	19,074,967	3,074,202	22,149,169	-
Total Noncurrent Assets	215,210,029	109,047,795	324,257,824	29,958,311
Total Assets	251,567,464	127,352,333	378,919,797	39,641,027
Deferred Outflows of Resources				
Deferred charge on refunding	1,726,282	77,623	1,803,905	-
Deferred outflows related to pensions	1,321,281	1,266,287	2,587,568	-
Total Deferred Outflows of Resources	3,047,563	1,343,910	4,391,473	-
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	3,918,762	1,637,540	5,556,302	448,209
Unearned revenue	613,107	587,913	1,201,020	-
Other current liabilities	87,095	-	87,095	-
Compensated absences payable	1,825,456	1,185,886	3,011,342	-
Bonds and notes payable	9,156,671	1,440,855	10,597,526	-
Total Current Liabilities	15,601,091	4,852,194	20,453,285	448,209
Noncurrent Liabilities				
Compensated absences payable	416,850	502,856	919,706	-
Bonds and notes payable	133,287,606	4,798,851	138,086,457	-
Loans payable	-	-	-	28,355,000
Net pension liability	875,894	839,439	1,715,333	-
Total Noncurrent Liabilities	134,580,350	6,141,146	140,721,496	28,355,000
Total Liabilities	150,181,441	10,993,340	161,174,781	28,803,209
Deferred Inflows of Resources				
Deferred inflows related to pensions	9,776,587	9,369,677	19,146,264	-
Total Deferred Inflows of Resources	9,776,587	9,369,677	19,146,264	-
Net Position				
Net investment in capital assets	131,643,630	94,402,033	189,117,726	-
Restricted for:				
Pensions	1,109,426	1,063,251	2,172,677	-
Debt service	2,037,539	-	2,037,539	-
Capital outlay	4,608,024	-	4,608,024	-
Other	36,184	-	36,184	8,424,306
Unrestricted	(44,777,804)	12,867,942	5,018,076	2,413,512
Total Net Position	\$ 94,656,999	\$ 108,333,226	\$ 202,990,225	\$ 10,837,818

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Activities
For the Year Ended December 31, 2021

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government						
Governmental Activities						
General Government	\$ 4,931,499	\$ -	\$ -	\$ 12,014,351	\$ 7,082,852	\$ -
Parks and Recreation	24,189,675	2,416,910	6,483,456	-	(15,289,309)	-
Planning and Development	(122,300)	-	-	-	122,300	-
Interest	4,451,857	-	-	-	(4,451,857)	-
Total Governmental Activities	33,450,731	2,416,910	6,483,456	12,014,351	(12,536,014)	-
Business-Type Activities:						
Boathouse Marina	1,474,400	1,361,929	-	-	-	(112,471)
Meadow Park Golf Course	2,151,037	3,123,761	-	-	-	972,724
Zoological and Environmental Education	22,972,815	14,866,027	1,171,758	-	-	(6,935,030)
Total Business-Type Activities	26,598,252	19,351,717	1,171,758	-	(6,074,777)	-
Total - Primary Government	60,048,983	21,768,627	7,655,214	12,014,351	(12,536,014)	-
Component Units	\$ 2,828,242	\$ 236,000	\$ -	\$ 996,046		\$ (1,596,196)
General Revenues						
Property taxes					28,062,977	1,555,477
Sales taxes					2,838,248	11,968,546
Leasehold excise taxes					286,978	-
Investment earnings					23,674	-
Realized and Unrealized Gains (Losses)					-	-
Miscellaneous					216,012	113,119
Transfers					(4,401,593)	4,401,593
Total General Revenues and Transfers					27,026,296	18,038,735
Change in Net Position					14,490,282	11,963,958
Net Position Beginning of Year					80,166,717	96,369,268
Net Position End of Year					\$ 94,656,999	\$ 108,333,226
						\$ 202,990,225
						\$ 10,837,818

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	2018 UTGO Bond Projects	Bond Local Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,457,271	\$ 12,760,878	\$ 809,642	\$ 3,736,035	\$ 25,763,826
Receivables (net)	3,110,967	-	3,747,588	347,134	7,205,689
Inventories	48,405	-	-	-	48,405
Total Assets	11,616,643	12,760,878	4,557,230	4,083,169	33,017,920
Deferred Outflows of Resources	-	-	-	-	-
Liabilities					
Accounts payable and accrued expenses	3,314,163	381,185	160,667	62,068	3,918,083
Unearned revenue	613,107	-	-	-	613,107
Deposits payable	75,010	-	-	-	75,010
Other current liabilities	12,085	-	-	-	12,085
Total Liabilities	4,014,365	381,185	160,667	62,068	4,618,285
Deferred Inflows of Resources					
Unavailable revenue	268,970	-	2,102,322	256,669	2,627,961
Total Deferred Inflows of Resources	268,970	-	2,102,322	256,669	2,627,961
Fund Balances					
Nonspendable	48,405	-	-	-	48,405
Restricted:					
Debt service	-	-	-	2,037,539	2,037,539
Capital improvements	211,461	12,379,693	2,294,241	5,621	14,891,016
Other	36,184	-	-	-	36,184
Assigned - capital projects funds	-	-	-	1,721,272	1,721,272
Unassigned	7,037,258	-	-	-	7,037,258
Total Fund Balances	7,333,308	12,379,693	2,294,241	3,764,432	25,771,674
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,616,643	\$ 12,760,878	\$ 4,557,230	\$ 4,083,169	\$ 33,017,920

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2021

Total Governmental Fund Balances	\$	25,771,674
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).

	\$	281,486,023	
Cost of capital assets			
Less accumulated depreciation		(75,654,979)	205,831,044

Net pension assets reported in governmental activities are not current financial resources and therefore not reported in the governmental funds.		8,852,111
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Net pension liabilities reported in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.		(875,894)
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Deferred outflows and inflows related to pensions reported in governmental activities are not current financial resources or obligations and are therefore not reported in the governmental funds.		(8,455,306)
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Revenue earned but not received within 60 days of year-end, and therefore not available to pay current year liabilities, is reported as deferred inflows on the government statements, but is recognized as revenue on the government-wide statements.		2,627,961
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The internal service fund is used by management to charge the costs of the equipment rental to individual funds. The assets and liabilities of the internal service funds are included in governmental activities column on the government-wide statement of net position.		3,865,710
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Liabilities and related outflows not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.

	\$	(140,717,995)	
Bonds payable and related deferred outflow			
Compensated absences payable		(2,242,306)	(142,960,301)

Net Position Of Governmental Activities	\$	94,656,999
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See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	2018 UTGO Bond Projects	Bond Local Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property taxes	\$ 16,910,341	\$ -	\$ -	\$ 11,567,873	\$ 28,478,214
Sales taxes	2,838,248	-	-	-	2,838,248
Leasehold excise taxes	286,978	-	-	-	286,978
Intergovernmental	5,234,752	-	1,894,542	-	7,129,294
Charges for services	2,416,910	-	-	-	2,416,910
Investment earnings	204	22,239	-	1,231	23,674
Contributions	1,248,704	-	74,326	190,461	1,513,491
Miscellaneous	107,340	-	906	107,766	216,012
Total Revenues	29,043,477	22,239	1,969,774	11,867,331	42,902,821
Expenditures					
Current:					
General Government	5,951,514	-	-	14	5,951,528
Parks and Recreation	19,937,402	-	-	-	19,937,402
Planning and Development	238,990	-	-	-	238,990
Debt Service:					
Principal retirement	-	-	-	6,727,650	6,727,650
Interest	-	-	-	6,020,798	6,020,798
Other bond costs	-	-	-	2,100	2,100
Capital Outlay:					
General Government	-	8,681,206	6,108,605	299,679	15,089,490
Parks and Recreation	61,191	-	-	-	61,191
Total Expenditures	26,189,097	8,681,206	6,108,605	13,050,241	54,029,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,854,380	(8,658,967)	(4,138,831)	(1,182,910)	(11,126,328)
Other Financing Sources (Uses)					
Transfers In	-	-	389,441	18,308	407,749
Transfers Out	(295,000)	-	-	(94,441)	(389,441)
Total Other Financing Sources (Uses)	(295,000)	-	389,441	(76,133)	18,308
Net Change in Fund Balances	2,559,380	(8,658,967)	(3,749,390)	(1,259,043)	(11,108,020)
Fund Balances Beginning of Year	4,773,928	21,038,660	6,043,631	5,023,475	36,879,694
Fund Balances End of Year	\$ 7,333,308	\$ 12,379,693	\$ 2,294,241	\$ 3,764,432	\$ 25,771,674

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net Changes In Fund Balances - Total Governmental Funds \$ (11,108,020)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Depreciation expense	\$ (6,685,633)	
Capital outlay	<u>13,699,741</u>	7,014,108

The book value of donated capital assets received are reported on the government-wide statement of activities but not reported in the governmental funds operating statement. 7,752,700

The book value of capital assets sold, disposed of, or transferred are reported on the government-wide statement of activities but not reported in the governmental funds operating statement. (4,401,593)

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred as of 12/31/21	\$ 2,627,961	
Deferred as of 12/31/20	<u>(940,876)</u>	1,687,085

The internal service fund is used by management to charge the costs of maintenance services to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 860,455

The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements. (441,521)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position. 6,727,650

Amortization of bond premiums and deferred charge on refunding is not reported in the governmental funds, but is reported on the government-wide financial statements. 1,571,041

Net pension expenses reported on the government-wide statement of position but not reported on the governmental fund balance sheet. 5,394,199

Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability as of 12/31/21	\$ (2,242,306)	
Liability as of 12/31/20	<u>1,676,484</u>	<u>(565,822)</u>

Change In Net Position of Governmental Activities \$ 14,490,282

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance with Final Biennial Budget
Revenues				
Taxes:				
Property tax	\$ 33,664,721	\$ 33,904,979	\$ 16,910,341	\$ (16,994,638)
Sales tax	4,489,627	5,818,408	2,838,248	(2,980,160)
Leasehold tax	500,000	213,022	286,978	73,956
Total Taxes	38,654,348	39,936,409	20,035,567	(19,900,842)
Intergovernmental revenue	7,670,624	8,558,910	5,234,752	(3,324,158)
Charges for services	10,830,032	11,941,566	2,416,910	(9,524,656)
Investment earnings	-	-	204	204
Contributions	296,288	1,503,721	1,248,704	(255,017)
Miscellaneous	109,000	109,000	107,340	(1,660)
Total Revenues	\$ 57,560,292	\$ 62,049,606	\$ 29,043,477	\$ (33,006,129)
<i>Percentage received through 12/31/21</i>			<i>46.8%</i>	
Expenditures				
Current:				
General Government	\$ 9,827,135	\$ 15,007,118	\$ 5,951,514	\$ 9,055,604
Parks and Recreation	46,489,133	46,908,228	19,937,402	26,970,826
Planning and Development	1,255,885	1,436,610	238,990	1,197,620
Capital Outlay	-	-	61,191	(61,191)
Total Expenditures	\$ 57,572,153	\$ 63,351,956	\$ 26,189,097	\$ 37,162,859
<i>Percentage expended through 12/31/2021</i>			<i>41.3%</i>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,861)	(1,302,350)	2,854,380	4,156,730
Other Financing Sources (Uses)				
Transfers in	(1,550,430)	664,639	-	(664,639)
Transfers (out)	19	360,030	(295,000)	(655,030)
Total Other Financing Sources (Uses)	(1,550,411)	1,024,669	(295,000)	(1,319,669)
Net Change in Fund Balances	(1,562,272)	(277,681)	2,559,380	2,837,061
Fund Balances Beginning of Year	4,822,870	4,773,928	4,773,928	(4,773,928)
Fund Balances End of Year	\$ 3,260,598	\$ 4,496,247	\$ 7,333,308	\$ 2,837,061

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Zoological & Environmental Education	Boathouse Marina	Meadow Park Golf Course	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 10,663,047	\$ 575,115	\$ 1,301,308	\$ 12,539,470	\$ 5,433,946
Receivables (net)	3,186,585	145,486	49,036	3,381,107	207,503
Inventories	1,598	39,606	40,823	82,027	-
Total Current Assets	13,851,230	760,207	1,391,167	16,002,604	5,641,449
Noncurrent Assets:					
Net pension asset	7,580,471	301,303	601,905	8,483,679	-
Capital assets (net of accumulated depreciation):					
Land	2,829,542	200,000	1,413,170	4,442,712	-
Buildings	62,192,863	1,493,954	1,528,340	65,215,157	-
Infrastructure	22,319,262	2,564,213	1,171,519	26,054,994	-
Equipment	1,079,784	33,747	50,635	1,164,166	526,874
Collections	612,885	-	-	612,885	-
Construction in progress	3,074,202	-	-	3,074,202	-
Total Noncurrent Assets	99,689,009	4,593,217	4,765,569	109,047,795	526,874
TOTAL ASSETS	113,540,239	5,353,424	6,156,736	125,050,399	6,168,323
Deferred Outflows of Resources					
Deferred charge on refunding	77,623	-	-	77,623	-
Deferred outflows related to pensions	1,131,473	44,973	89,841	1,266,287	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,209,096	44,973	89,841	1,343,910	-
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	1,109,182	33,948	98,671	1,241,801	679
Due to other governments	362,002	16,123	11,484	389,609	-
Compensated absences payable	1,127,731	3,599	54,556	1,185,886	-
Bonds, notes and loans payable	1,440,855	-	-	1,440,855	-
Unearned revenue	495,149	-	92,764	587,913	-
Deposits payable	-	-	6,130	6,130	-
Total Current Liabilities	4,534,919	53,670	263,605	4,852,194	679
Long-Term Liabilities: (net of current portion)					
Compensated absences payable	441,404	5,464	55,988	502,856	-
Bonds, notes and loans payable	4,798,851	-	-	4,798,851	-
Net pension liability	750,069	29,813	59,557	839,439	-
Total Long-term Liabilities	5,990,324	35,277	115,545	6,141,146	-
TOTAL LIABILITIES	10,525,243	88,947	379,150	10,993,340	679
Deferred Inflows of Resources					
Deferred inflows related to pensions	8,372,142	332,770	664,765	9,369,677	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,372,142	332,770	664,765	9,369,677	-
Net Position					
Net investment in capital assets	85,946,455	4,291,914	4,163,664	94,402,033	526,874
Restricted for net pension assets	950,053	37,762	75,436	1,063,251	-
Unrestricted	8,955,442	647,004	963,562	10,566,008	5,640,770
TOTAL NET POSITION	\$ 95,851,950	\$ 4,976,680	\$ 5,202,662	106,031,292	\$ 6,167,644
Reconciliation of the fund level statement of net position to the government-wide statement of net position:					
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				2,301,934	
Adjusted Total Net Position				\$ 108,333,226	

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Zoological & Environmental Education	Boathouse Marina	Meadow Park Golf Course	Total	
Operating Revenues					
Zoological & Environmental Education Operations	\$ 14,866,027	\$ -	\$ -	\$ 14,866,027	\$ -
Marina Operations	-	1,361,929	-	1,361,929	-
Golf Course Operations	-	-	3,123,761	3,123,761	-
Other Services	-	-	-	-	4,423,734
Total Operating Revenues	14,866,027	1,361,929	3,123,761	19,351,717	4,423,734
Operating Expenses					
Zoological & Environmental Education Operations	19,839,544	-	-	19,839,544	-
Marina Operations	-	1,147,194	-	1,147,194	-
Golf Course Operations	-	-	2,001,122	2,001,122	-
Self Insurance and Claims	-	-	-	-	3,281,047
Depreciation	3,290,940	338,092	148,494	3,777,526	263,924
Total Operating Expenses	23,130,484	1,485,286	2,149,616	26,765,386	3,544,971
Operating Income (Loss)	(8,264,457)	(123,357)	974,145	(7,413,669)	878,763
Non-Operating Revenues (Expenses)					
Property taxes	1,555,477	-	-	1,555,477	-
Sales taxes	11,968,546	-	-	11,968,546	-
Intergovernmental	82,857	-	-	82,857	-
Unrestricted grants and contributions	1,088,901	-	-	1,088,901	-
Interest expense	(274,387)	-	-	(274,387)	-
Debt issue costs	-	-	-	-	-
Miscellaneous revenue	95,899	4,226	12,994	113,119	-
Total Non-Operating Revenues (Expenses)	14,517,293	4,226	12,994	14,534,513	-
Income (Loss) Before Contributions and Transfers	6,252,836	(119,131)	987,139	7,120,844	878,763
Capital Contributions	3,494,708	-	906,885	4,401,593	-
Transfers Out	-	-	-	-	(18,308)
Change in Net Position	9,747,544	(119,131)	1,894,024	11,522,437	860,455
Net Position Beginning of Year	86,104,406	5,095,811	3,308,638	94,508,855	5,307,189
Net Position End of Year	\$ 95,851,950	\$ 4,976,680	\$ 5,202,662	\$ 106,031,292	\$ 6,167,644
Reconciliation of the fund level operating statement to the government-wide statement of activities:					
Change in net position	\$ 9,747,544	\$ (119,131)	\$ 1,894,024	\$ 11,522,437	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	432,056	10,886	(1,421)	441,521	
Adjusted Change in Net Position	\$ 10,179,600	\$ (108,245)	\$ 1,892,603	\$ 11,963,958	

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Zoological & Environmental Education	Boathouse Marina	Meadow Park Golf Course	Total	
Cash Flows from Operating Activities					
Cash received from customers	\$ 15,844,782	\$ 1,301,022	\$ 3,184,847	\$ 20,330,651	\$ 4,375,354
Cash payments for goods and services	(6,989,030)	(722,446)	(1,013,497)	(8,724,973)	(3,393,192)
Cash payments to employees for services	(15,184,245)	(576,720)	(1,155,041)	(16,916,006)	-
Net Cash Provided by (Used in) Operating Activities	(6,328,493)	1,856	1,016,309	(5,310,328)	982,162
Cash Flows from Noncapital Financing Activities					
Operating grants received	82,857	-	-	82,857	-
Sales tax received	11,808,359	-	-	11,808,359	-
Donations received	393,705	-	-	393,705	-
Transfers	-	-	-	-	(18,308)
Net Cash Flows from Noncapital Financing Activities	12,284,921	-	-	12,284,921	(18,308)
Cash Flows from Capital and Related Financing Activities					
Property tax received	1,555,569	-	-	1,555,569	-
Acquisition and construction - capital assets	(2,647,976)	-	(361,124)	(3,009,100)	(183,683)
Principal paid on long term debt	(1,242,350)	-	-	(1,242,350)	-
Interest paid on long term debt	(340,765)	-	-	(340,765)	-
Other debt costs	-	-	-	-	-
Net Cash Flows from Capital and Related Financing Activities	(2,675,522)	-	(361,124)	(3,036,646)	(183,683)
Net Increase (Decrease) in Cash and Cash Equivalents	3,280,906	1,856	655,185	3,937,947	780,171
Cash and Cash Equivalents Beginning of Year	7,382,141	573,259	646,123	8,601,523	4,653,775
Cash and Cash Equivalents End of Year	\$ 10,663,047	\$ 575,115	\$ 1,301,308	\$ 12,539,470	\$ 5,433,946
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities					
Operating Income	\$ (8,264,457)	\$ (123,357)	\$ 974,145	\$ (7,413,669)	\$ 878,763
Miscellaneous revenues	95,899	4,226	12,994	113,119	-
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation	3,290,940	338,092	148,494	3,777,526	263,924
Changes in assets and liabilities:					
(Increase) Decrease in accounts receivable	581,384	(41,133)	27,291	567,542	(48,380)
(Increase) Decrease in inventory	8,217	(11,093)	(9,278)	(12,154)	-
Increase (Decrease) in accounts payable and accrued expenses	(3,046,456)	(139,875)	(157,342)	(3,343,673)	(112,145)
Increase (Decrease) in due to other governments	259,271	14,398	(15,795)	257,874	-
Increase (Decrease) in compensated absences	445,237	(15,402)	14,999	444,834	-
Increase (Decrease) in unearned revenue	301,472	(24,000)	20,801	298,273	-
Net Cash Provided by (Used in) Operating Activities	\$ (6,328,493)	\$ 1,856	\$ 1,016,309	\$ (5,310,328)	\$ 982,162
Schedule of Non-Cash Capital and Related Financing Activities					
Capital assets contributed from governmental activities	3,494,708	-	906,885	4,401,593	-
Total Non-Cash Activities	\$ 3,494,708	\$ -	\$ 906,885	\$ 4,401,593	\$ -

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	<u>Custodial Funds</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 67,649
Total Assets	<u>67,649</u>
Liabilities:	
Accounts payable and accrued expenses	<u>-</u>
Total Liabilities	<u>-</u>
Net Position - Restricted	<u><u>67,649</u></u>

See accompanying notes to the basic financial statements

Metropolitan Park District of Tacoma
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	<u>Custodial Funds</u>
Additions:	
Sales taxes collected	\$ 162,932
Admissions taxes collected	1,549
Leasehold taxes collected	82,498
Other collections on behalf of external agencies	<u>5,491</u>
Total Additions	<u>252,470</u>
Deductions:	
Sales taxes remitted	160,134
Admissions taxes remitted	0
Leasehold taxes remitted	71,261
Other remittances to external agencies	<u>2,878</u>
Total Deductions	<u>234,273</u>
Change in net position	18,197
Net Position Beginning of Year	<u>49,452</u>
Net Position End of Year	<u><u>67,649</u></u>

See accompanying notes to the basic financial statements

METROPOLITAN PARK DISTRICT OF TACOMA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Park District of Tacoma, Washington, (Metro Parks) was incorporated in 1907 under the provisions of Chapter 35.61 Revised Code of Washington (RCW) and operates under the laws of the State of Washington applicable to a municipality with a commissioner form of government.

The financial statements of Metro Parks have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. THE REPORTING ENTITY

The Metropolitan Park District of Tacoma is a special purpose government which provides park and recreation services through over eighty park and recreation facilities. Metro Parks is governed by a board of five commissioners who are elected by City of Tacoma voters to six-year staggered terms. In addition, Metro Parks owns and operates a boathouse and marina, a golf course, an animal wildlife park, and a zoo and aquarium. Metro Parks is fiscally independent of other state and local government entities. Based on the criteria of the Governmental Accounting Standards Board (GASB), Metro Parks is a primary government for reporting purposes. Metro Parks has two discretely presented component units, the Greater Metro Parks Foundation (GMPF) and the Eastside Community Center QALICB (the QALICB). Separate financial statements for GMPF can be obtained from GMPF, 4702 S. 19th St, Tacoma, WA 98405. Separate financial statements for the QALICB, can be obtained from Eastside Community Center QALICB, 4702 S. 19th St, Tacoma, WA 98405. See note 4.J for more information.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of Metro Parks. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are

clearly identifiable with a specific function or segment. Indirect costs are allocated to functions and included in the reported program expense for individual functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Metro Parks considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other taxes and receipts become measurable and available when received and are recognized as revenue at that time. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Metro Parks reports the following major governmental funds:

The *General Fund* is the primary operating fund of Metro Parks. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *2018 UTGO Bond Projects Fund* accounts for \$41.2 million of voter-approved bonds issued in 2018.

The *Bond Local Fund* accounts grants and contributions used to leverage and expand upon bond funded capital projects.

A variety of Metro Parks' programs are accounted for in nonmajor governmental funds. Nonmajor *Debt Service Funds* are for the accumulation of resources to pay principal, interest, and related costs on general long-term debt. Nonmajor *Capital Project Funds* account for financial resources which are designated for the acquisition or construction of general government capital improvements.

Metro Parks reports the following proprietary funds:

The *Zoological and Environmental Education Fund* is an enterprise fund which accounts for Point Defiance Zoo and Aquarium and Northwest Trek Wildlife Park. These facilities provide a wide array of Pacific Rim and native wildlife experiences through exhibits, on and off-site programs, and events. Point Defiance Zoo and Aquarium is a year-round 27-acre zoological facility where visitors view wildlife species native to the Pacific Rim. Northwest Trek is a 715-acre wildlife and nature preserve where visitors are provided the rare opportunity to view animals native to the Pacific Northwest in a captive yet natural setting.

The *Boathouse Marina Fund* accounts for the Point Defiance Boathouse. These operations provide dry boat storage, boat and motor rentals, gas sales, tackle and gift shop sales, fishing license sales, guest moorage, parking, and free fishing piers.

The *Meadow Park Golf Course Fund* accounts for the Meadow Park Golf Course. These operations include golf rounds, rentals, and retail sales.

Of the three enterprise funds, only the *Zoological and Environmental Education Fund* qualifies as a major fund quantitatively; however, Metro Parks has elected to present the other two funds separately and along-side rather than combining them.

Additionally, Metro Parks reports three Internal Service funds to account for fleet purchasing services provided to other departments on a cost reimbursement basis, medical self-insurance, and property/liability claims.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All other revenues and expenses are reported as nonoperating.

Metro Parks reports one fiduciary fund, which represents custodial collections and remittances.

When both restricted and unrestricted resources are available for use, it is the policy of Metro Parks to use restricted resources first, then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION

1. Deposits and Investments

Metro Parks' cash and cash equivalents are composed of cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. It is Metro Parks' policy to invest all temporary cash surpluses. Interest on these investments is credited to the General Fund except where legal requirements, specific Board policy, or agreements with outside agencies require otherwise. Investments are stated at fair value (see Note 4-A).

2. Receivables And Payables

Taxes receivable consist of property taxes and related interest and penalties. Property taxes are levied and become an enforceable lien against the property on January 1 of each year. The first of two equal installments are due on April 30 and, if not paid in full, the second half is due on October 31. Because property taxes are considered liens on property, no estimated uncollectible amounts are established (see Note 4-B). Additional taxes receivable is from distributions of Washington State sales tax revenue, a portion of which is dedicated to parks and accredited zoological facilities.

Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Accounts receivable are amounts due for services rendered by Metro Parks. All receivables from or payables to other governments are included in these accounts.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Details of interfund activity at December 31, 2021, are furnished in Note 4-D to these financial statements.

3. Inventories And Prepaid Items

All inventories are valued at cost on a first in, first out basis and consist of goods held for resale to the public. The cost of inventory items is recognized as expenditures/expenses when sold or otherwise consumed. The Nonspendable Fund Balance in the General Fund is equal to the ending amount of inventory to indicate that this portion of the fund balance is not available for future expenditures.

Occasionally payments to vendors reflect costs applicable to future accounting periods and would be recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain assets are classified as restricted assets because their use is restricted by contract, donor restrictions or endowments. Assets in the component units are segregated and classified as restricted assets.

5. Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by Metro Parks as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets as applicable. Buildings, infrastructure, and equipment of Metro Parks are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Buildings	20 – 50 years
Infrastructure	10 – 50 years
Equipment, Furniture, & Vehicles	3 – 25 years

6. Construction Commitments

Metro Parks has active construction project contracts totaling \$6,753,925 at December 31, 2021. These projects are financed by general obligation bonds issued for the purpose of constructing and upgrading facilities including a new aquarium and major upgrades to waterfront parks.

7. Compensated Absences

Employees accrue vacation pay by reason of tenure. Vacation pay may be accumulated up to a maximum equal to the amount accrued in a two-year period (a three-year period for senior/executive management) and is payable upon resignation, retirement, or death. Compensatory time is payable as earned. Sick leave may accumulate indefinitely. Upon separation from employment with Metro Parks, all sick leave shall be forfeited except under the following circumstances.

- Sick leave is paid out at 50% in the event of death of the employee, and 100% at death as a result of a service connected accident or illness.
- Sick leave is paid out at 25% if the employee is 1) eligible to draw pension with the State Department of Retirement Systems, 2) is a minimum of 50 years old, or 3) has 30 years of service with Metro Parks.

Accumulated Unpaid Amounts At December 31, 2021			
	Current Portion		Long-term Portion
Vacation	\$	1,772,434	\$ 474,895
Sick Leave		1,160,340	444,811
Compensatory Time		78,568	-
Total	\$	3,011,342	\$ 919,706
Governmental Funds		1,825,456	416,850
Proprietary Funds		1,185,886	502,856
Total	\$	3,011,342	\$ 919,706

Metro Parks records all accumulated unused vacation and compensatory time. For unused sick leave, the accrued liability is recorded as 10% of accumulated unused sick leave which is considered the material amount vested. In proprietary funds, the expenses are accrued when incurred and the liability is recorded in the fund. For governmental funds, unused vacation, compensatory time, and sick leave at year-end is considered long-term debt since it is believed current expendable resources will not be used to liquidate any of the accrued benefits. Compensated absences would be reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). The General Fund has typically been used to liquidate the liability for compensated absences.

8. Long-Term Debt

In the government-wide financial statements and proprietary fund's financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on refunded bonds are reported as deferred outflows of resources and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Arbitrage occurs when funds borrowed at tax-exempt interest rates are invested in higher yielding taxable securities. Investment earnings in excess of related interest expense on tax-exempt debt are reported as a liability due to the federal government and a reduction to interest revenue.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Metro Parks has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is deferred outflows related to pensions. This item includes several elements: a) contributions to retirement plans subsequent to the measurement date; b) difference between expected and actual plan experience; c) change in plan assumptions; and d) changes in proportionate share of the plans.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. Metro Parks has two items that qualify for reporting in this category. One is unavailable revenue from property taxes. The deferred inflow of resources from unavailable property tax revenue occurs only in governmental fund financial statements prepared under the modified accrual basis of accounting and, accordingly, is reported as a deferred inflow of resources only in the governmental funds balance sheet. This amount is deferred and will be recognized as an inflow of resources in the period that amounts become available. The other item which qualifies for reporting is deferred inflows related to pensions. This balance represents the difference between expected and actual investment earnings. This amount is reported in the government-wide and proprietary fund statements of net position.

10. Fund Balance Policies

In the fund financial statements, governmental funds may report fund balance in five areas. Amounts that are not available for current use, such as fund balance related to inventories and prepaid items, are reported as *Nonspendable*. The remaining amounts are classified according to the relative strength of the constraints placed on the spending of such funds. *Restricted* amounts are subject to externally enforceable constraints such as bond covenants and grantor requirements. *Committed* fund balance has formal legal constraints imposed by resolution of the Board of Park Commissioners. *Assigned* fund balance reflects an intended use or earmarking of the resources which are imposed by less formal

means. The Board of Park Commissioners has the authority to assign fund balance. No formal action is required to reallocate assigned fund balance. *Unassigned* is the residual classification for the General Fund and includes all amounts that are not reported in the other categories.

11. Fund Balance Flow Assumptions

Sometimes Metro Parks will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is Metro Parks' policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Metro Parks considers restricted – net position to have been depleted before unrestricted – net position.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The general fund is used to liquidate governmental fund pension obligations.

For purposes of calculating the restricted net position related to the net pension asset, Metro Parks includes the net pension asset and the related deferred outflows and deferred inflows.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The schedule presents detailed explanations for the major elements of the reconciliation including certain government-wide assets and liabilities not included in governmental fund balance sheets.

B. DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. The schedule provides detailed explanations for the major elements of the reconciliation including descriptions of revenues and expenditures which are reported in governmental funds and not reported on the government-wide statement of activities.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Metro Parks' biennial budget is adopted by resolution of the Board of Park Commissioners for the general fund on a basis consistent with generally accepted accounting principles. While not required by law, Metro Parks adopts budgets for enterprise funds which are "management budgets" and, as such, are not reported in the financial statements. Life-to-date budgets have been adopted for *Debt Service Funds* and *Capital Projects Funds*. Appropriations lapse at the end of the biennium except for the debt service and capital project funds which are budgeted on a project length basis.

The budget amounts shown in the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual* are the biennial amounts.

Budgets are adopted at the fund level and constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Budgetary accounts are integrated in fund ledgers for all budgeted funds.

By October 31 of even numbered years the Executive Director submits a proposed biennial budget to the Board of Park Commissioners. This budget is based on priorities established by the Board of Park Commissioners and estimates provided by Metro Parks' departments during the preceding months and balanced with revenue estimates made by the Department Directors. The Board of Park Commissioners conducts public hearings on the proposed budget in November and December. After adjustments, a final balanced budget is adopted no later than December 31. Within 90 days of adoption, the final budget document is available to the public. During the budget preparation process, the Board of Park Commissioners adopts the salary ranges and the benefits package for the biennium.

Department Directors are authorized to transfer budgeted amounts between object classes within their departments and the Executive Director is authorized to transfer budgeted amounts between departments. Any revisions that alter the total expenditures of a fund must be approved by the Board of Park Commissioners.

When the Board of Park Commissioners determines that it is in the best interest of Metro Parks to increase or decrease the appropriation for a particular fund or department, it may do so by resolution approved by a simple majority. The General Fund budget was not amended during 2021.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. It is the policy of Metro Parks to cause encumbrances to lapse at year-end so that ongoing purchase orders, contracts, and commitments must be re-encumbered for the next year.

B. LEGAL AND CONTRACTUAL COMPLIANCE

Metro Parks has complied, to the best of its knowledge, with all material finance-related legal and contractual provisions.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

In accordance with state statute, Pierce County is the ex-officio treasurer for Metro Parks. As such, it holds all of the District's cash and investments except for imprest and clearing accounts. All cash and time deposits are entirely insured or collateralized through federal depository insurance with the balance of the deposits collateralized by the state's multiple financial institution collateral pool. Metro Parks' Comprehensive Financial Management Policy requires the deposit and investment of public funds "in a manner which will provide the maximum security with the highest investment return while meeting the daily cash flow demands of Metro Parks and conforming to all state and local statutes governing the investment of public funds". Chapter 39.58 of the Revised Code of Washington requires public monies to be deposited in only "qualified public depositories", as designated by the

Washington Public Deposit Protection Commission (WPDPC). The WPDPC is also the monitoring state agency for the multiple financial institution collateral pool for public money deposits in the state.

DEPOSITS. At year-end, the carrying amount and bank balance of Metro Parks' deposits was \$29,624,371.

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 will not be able to recover collateral securities that are in possession of an outside party. The District's deposits are covered by federal depository insurance (FDIC) and the Washington Public Deposit Protection Program (PDPC). Deposits covered by PDPC are considered insured for deposit categorization purposes. Metro Parks does not have a policy for custodial credit risk. No bank balances were exposed to custodial credit risk as of December 31, 2021.

INVESTMENTS. Metro Park's policy and Washington State statutes authorize Metro Parks to invest in obligations of the United States Treasury, agencies, and instrumentalities, bankers' acceptances, certificates of deposits issued by qualified public depositories, and repurchase agreements. At December 31, 2021, the Pierce County Treasurer was holding \$14,107,850 in short-term investments in the Local Government Investment Pool (LGIP). LGIP is an external investment pool operated by the Washington State Treasurer. The pool is not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals. The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200 or online at www.tre.wa.gov.

OTHER. Metro Parks has an additional \$72,670 in cash and checking imprest accounts at multiple locations throughout the District.

Reconciliation of the District's deposit and investment balances as of December 31, 2021, is as follows:

	Entity-Wide	Fiduciary	Total
Cash on hand	29,629,392	67,649	29,697,041
Deposits in State LGIP	14,107,850	-	14,107,850
Total	43,737,242	67,649	43,804,891

B. RECEIVABLES

Receivables as of year-end for Metro Parks' individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables	General Fund	Local Bond Projects Fund	Nonmajor Governmental Funds	Zoological & Environmental Education	Boathouse Marina	Meadow Park Golf Course	Internal Service Funds	Total
Accounts	\$ 1,017,246	\$ 688,207	\$ 16,614	\$ 952,288	\$ 146,509	\$ 52,983	\$ 207,503	\$ 3,081,350
Taxes	844,884	-	330,520	2,088,403	-	-	-	3,263,807
Intergovernmental	1,399,315	3,059,381	-	145,894	2,342	-	-	4,606,932
Gross Receivables	\$ 3,261,445	\$ 3,747,588	\$ 347,134	\$ 3,186,585	\$ 148,851	\$ 52,983	\$ 207,503	\$ 10,952,089
Less: Allowance for Uncollectible	(150,478)	-	-	-	(3,365)	(3,947)	-	(157,790)
Total	\$ 3,110,967	\$ 3,747,588	\$ 347,134	\$ 3,186,585	\$ 145,486	\$ 49,036	\$ 207,503	\$ 10,794,299

C. CAPITAL ASSETS

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

<i>Governmental Activities</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 36,038,620	\$ 7,752,700	\$ -	\$ 43,791,320
Collections	567,168	-	-	567,168
Construction in progress	16,012,262	13,999,675	10,936,969	19,074,968
Total capital assets not being depreciated	\$ 52,618,050	\$ 21,752,375	\$ 10,936,969	\$ 63,433,456
Capital assets being depreciated:				
Buildings	\$ 60,031,205	\$ 2,011,077	\$ -	\$ 62,042,282
Infrastructure	143,959,631	4,126,063	-	148,085,694
Machinery, equipment, and vehicles	11,315,388	281,986	-	11,597,374
Total capital assets being depreciated	\$ 215,306,224	\$ 6,419,126	\$ -	\$ 221,725,350
Less accumulated depreciation for:				
Buildings	\$ (23,401,984)	\$ (1,961,616)	\$ -	\$ (25,363,600)
Infrastructure	(38,733,783)	(4,470,575)	-	(43,204,358)
Machinery, equipment, and vehicles	(9,715,564)	(517,366)	-	(10,232,930)
Total accumulated depreciation	\$ (71,851,331)	\$ (6,949,557)	\$ -	\$ (78,800,888)
Total capital assets being depreciated, net	\$ 143,454,893	\$ (530,431)	\$ -	\$ 142,924,462
Governmental activities capital assets, net	\$ 196,072,943	\$ 21,221,944	\$ 10,936,969	\$ 206,357,918

Decreases in construction in progress do not equal increases in other asset categories as certain costs were determined to not be capitalizable.

<i>Business-type Activities</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,442,712	\$ -	\$ -	\$ 4,442,712
Collections	612,885	-	-	612,885
Construction in progress	895,977	2,603,212	424,987	3,074,202
Total capital assets not being depreciated	\$ 5,951,574	\$ 2,603,212	\$ 424,987	\$ 8,129,799
Capital assets being depreciated:				
Buildings	\$ 88,909,365	\$ 3,382,730	\$ -	\$ 92,292,095
Infrastructure	45,913,496	1,804,972	-	47,718,468
Machinery, equipment, and vehicles	8,017,604	44,766	-	8,062,370
Total capital assets being depreciated	\$ 142,840,465	\$ 5,232,468	\$ -	\$ 148,072,933
Less accumulated depreciation for:				
Buildings	\$ (25,063,712)	\$ (2,013,226)	\$ -	\$ (27,076,938)
Infrastructure	(20,248,462)	(1,415,012)	-	(21,663,474)
Machinery, equipment, and vehicles	(6,548,916)	(349,288)	-	(6,898,204)
Total accumulated depreciation	\$ (51,861,090)	\$ (3,777,526)	\$ -	\$ (55,638,616)
Total capital assets being depreciated, net	\$ 90,979,375	\$ 1,454,942	\$ -	\$ 92,434,317
Business-type activities capital assets, net	\$ 96,930,949	\$ 4,058,154	\$ 424,987	\$ 100,564,116

Depreciation expense was charged to programs as follows:

<i>Governmental activities:</i>	
General Government	\$ 412,648
Parks and Recreation	6,536,909
Total depreciation expense - governmental activities	\$ 6,949,557
<i>Business-type activities:</i>	
Boathouse Marina	\$ 338,092
Meadow Park Golf Course	148,494
Zoological and Environmental Education	3,290,940
Total depreciation expense - business-type activities	\$ 3,777,526

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at December 31, 2021, is as follows:

Interfund receivables/payables:

	Payable Fund
Receivable Fund	Internal Service Funds
Boathouse Marina	58,811
Zoological & Environmental Education	1,964,306
Meadow Park Golf Course	278,817
Total Payable	\$ 2,301,934

The amounts due to Boathouse Marina, Zoological & Environmental Education and Meadow Park Golf Course denote the “lookback adjustment” for the internal service funds.

Interfund cash transfers:

	Transfers In		
	Bond Local Projects Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers Out			
General Fund	\$ 295,000	\$ -	\$ 295,000
Nonmajor Governmental	94,441	-	94,441
Internal Service Funds	-	18,308	18,308
Total Transfers In	\$ 389,441	\$ 18,308	\$ 407,749

The purpose of the transfers was to appropriately reflect certain capital projects activity.

E. LONG-TERM LIABILITIES

1. General Obligation Bonds

Metro Parks issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of Metro Parks. These bonds generally are issued as 20-year serial bonds with varying principal amounts maturing each year.

Metro Parks has retained the services of Bank of New York Mellon Corporate Trust to determine the applicability of federal arbitrage regulations. There is currently no arbitrage liability.

General obligation bonds currently outstanding are as follows:

<u>Governmental activities</u>	Interest Rate	Original Amount	Outstanding
2012 Refunding Bonds	0.5%-4.00%	3,698,150	1,535,500
2014 Construction Bonds	2.00%-5.00%	33,400,000	11,845,000
2014 Refunding Bonds	3.00%-5.00%	18,040,000	10,400,000
2015 Refunding Bonds	2.00%-5.00%	8,087,800	4,403,600
2016 Construction Bonds	2.00%-5.00%	76,290,000	51,675,000
2018 Construction Bonds	3.00%-5.00%	41,245,000	26,360,000
2019 Refunding Bonds	4.00%	22,970,000	22,870,000
Total Governmental activities		\$ 203,730,950	\$ 129,089,100
<u>Business-type activities</u>			
2012 Refunding Bonds	0.5%-4.00%	6,296,850	2,614,500
2015 Refunding Bonds	2.00%-5.00%	6,192,200	3,371,400
Total Business-type activities		\$ 12,489,050	\$ 5,985,900
Total General Obligation Bonds		\$ 216,220,000	\$ 135,075,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2022	\$ 7,270,900	\$ 5,708,486	\$ 1,344,100	\$ 257,339	\$ 14,580,825
2023	7,524,600	5,356,098	1,455,400	196,877	14,532,975
2024	8,821,800	5,028,993	1,533,200	134,882	15,518,875
2025	12,201,800	4,618,957	1,653,200	70,068	18,544,025
2026-2030	50,520,000	15,747,225	-	-	66,267,225
2031-2035	31,170,000	6,726,600	-	-	37,896,600
2036-2037	11,580,000	834,250	-	-	12,414,250
	\$ 129,089,100	\$ 44,020,609	\$ 5,985,900	\$ 659,166	\$ 179,754,775

2. Bond Rating

On February 16, 2021, Moody's Investors Service ("Moody's") withdrew its rating on Metro Parks' outstanding unlimited tax general obligation bonds due to untimely/insufficient financial information.

On May 2, 2019, Standard & Poor's Corporation affirmed its "AA" rating on all of Metro Parks' outstanding Unlimited Tax General Obligation Bonds.

3. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds	\$ 135,816,750	\$ -	\$ 6,727,650	\$ 129,089,100	\$ 7,270,900
Plus premiums deferred	15,362,639	-	2,007,462	13,355,177	1,885,771
Compensated Absences	1,676,484	565,822	-	2,242,306	1,825,456
Net Pension Liability	5,611,238	-	4,735,344	875,894	-
Governmental Activities - Long-term Liabilities	\$ 158,467,111	\$ 565,822	\$ 13,470,456	\$ 145,562,477	\$ 10,982,127
<i>Business-type Activities</i>					
General Obligation Bonds	\$ 7,228,250	\$ -	\$ 1,242,350	\$ 5,985,900	\$ 1,344,100
Plus premiums deferred	369,657	-	115,851	253,806	96,755
Compensated Absences	1,243,908	444,834	-	1,688,742	1,185,886
Net Pension Liability	3,401,986	-	2,562,547	839,439	-
Business-type Activities - Long-term Liabilities	\$ 12,243,801	\$ 444,834	\$ 3,920,748	\$ 8,767,887	\$ 2,626,741

The General Fund is used to liquidate governmental compensated absences and pension liabilities.

4. Asset Retirement Obligations

Metro Parks has identified certain tangible assets, including water wells and x-ray machines, which have a legally enforceable liability associated with retirement. The remaining useful life of these assets is currently unknown, as is the estimated liability associated with retirement.

F. OPERATING LEASES

Metro Parks has entered into operating leases with various vendors for the rental of copy machines and other equipment. These agreements allow Metro Parks to cancel the leases with appropriate notice. The amounts paid on the leases are not significant to any single operating unit or to Metro Parks as a whole.

G. CONTINGENCIES AND LITIGATIONS

Metro Parks is the owner of approximately 23 acres of property constituting a breakwater peninsula along the western shore of Commencement Bay (the “breakwater peninsula”). The property was created by Asarco as it dumped slag from its copper smelting operation into the bay. Slag has elements of arsenic and lead, both of which are considered hazardous substances by the Environmental Protection Agency (EPA).

In the 1990s, the EPA tested the Asarco site and surrounding properties and discovered hazardous substances at levels requiring a cleanup. The EPA then established the boundaries of the Asarco Tacoma Smelter Superfund Site, which includes Metro Parks’ breakwater peninsula, and issued a Record of Decision describing the remediation alternatives for the site.

In January 1997, Metro Parks, Asarco, the City of Tacoma, and the Town of Ruston executed the “Definitive Agreement” requiring Asarco to negotiate a consent decree with the EPA and to design and implement a remediation plan to redevelop the Asarco and Metro Parks’ sites. Before performing its obligations, Asarco filed for bankruptcy. Asarco subsequently received a discharge from the Bankruptcy Court and is no longer obligated to perform under the Definitive Agreement.

In 2009, Asarco sold its Tacoma property to a residential developer, Point Ruston LLC, who is responsible for remediating the Asarco property and a portion of the Metro Parks’ property. Point Ruston and Metro Parks entered into an agreement to remediate a significant portion of the breakwater peninsula and that work has been completed.

In 2016, Metro Parks and the EPA entered into a cooperative agreement whereby Metro Parks and the EPA agreed to jointly fund the remaining remedial work on the breakwater peninsula, which was completed in 2020. However, the cooperative agreement does not include remediation of the yacht basin, which is between the breakwater peninsula and the shore. The EPA’s Record of Decision requires the yacht basin to be remediated. Metro Parks cannot at this time quantify the remediation costs associated with the yacht basin.

H. TAX ABATEMENTS

Tax abatements granted by the City of Tacoma related to the multi-family property tax exemption program result in lost or shifted property tax revenue received by Metro Parks. In

2021, Metro Parks lost property tax revenue of \$256,830. Additionally, \$199,811 of property tax levies were shifted from exempt properties to other taxpayers.

I. NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets reported on the statement of net position does not cross foot to the total column. This is due to capital assets which were funded by general government debt and subsequently transferred to enterprise funds. The balance as of December 31, 2021, was \$36,927,937. This amount was added back to the net investment in capital assets reported in the governmental activities column and deducted from the same line in the total column. This adjustment is offset by adjustments of the same amount to unrestricted net position.

J. COMPONENT UNITS

Greater Metro Parks Foundation

The Greater Metro Parks Foundation (GMPF) is a Washington non-profit corporation, a public charity organized exclusively for charitable purposes to benefit and support Metro Parks. The foundation provides goods and services above the tax-based funding of Metro Parks. GMPF is located in Tacoma, governed by a Board of Directors, and possesses all of the requisite corporate powers to carry out the purposes for which it was formed. Metro Parks is not financially accountable for GMPF. GMPF is considered a non-major component unit and is presented discretely in accordance with GASB No. 39.

Eastside Community Center QALICB

The Eastside Community Center QALICB (the QALICB) was formed as a Washington nonprofit corporation on April 17, 2017 (date of inception), exclusively for charitable purposes within Section 509(a)(2) of the Internal Revenue Code of 1986. The specific purpose of the QALICB is to support and benefit the development of the Tacoma Eastside Community Center located at 1801 E. 56th Street Tacoma, Washington by nonprofit tax-exempt organizations. As part of the ongoing purpose of the QALICB, the Corporation received mortgage financing under the New Market Tax Credit program, established by the Community Renewal Tax Relief Act of 2000, to provide partial funding for the facility. The QALICB is considered a non-major component unit and is discretely presented in accordance with GASB No. 39.

Condensed Statement of Net Position
Greater Metro Parks Foundation and Eastside Community Center QALICB
December 31, 2021

	Discretely Presented Component Units		
	Greater Metro Parks Foundation	Eastside Community Center QALICB	Total
ASSETS			
Cash	\$ 1,044,404	\$ 88,838	\$ 1,133,242
Receivables	68,679	-	68,679
Other assets	-	412	412
Temporarily Restricted Assets:			
Cash Held for Endowments	99,076	-	99,076
Cash Reserves	-	431,666	431,666
Investments	7,897,391	-	7,897,391
Long-term receivables	52,250	-	52,250
Capital Assets (net of accumulated depreciation)	-	29,958,311	29,958,311
Total Assets	\$ 9,161,800	\$ 30,479,227	\$ 39,641,027
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 424,580	\$ 23,629	\$ 448,209
Noncurrent Liabilities:			
Due in More Than One Year	-	28,355,000	28,355,000
Total Liabilities	\$ 424,580	\$ 28,378,629	\$ 28,803,209
NET POSITION			
Restricted	8,424,306	-	8,424,306
Unrestricted	312,914	2,100,598	2,413,512
Total Net Position	\$ 8,737,220	\$ 2,100,598	\$ 10,837,818

Condensed Statement of Activities
Greater Metro Parks Foundation and Eastside Community Center QALICB
For the Year Ended December 31, 2021

	Discretely Presented Component Units		
	Greater Metro Parks Foundation	Eastside Community Center QALICB	Total
PROGRAM REVENUES			
Contributions	\$ 996,046	\$ -	\$ 996,046
Rental income	-	236,000	236,000
Total Program Revenues	\$ 996,046	\$ 236,000	\$ 1,232,046
GENERAL REVENUES			
Investment Interest	\$ 289,124	\$ 34	\$ 289,158
Total General Revenues	\$ 289,124	\$ 34	\$ 289,158
Total Revenues	\$ 1,285,170	\$ 236,034	\$ 1,521,204
EXPENSES			
Management and general	\$ 1,288,691	\$ 1,539,551	\$ 2,828,242
Total Expenses	\$ 1,288,691	\$ 1,539,551	\$ 2,828,242
Realized and Unrealized Gains (Losses)	\$ 499,697	\$ -	\$ 499,697
Change in Net Position	\$ 496,176	\$ (1,303,517)	\$ (807,341)
Net Position - Beginning of Year	\$ 8,241,044	\$ 3,404,115	\$ 11,645,159
Net Position - End of Year	\$ 8,737,220	\$ 2,100,598	\$ 10,837,818

K. FINANCIAL GUARANTEE

Pursuant to Metro Parks' Board Resolution #R56-17, Metro Parks is a guarantor on a loan agreement, dated July 27, 2017, between the Eastside Community Center QALICB, a Washington State not-for-profit corporation, as borrower and Northern CDE 1, LLC, an Illinois limited liability company, RBC Community Development Sub 17, LLC, a Delaware limited liability company, and LIIF Sub-CDE XLIII, LLC, a Delaware limited liability company, as lenders, in the amount of \$28,355,000. Interest only payments are due on December 1, beginning in 2017 and ending in 2024 at a rate of 1%. Beginning December 1, 2025, principal and interest payments commence and continue to the maturity date of December 1, 2051. All loan principals are outstanding as of December 31, 2021. It is not likely that Metro Parks will be called upon to make any payments as the debt is secured by real property.

L. RELATED PARTY TRANSACTIONS

Metro Parks receives contributions from four 501(c)3 non-profit entities, The Zoo Society, Trek Foundation, Fort Nisqually Foundation, and Seymour Conservatory Foundation, for the purpose of preserving the PDZA, NW Trek, Fort Nisqually, and Seymour Conservatory, respectively. Metro Parks is under no obligation to subsidize, nor does it exercise any other prerequisite for inclusion as component units. Contributions totaling \$2,122,040 were

received in 2021. Construction of the Eastside Community Center is partially funded by new market tax credits (NMTC) and is jointly supported by Metro Parks and the two component units, Greater Metro Parks Foundation (GMPF) and Eastside Community Center QALICB (ESCC QALICB). Metro Parks contributed \$21.7 million to GMPF, of which \$19.2 million was disbursed for the NMTC leverage loan and \$2.5 million to the ESCC QALICB.

The NMTC is a federal program designed to stimulate investments in qualified low-income communities in exchange for 39% tax credits collected over a 7-year tax credit period. A put/call option is used for the investor to exit the structure after the tax-credit period.

Metro Parks holds the call option to purchase investor's interest in TNT-Eastside NMTC Fund, LLC, at a minimal fee of \$1,000, and therefore it is expected to be exercised. GMPF receives interest payments every December and returns those payments to Metro Parks. Interest of \$210,566 was received in 2021.

NOTE 5 – OTHER INFORMATION

A. RISK MANAGEMENT

Metro Parks 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 166 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. Coverage includes general, automobile, police, errors, or omissions, stop gap, employment practices, prior wrongful acts, 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 sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage 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 insurance is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. 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 sublimits.

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.

The current limits of coverage for Metro Parks are:

Limits		Limits	
<u>Property Insurance:</u>		<u>Liability Insurance:</u>	
Property Pool	\$ 400,000,000	General Liability, Automobile	\$ 20,000,000
Flood Pool	\$ 100,000,000	Liability, Stop-Gap coverage,	
Earthquake Pool	\$ 150,000,000	& Employee Benefits Liability	
Unscheduled Infrastructure -		Crime & Fidelity	\$ 2,500,000
tunnels, bridges, streets, etc.	\$ 1,000,000	Public Officials and Employment	
Specific Auto Physical Damage	Replacement	Practice Liability	\$ 20,000,000

Metro Parks assumes risk for claims deductibles. Internal service funds account for property and liability insurance activities, including purchasing of insurance coverage, payments of claims settlements and minimization of potential loss exposure. Funding is provided by user fees charged to departments. Metro Parks is also self-insured for medical. The medical self-insurance internal service fund accounts for medical self-insurance activities, including purchasing of insurance coverage, payments of claim settlements and minimization of potential loss exposure. Funding is provided by user fees charged to employees and departments.

There are a limited number of general liabilities claims against Metro Parks, all of which are deemed to be of limited significance in light of the insurance coverage. There have been no settlements exceeding insurance coverage for the last three years and prior.

B. EMPLOYEE RETIREMENT SYSTEM

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (1,715,333)
Pension assets	\$ 17,335,790
Deferred outflows of resources	\$ 2,587,568
Deferred inflows of resources	\$ (19,146,264)
Pension expense/expenditures	\$ (5,591,915)

Substantially all Metro Parks' full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for each plan. The DRS financial report may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if

found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June 2021:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July - December 2021:		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

The district's actual and required contributions to the plan were \$1,066,130 for the year ended December 31, 2021.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a death benefit that is reduced by a factor that varies according to age for each year before 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are aged 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with the choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UUAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3			
Actual	Contribution	Employer 2/3	Employee 2
Rates			
January – June 2021:			
PERS Plan 2/3		7.92%	7.90%
PERS Plan 1 UAAL		4.87%	
Administrative Fee		0.18%	
Employee PERS Plan 3			varies
Total		12.97%	7.90%
July – December 2021:			
PERS Plan 2/3		6.36%	6.36%
PERS Plan 1 UAAL		3.71%	
Administrative Fee		0.18%	
Employee PERS Plan 3			Varies
Total		10.25%	6.36%

The district's actual and required contributions to the PERS 2/3 plans were \$1,739,115 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.50% salary inflation
- Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis, meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were no changes in assumptions since the last valuation. There have been changes in methods since the last valuation.

- For purposes of the June 30, 2020, Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high level summary below. OSA will revert back to methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for the 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the AVR, OSA relied on the same data, methods, and assumptions as the June 30, 2019, AVR. OSA projected the date forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial

data to determine if any material changes to projection assumptions were necessary. OSA considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rate of Return by Asset Class

The best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of NPL

The table below presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$2,922,167	\$1,715,333	\$662,850
PERS 2/3	(\$4,938,630)	(\$17,335,790)	(\$27,544,856)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, Metro Parks reported a total pension liability of \$1,715,333 and total pension asset of \$17,335,790 for its proportionate share of the net pension liabilities (assets) as follows:

	Liability (Asset)
PERS 1	\$1,715,333
PERS 2/3	(\$17,335,790)

At June 30, the district's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	.176156%	.140459%	(.035697%)
PERS 2/3	.218459%	.174026%	(.044433%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of

the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all PERS plans.

Pension Expense

For the year ended December 31, 2021, Metro Parks recognized pension expense as follows:

	Pension Expense
PERS 1	(\$1,553,220)
PERS 2/3	(\$4,038,695)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, Metro Parks reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments		\$1,903,446
Contributions subsequent to the measurement date	\$507,862	
TOTAL	\$507,862	\$1,903,446

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$841,974	\$212,520
Net difference between projected and actual investment earnings on pension plan investments		\$14,488,654
Changes of assumptions	\$25,333	\$1,231,128
Changes in proportion and differences between contributions and proportionate share of contributions	\$359,689	\$1,310,517
Contributions subsequent to the measurement date	\$852,709	
TOTAL	\$2,079,706	\$17,242,819

Deferred outflows of resources related to pensions resulting from the district's contributions subsequent to the measurement date will be recognized as a reduction of the net pension

liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense in subsequent years as follows:

Year ended December 31:	PERS 1
2022	(504,223)
2023	(462,052)
2024	(436,889)
2025	(500,282)
TOTAL	(\$1,903,446)

Year ended December 31:	PERS 2/3
2022	(4,126,289)
2023	(3,865,975)
2024	(3,716,096)
2025	(3,959,048)
2026	(243,893)
Thereafter	(104,521)
TOTAL	(\$16,015,822)

C. DEFERRED COMPENSATION

Metro Parks offers its employees a deferred compensation plan through third party vendors in accordance with Internal Revenue Code Section 457. The plan, available to all career employees, permits them to defer a portion of their salary until future years.

D. COVID-19

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In response to the pandemic, the district shifted into an emergency management structure and developed criteria to identify essential functions that had to be maintained during the shutdown. The laying off of part-time staff and furloughs and lay-offs of nearly half of full-time staff reduced the total workforce to approximately 22% of normal levels. Remaining employees were charged with emergency response, stabilization and recovery planning, essential services (care and feeding of animals, park maintenance and asset protection), and board/governmental support.

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

E. SUBSEQUENT EVENTS

On June 27, 2022, S&P Global Ratings (“S&P”) withdrew its rating of the Bonds. An explanation of the significance of S&P’s rating action may only be obtained from S&P. Metro Parks is working to submit all outstanding financial statements and submit them to SAO and SAW.

Metro Parks is planning the final debt issuance of \$40 million of the voter-approved 2014 UTGO Bond to be issued in late 2022 or 2023.

Metro Parks has been identified as a subrecipient of federal ARPA funding of \$1 million from Pierce County and \$750 thousand from the City of Tacoma in 2022-2023.

Metropolitan Park District of Tacoma
Schedule of Proportionate Share of the Net Pension Liability
As of June 30 *(measurement date)*
Last 10 Fiscal Years *

Public Employees' Retirement System Plan 1

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.140459%	0.176156%	0.193135%	0.181155%	0.189562%	0.191484%	0.186641%
Employer's proportionate share of the net pension liability	\$ 1,715,333	\$ 6,219,258	\$ 7,426,726	\$ 8,090,444	\$ 8,994,865	\$ 10,283,593	\$ 9,763,060
Covered payroll	\$ 21,823,061	\$ 25,945,476	\$ 26,514,682	\$ 24,722,914	\$ 23,289,308	\$ 22,129,451	\$ 20,502,263
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7.86%	23.97%	28.01%	32.72%	38.62%	46.47%	47.62%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Public Employees' Retirement System Plans 2 & 3

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.174026%	0.218459%	0.240015%	0.223049%	0.232302%	0.229673%	0.221186%
Employer's proportionate share of the net pension liability (asset)	\$(17,335,790)	\$ 2,793,966	\$ 2,331,362	\$ 3,808,363	\$ 8,071,384	\$ 11,563,854	\$ 7,903,102
Covered payroll	\$ 21,532,438	\$ 25,524,928	\$ 26,094,855	\$ 24,311,802	\$ 22,802,764	\$ 21,523,022	\$ 19,693,530
Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-80.51%	10.95%	8.93%	15.66%	35.40%	53.73%	40.13%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

Metropolitan Park District of Tacoma
Schedule of Employer Contributions
As of December 31
Last 10 Fiscal Years*

Public Employees' Retirement System Plan 1	2021	2020	2019	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 1,066,130	\$ 1,064,854	\$ 1,334,417	\$ 1,338,165	\$ 1,189,665	\$ 1,127,614	\$ 979,045
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (1,066,130)	\$ (1,064,854)	\$ (1,334,417)	\$ (1,338,165)	\$ (1,189,665)	\$ (1,127,614)	\$ (979,045)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 24,806,753	\$ 21,867,887	\$ 26,233,948	\$ 25,816,194	\$ 23,659,352	\$ 22,963,237	\$ 21,354,278
<u>Contributions as a percentage of covered payroll</u>	4.30%	4.87%	5.09%	5.18%	5.03%	4.91%	4.58%

Public Employees' Retirement System Plans 2 & 3	2021	2020	2019	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 1,739,115	\$ 1,679,981	\$ 1,987,698	\$ 1,904,926	\$ 1,596,865	\$ 1,397,124	\$ 1,164,013
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (1,739,115)	\$ (1,679,981)	\$ (1,987,698)	\$ (1,904,926)	\$ (1,596,865)	\$ (1,397,124)	\$ (1,164,013)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 24,599,861	\$ 21,477,191	\$ 25,816,099	\$ 25,400,619	\$ 23,224,839	\$ 22,434,917	\$ 20,620,288
<u>Contributions as a percentage of covered payroll</u>	7.07%	7.82%	7.70%	7.50%	6.88%	6.23%	5.64%

Notes to Schedule:

*This schedule will be built prospectively until it contains 10 years of data

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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.

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