



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Bainbridge Island Metropolitan Park and Recreation District

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

Published April 13, 2023

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

April 13, 2023

Board of Commissioners
Bainbridge Island Metropolitan Park and Recreation District
Bainbridge Island, Washington

Report on Financial Statements

Please find attached our report on the Bainbridge Island Metropolitan Park and Recreation District's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Independent Auditor's Report on the Financial Statements	7
Financial Section	11
About the State Auditor's Office	39

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*

Bainbridge Island Metropolitan Park and Recreation District January 1, 2020 through December 31, 2021

Board of Commissioners
Bainbridge Island Metropolitan Park and Recreation District
Bainbridge Island, 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 Bainbridge Island Metropolitan Park and Recreation District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 28, 2023.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

March 28, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Bainbridge Island Metropolitan Park and Recreation District January 1, 2020 through December 31, 2021

Board of Commissioners
Bainbridge Island Metropolitan Park and Recreation District
Bainbridge Island, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

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

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Bainbridge Island Metropolitan Park and Recreation District, and its changes in cash and investments, for the years ended December 31, 2021 and 2020, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Bainbridge Island Metropolitan Park and Recreation District, as of December 31, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matters of Emphasis

As discussed in Note 3 to the 2021 and 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 3. 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 the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

March 28, 2023

FINANCIAL SECTION

Bainbridge Island Metropolitan Park and Recreation District January 1, 2020 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021

Fund Resources and Uses Arising from Cash Transactions – 2020

Notes to the Financial Statements – 2021

Notes to the Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021

Schedule of Liabilities – 2020

Bainbridge Island Metropolitan Park and Recreation District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General Fund	200 Debt Service Fund	300 Capital Project Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,173,761	2,809,093	761,936	332,305
388 / 588	Net Adjustments	(785)	(785)	-	-
Revenues					
310	Taxes	6,229,689	5,722,107	507,582	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,125,006	1,094,076	47	30,883
340	Charges for Goods and Services	2,797,319	2,797,319	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,316,591	673,677	339	642,106
Total Revenues:		11,468,605	10,287,179	507,968	672,989
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	8,646,891	7,978,257	-	665,027
Total Expenditures:		8,646,891	7,978,257	-	665,027
Excess (Deficiency) Revenues over Expenditures:		2,821,714	2,308,922	507,968	7,962
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	13,380,000	-	13,380,000	-
397	Transfers-In	793,614	-	-	543,614
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	32,427	32,427	-	-
Total Other Increases in Fund Resources:		14,206,041	32,427	13,380,000	543,614
Other Decreases in Fund Resources					
594-595	Capital Expenditures	13,783,710	24,766	13,380,000	328,944
591-593, 599	Debt Service	523,981	-	523,981	-
597	Transfers-Out	793,614	793,614	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	37,253	37,253	-	-
Total Other Decreases in Fund Resources:		15,138,558	855,633	13,903,981	328,944
Increase (Decrease) in Cash and Investments:		1,889,197	1,485,716	(16,013)	222,632
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	15,884	15,884	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,768,150	-	745,923	554,937
50891	Unassigned	4,278,140	4,278,140	-	-
Total Ending Cash and Investments		6,062,174	4,294,024	745,923	554,937

The accompanying notes are an integral part of this statement.

**Bainbridge Island Metropolitan Park and Recreation District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021**

		310 Land Acquisition Fund	320 Turf Field Replacement Fund
Beginning Cash and Investments			
308	Beginning Cash and Investments	237,963	32,464
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	404	65
Total Revenues:		404	65
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	3,607	-
Total Expenditures:		3,607	-
Excess (Deficiency) Revenues over Expenditures:		(3,203)	65
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	250,000	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		250,000	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	50,000	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		50,000	-
Increase (Decrease) in Cash and Investments:		196,797	65
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	434,760	32,530
50891	Unassigned	-	-
Total Ending Cash and Investments		434,760	32,530

The accompanying notes are an integral part of this statement.

Bainbridge Island Metropolitan Park and Recreation District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 General Fund	200 Debt Service Fund	300 Capital Project Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,761,046	2,530,022	733,645	330,467
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	6,037,466	5,568,868	468,598	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	2,738	1,692	1,046	-
340	Charges for Goods and Services	1,231,648	1,231,648	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	622,007	401,193	922	219,599
Total Revenues:		7,893,859	7,203,401	470,566	219,599
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	6,711,161	6,414,789	-	289,594
Total Expenditures:		6,711,161	6,414,789	-	289,594
Excess (Deficiency) Revenues over Expenditures:		1,182,698	788,612	470,566	(69,995)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	600,295	-	-	490,295
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	223,122	223,122	-	-
Total Other Increases in Fund Resources:		823,417	223,122	-	490,295
Other Decreases in Fund Resources					
594-595	Capital Expenditures	490,564	72,102	-	418,462
591-593, 599	Debt Service	442,275	-	442,275	-
597	Transfers-Out	600,295	600,295	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	61,051	61,051	-	-
Total Other Decreases in Fund Resources:		1,594,185	733,448	442,275	418,462
Increase (Decrease) in Cash and Investments:		411,930	278,286	28,291	1,838
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	19,411	19,411	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,364,668	-	761,936	332,305
50891	Unassigned	2,788,897	2,788,897	-	-
Total Ending Cash and Investments		4,172,976	2,808,308	761,936	332,305

The accompanying notes are an integral part of this statement.

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

		310 Land Acquisition Fund	320 Turf Field Replacement Fund
Beginning Cash and Investments			
308	Beginning Cash and Investments	134,624	32,288
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	117	176
Total Revenues:		117	176
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	6,778	-
Total Expenditures:		6,778	-
Excess (Deficiency) Revenues over Expenditures:		(6,661)	176
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	110,000	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		110,000	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	-
Increase (Decrease) in Cash and Investments:		103,339	176
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	237,963	32,464
50891	Unassigned	-	-
Total Ending Cash and Investments		237,963	32,464

The accompanying notes are an integral part of this statement.

Bainbridge Island Metropolitan Park & Recreation District

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 — Summary of Significant Accounting Policies

The Bainbridge Island Metropolitan Park & Recreation District (District) was incorporated on September 14, 2004 and operates under the laws of the State of Washington applicable to a Metropolitan Park and Recreation District. The District is a general-purpose government and provides for the management, control, improvement, maintenance, and acquisition of parks and recreation facilities.

The District's Board of Commissioners (Board) is composed of five members elected at large who each serve a six-year term.

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

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

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues, and expenditures. The District's resources are allocated to and accounted for in

individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund:

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

Capital Improvement Fund:

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

Debt Service Fund (Bond Redemption Fund):

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

Land Acquisition Fund:

This fund is designated by the Board to account for financial resources which are designated for the acquisition of land for use in furtherance of the District's purpose.

Turf Field Replacement Fund:

This fund is designated by the Board to account for funds which will be used for large turf field expenses.

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 4, *Deposits and Investments*

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation pay, which may accumulate up to a maximum of twice the annual accrual rate, is payable upon resignation, retirement, or death. Sick leave is paid into a VEBA HSA account for employees eligible to receive sick leave payout upon retirement or resignation. The total liability as of 12/31/21 for vested sick and vacation leave, and compensatory time benefits is: \$576,127.59.

Sick leave may be accumulated indefinitely. Upon separation (after five years of employment) employees receive payment of up to 25% of accumulated sick leave or 173.33 hours whichever is less. Payment for sick leave is deposited into an HSA account.

F. Long Term Debt

See Note 5, Long Term Debt (*formerly Debt Service Requirements*)

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board. When expenditures that meet restrictions are incurred, the District typically uses reserved resources first before using unreserved amounts.

Assigned funds are funds the board has restricted during the budget process.

Reservations of Ending Cash and Investments in the General Fund consist of donations from an individual for the pottery program funds in the amount of \$1,673.47 and funds that are reserved for bridge maintenance on the Forest to Sky Trail in the amount of \$14,214.53.

Note 2 — Budget Compliance

Budgetary control is established at the fund level (i.e., expenditures for a fund may not exceed the fund's total appropriation amount). The Board must approve by resolution any increase in total fund appropriations. General Fund budgets are typically monitored by Division and/or cost

center. General Fund District Divisions: Park Services, Administration and Recreation. Deviations within cost centers do not need Board approval and may be approved by the budget manager (as determined by the Division Director) for that cost center. Deviations within Divisions (between cost centers) do not need Board approval but must be approved by the Division Director. Changes in appropriations between Divisions must be approved by the Executive Director and the Board. Some funds have budgets monitored by project. In this case, variations from the appropriated amount for each project must be approved by the Board. Changes in projects must be approved by the Board. Any unexpended appropriation balances lapse at the end of the budget period (this does not include donated funds). Coding of expenses and revenues are the responsibility of department managers.

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

The appropriated and actual expenditures for the legally adopted 2021 budgets were as follows:

	Final Budget	Actual	Variance
General Fund			
Administration	2,681,054.00	2,620,325.75	60,728.25
Park Services	2,306,571.00	2,146,610.64	159,960.36
Recreation	4,299,406.00	4,066,953.61	232,452.39
TOTAL General Fund	9,287,031.00	8,833,890.00	453,141.00
Land Acquisition Fund	1,200,000.00	53,607.00	1,146,393.00
Turf Field Replacement Fund	7,000.00	-	7,000.00
Bond Redemption Fund	517,126.00	13,903,981.00	(13,386,855.00)
Capital Improvement Fund	1,330,509.00	993,970.00	336,539.00

Note 3 — COVID-19 Pandemic

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. Starting in 2021 and as of May of 2022, the District is adhering to CDC requirements. The District proactively implemented safety measures, and operations have continued with some staff working remotely. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To date, the District has not experienced any direct financial impacts due to the pandemic. 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.

Note 4 — Deposits and Investments

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered, or held by Kitsap County Treasurer in its name or its agent.

The District holds one CD, see Note 9.

Investments are reported at fair market value. Investments by type on December 31, 2021, are as follows:

Type of Investment	The Districts Own		Total
	Investments	Kitsap County *	
L.G.I.P	\$ -	\$ 2,635,985.78	\$ 2,635,985.78
U.S. Gov. Securities	\$ -	\$ -	\$ -
Other-CD	\$ 14,211.09	\$ -	\$ 14,211.09
Cash	\$ -	\$ 3,412,764.13	\$ 3,412,764.13
Total	\$ 14,211.09	\$ 6,048,749.91	\$ 6,062,961.00
*Investments held by Kitsap County as an agent for other local governments, individuals or private organizations			

Investments in the Local Government Investment Pool

The District is a voluntary participant in the Local Government Investment Pool (LGIP), an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. 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, online at www.tre.wa.gov.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution the District would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party. The District deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the

Washington Public Deposit Protection Commission (PDPC). All investments are insured, registered or held by the District or its agent in the governments name.

Note 5 — Long-Term Debt *(formerly Debt Service Requirements)*

Debt Service

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

Date	Purpose	Interest Rate	Amount
7/22/2015	General Obligation Bond	3.13%	4,630,000.00
	Zion Bank	1.91	13,380,000.00
	Pension Liability		227,967.75
	Compensated Absence		576,127.59
	Vehicle Lease Toyota Rav 4 (2 Vehicles)		13,591.00
	TOTAL		18,827,686.34

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

General Obl. Bond	Principal	Interest	Total
2022	285,000.00	166,375.00	451,375.00
2023	295,000.00	157,825.00	452,825.00
2024	310,000.00	148,975.00	458,975.00
2025	320,000.00	139,675.00	459,675.00
2026	325,000.00	130,075.00	455,075.00
2027-2031	1,835,000.00	471,540.00	2,306,540.00
2032-2034	1,260,000.00	102,400.00	1,362,400.00
Totals	4,630,000.00	1,316,865.00	5,946,865.00

ZION	Principal	Interest	Total
2022		255,558.00	255,558.00
2023		255,558.00	255,558.00
2024		255,558.00	255,558.00
2025		255,558.00	255,558.00
2026	780,000.00	255,558.00	1,035,558.00
2027-2031	4,125,000.00	1,048,590.00	5,173,590.00
2032-2036	4,530,000.00	639,659.00	5,169,659.00
2037-2040	3,945,000.00	190,140.00	4,135,140.00
Totals	13,380,000.00	3,156,179.00	16,536,179.00

Note 6 — Pension Plans

State Sponsored Pension Plans

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

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

	Employer Contributions	Allocation Percentage	Liability/Asset
PERS 1	139,048.73	0.018667%	227,967.75
PERS 2/3	227,400.77	0.024006%	(2,391,383.85)

Note 7— Property Tax

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

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

The District's regular levy for the year 2021 was \$.75 per \$1,000 on an assessed valuation of \$9,559,614,955 for a tax levy of \$5,701,896.

Note 8 — Risk Management

Bainbridge Island Metropolitan Park & Recreation District is a member of the Enduris Washington Pool (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987, pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials Errors and Omissions Liability, Terrorism Liability and Employment Practices Liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up

to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.

(2) Terrorism liability is fully funded by the Pool i.e., no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Property ⁽²⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000

Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁵⁾ :				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Automobile Physical Damage ⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
Crime Blanket ⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay

Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0
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- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/Extra Expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This Sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Automobile Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance") of \$2,500 is provided to each member. Members may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after

termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

Note 9 — Other Disclosures

The District entered into an agreement with a citizen regarding repair and maintenance for the bridge on the Forest to Sky Trail. The District has an easement to use the bridge. The District places \$900 per year and the citizen \$100 per year in a separate account currently located at Columbia Bank. These funds are intended to be used for maintenance and repairs to the bridge upon agreement between the District and the citizen. This balance is reported in the General Fund.

Note 10 – Environmental and Certain Asset Retirement Liabilities

Blakely Harbor Park was a lumber mill and operated at the site from 1860's to early 1900's, its operation is the cause for the clean-up. It is currently under active investigation and clean-up led by the previous owners, Port Blakely Tree Farms under an Agreed Order from the Washington State. Port Blakely Tree Farms is named for liability not the Park District – see WA Ecology's website on active site clean-ups, <https://apps.ecology.wa.gov/cleanupsearch/site/14770> Park District is not a party to liability nor any potential settlements thereof.

Bainbridge Island Metropolitan Park & Recreation District

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 — Summary of Significant Accounting Policies

The Bainbridge Island Metropolitan Park & Recreation District (District) was incorporated on September 14, 2004 and operates under the laws of the State of Washington applicable to a Metropolitan Park and Recreation District. The District is a general-purpose government and provides for the management, control, improvement, maintenance, and acquisition of parks and recreation facilities.

The District's Board of Commissioners (Board) is composed of five members elected at large who each serve a six-year term.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund:

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

Capital Improvement Fund:

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

Debt Service Fund (Bond Redemption Fund):

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

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

Land Acquisition Fund:

This fund is designated by the Board to account for financial resources which are designated for the acquisition of land for use in furtherance of the District's purpose.

Turf Field Replacement Fund:

This fund is designated by the Board to account for funds which will be used for large turf field expenses.

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 4, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation pay, which may accumulate up to a maximum of twice the annual accrual rate, is payable upon resignation, retirement, or death. Sick leave is paid into a VEBA HSA account for employees eligible to receive sick leave payout upon retirement or resignation. The total liability as of 12/31/20 for vested sick and vacation leave and compensatory time benefits is: \$523,230.56.

Sick leave may be accumulated indefinitely. Upon separation (after five years of employment) employees receive payment of up to 25% of accumulated sick leave or 173.33 hours whichever is less. Payment for sick leave is deposited into an HSA account.

F. Long Term Debt

See Note 5, Long Term Debt (formerly *Debt Service Requirements*)

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board. When expenditures that meet restrictions are incurred, the District typically uses reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments in the General Fund consist of donations of \$8,215 from the Bainbridge Island Parks Foundation for trail support. The General Fund reserved funds of \$11,196 are for bridge maintenance on the Forest to Sky Trail.

Note 2 — Budget Compliance

Budgetary control is established at the fund level (i.e., expenditures for a fund may not exceed the fund's total appropriation amount). The Board must approve by resolution any increase in total fund appropriations. General Fund budgets are typically monitored by Division and/or cost center. General Fund District Divisions: Park Services, Administration and Recreation. Deviations within cost centers do not need Board approval and may be approved by the budget manager (as determined by the Division Director) for that cost center. Deviations within Divisions

(between cost centers) do not need Board approval but must be approved by the Division Director. Changes in appropriations between Divisions must be approved by the Executive Director and the Board. Some funds have budgets monitored by project. In this case, variations from the appropriated amount for each project must be approved by the Board. Changes in projects must be approved by the Board. Any unexpended appropriation balances lapse at the end of the budget period (this does not include donated funds). Coding of expenses and revenues are the responsibility of department managers.

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

The appropriated and actual expenditures for the legally adopted 2020 budgets were as follows:

	Final Budget	Actual	Variance
General Fund			
Administration	3,522,892.90	2,746,955.18	775,937.72
Park Services	2,012,221.00	1,948,520.82	63,700.18
Recreation	3,271,078.90	2,452,761.00	818,317.90
TOTAL General Fund	8,806,192.80	7,148,237.00	1,657,955.80
Land Acquisition Fund	740,000.00	6,778.00	733,222.00
Turf Field Replacement Fund	7,000.00	-	7,000.00
Bond Redemption Fund	442,275.00	442,275.00	-
Capital Improvement Fund	1,823,600.00	708,056.00	1,115,544.00

Note 3 — COVID-19 Pandemic

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of the COVID-19 virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, colleges, and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they were leaving for an essential function. In response to these events, the District cancelled all programming and closed all physical facilities except for limited essential functions. As of May of 2021, the District is adhering to Phase 3 of the Governor's COVID-19 plan. We expect a return to normal programming July 1. The District estimates a loss of earned revenue of approximately \$600,000. To offset the loss in revenue, the District has laid off all part-time staff and eliminated non-essential spending. The length of time these measures will continue to be in place, and the full extent of the director or indirect financial impact on the District is unknown at this time.

Note 4 — Deposits and Investments

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered, or held by Kitsap County Treasurer in its name or its agent.

The District holds one CD, see note 9.

Investments are reported at fair market value. Investments by type on December 31, 2020 are as follows:

Type of Investment	The Districts Own		Total
	Investments	Kitsap County *	
L.G.I.P	\$ -	\$ 2,315,602.43	\$ 2,315,602.43
U.S. Gov. Securities	\$ -	\$ -	\$ -
Other-CD	\$ 11,195.65	\$ -	\$ 11,195.65
Cash		\$ 1,846,177.92	\$ 1,846,177.92
Total	\$ 11,195.65	\$ 4,161,780.35	\$ 4,172,976.00
*Investments held by Kitsap County as an agent for other local governments, individuals or private organizations			

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

Investments in the Local Government Investment Pool

The District is a voluntary participant in the Local Government Investment Pool (LGIP), an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. 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, online at www.tre.wa.gov.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution the District would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party. The District deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All investments are insured, registered or held by the District or its agent in the governments name.

Note 5 — Long-Term Debt *(formerly Debt Service Requirements)*

Debt Service

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

Date	Purpose	Interest Rate	Amount
7/22/2015	General Obligation Bond	3.13%	4,900,000.00
	Pension Liability		1,071,071.00
	Compensated Absence		523,230.56
	Vehicle Lease Toyota Rav 4 (2 Vehicles)		22,653.00
	TOTAL		6,516,954.56

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

	Principal	Interest	Total
2021	270,000.00	174,475.00	444,475.00
2022	285,000.00	166,375.00	451,375.00
2023	295,000.00	157,825.00	452,825.00
2024	310,000.00	148,975.00	458,975.00
2025	320,000.00	139,675.00	459,675.00
2026-2030	1,780,000.00	536,025.00	2,316,025.00
2031-2034	1,640,000.00	168,000.00	1,808,000.00
Totals	4,900,000.00	1,491,350.00	6,391,350.00

Note 6 — Pension Plans

State Sponsored Pension Plans

Substantially all the District's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, 2 and 3.

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

The DRS, a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

On June 30, 2020 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation Percentage	Liability/Asset
Pers 1 UAAL	\$ 152,924	0.019693%/.001408%	744,979
Pers 2/3	\$ 234,889	0.025497%	326,092

Note 7 — Property Tax

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

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

The District's regular levy for the year 2020 was \$.603692 per \$1,000 on an assessed valuation of \$9,228,276,305 for a total regular levy of \$5,592,557.

Note 8 — Risk Management

The District is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss — the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss — the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an “all risk” blanket basis using current Statement of Values. The property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and they must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved,

unreported, and in-process claims for the period they were a signatory to the Master Agreement.

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

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris did not have any claim settlements that exceeded the limits in the last three years.

Note 9 — Other Disclosures

The District entered into an agreement with a citizen regarding repair and maintenance for the bridge on the Forest to Sky Trail. The District has an easement to use the bridge. The District places \$900 per year and the citizen \$100 per year in a separate account currently located at Columbia Bank. These funds are intended to be used for maintenance and repairs to the bridge upon agreement between the District and the citizen. This balance is reported in the General Fund.

Bainbridge Island Metropolitan Park and Recreation District
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	General Obligation Bond	12/31/2034	4,900,000	-	270,000	4,630,000
251.11	Zion Bank (BIRC)	12/1/2040	-	13,380,000	-	13,380,000
Total General Obligation Debt/Liabilities:			4,900,000	13,380,000	270,000	18,010,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liabilities	12/31/2021	1,071,071	-	843,103	227,968
259.12	Compensated Abs.	12/31/2021	523,230	52,898	-	576,128
263.57	Toyota Rav 4 lease	6/30/2023	22,653	-	9,062	13,591
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,616,954	52,898	852,165	817,687
Total Liabilities:			6,516,954	13,432,898	1,122,165	18,827,687

Bainbridge Island Metropolitan Park and Recreation District
Schedule of Liabilities
For the Year Ended December 31, 2020

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	General Obligation Bond	12/31/2034	5,160,000	-	260,000	4,900,000
	Total General Obligation Debt/Liabilities:		5,160,000	-	260,000	4,900,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absence	12/31/2020	455,394	67,836	-	523,230
264.30	Pension Liabilities	12/31/2020	1,088,971	-	17,900	1,071,071
263.57	Toyota Vehicle Lease	6/30/2023	-	22,653	-	22,653
	Total Revenue and Other (non G.O.) Debt/Liabilities:		1,544,365	90,489	17,900	1,616,954
	Total Liabilities:		6,704,365	90,489	277,900	6,516,954

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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