



Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements Audit Report

# South Whidbey Parks and Recreation District

For the period January 1, 2023 through December 31, 2024

*Published December 22, 2025*  
Report No. 1038839



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## Office of the Washington State Auditor Pat McCarthy

December 22, 2025

Board of Commissioners  
South Whidbey Parks and Recreation District  
Langley, Washington

### **Report on Financial Statements**

Please find attached our report on the South Whidbey Parks 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,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy, State Auditor  
Olympia, WA

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## INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### **South Whidbey Parks and Recreation District January 1, 2023 through December 31, 2024**

Board of Commissioners  
South Whidbey Parks and Recreation District  
Langley, 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 South Whidbey Parks and Recreation District, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 15, 2025.

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 fluid and cursive, with "Pat" on the first line and "McCarthy" on the second line.

Pat McCarthy, State Auditor

Olympia, WA

December 15, 2025

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### **South Whidbey Parks and Recreation District January 1, 2023 through December 31, 2024**

Board of Commissioners  
South Whidbey Parks and Recreation District  
Langley, Washington

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Unmodified and Adverse Opinions**

We have audited the financial statements of the South Whidbey Parks and Recreation District, as of and for the years ended December 31, 2024 and 2023, 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 South Whidbey Parks and Recreation District, and its changes in cash and investments, for the years ended December 31, 2024 and 2023, 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 South Whidbey Parks and Recreation District, as of December 31, 2024 and 2023, 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 12 to the financial statements, in 2024, the District adopted new accounting guidance for presentation and disclosure of compensated absences, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the fiscal year 2024 financial statements, the District had GO Bonds authorized by voter approval for an Aquatic Recreation Facility. 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 December 15, 2025 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.



Pat McCarthy, State Auditor

Olympia, WA

December 15, 2025

## FINANCIAL SECTION

### **South Whidbey Parks and Recreation District January 1, 2023 through December 31, 2024**

#### **FINANCIAL STATEMENTS**

- Fund Resources and Uses Arising from Cash Transactions – 2024
- Fund Resources and Uses Arising from Cash Transactions - 2023
- Notes to the Financial Statements – 2024
- Notes to Financial Statements – 2023

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

- Schedule of Liabilities – 2024
- Schedule of Liabilities – 2023

**South Whidbey Parks and Recreation District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General</b>	<b>201 Bond</b>	<b>301 Capital</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,383,269	1,094,217	41,352	247,700
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	2,846,887	1,614,156	1,232,731	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	352,381	352,381	-	-
340	Charges for Goods and Services	211,525	211,525	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	235,050	37,943	-	197,107
<b>Total Revenues:</b>		<b>3,645,843</b>	<b>2,216,005</b>	<b>1,232,731</b>	<b>197,107</b>
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	1,376,168	1,373,292	-	2,876
<b>Total Expenditures:</b>		<b>1,376,168</b>	<b>1,373,292</b>	<b>-</b>	<b>2,876</b>
<b>Excess (Deficiency) Revenues over Expenditures:</b>		<b>2,269,675</b>	<b>842,713</b>	<b>1,232,731</b>	<b>194,231</b>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	15,206,809	-	-	15,206,809
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
<b>Total Other Increases in Fund Resources:</b>		<b>15,206,809</b>	<b>-</b>	<b>-</b>	<b>15,206,809</b>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,104,112	618,771	-	485,341
591-593, 599	Debt Service	1,375,246	56,022	1,212,821	106,403
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
<b>Total Other Decreases in Fund Resources:</b>		<b>2,479,358</b>	<b>674,793</b>	<b>1,212,821</b>	<b>591,744</b>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>14,997,126</b>	<b>167,920</b>	<b>19,910</b>	<b>14,809,296</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	14,868,213	-	61,262	14,806,951
50841	Committed	587,824	528,580	-	59,244
50851	Assigned	190,801	-	-	190,801
50891	Unassigned	733,557	733,557	-	-
<b>Total Ending Cash and Investments</b>		<b>16,380,395</b>	<b>1,262,137</b>	<b>61,262</b>	<b>15,056,996</b>

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

**South Whidbey Parks and Recreation District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General</b>	<b>201 Bond</b>	<b>301 Capital</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,036,336	735,819	40,243	260,274
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,691,233	1,573,413	117,820	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	239,075	239,075	-	-
340	Charges for Goods and Services	229,905	229,905	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	27,300	23,962	-	3,338
<b>Total Revenues:</b>		<b>2,187,513</b>	<b>2,066,355</b>	<b>117,820</b>	<b>3,338</b>
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	1,069,393	1,059,375	-	10,018
<b>Total Expenditures:</b>		<b>1,069,393</b>	<b>1,059,375</b>	<b>-</b>	<b>10,018</b>
<b>Excess (Deficiency) Revenues over Expenditures:</b>		<b>1,118,120</b>	<b>1,006,980</b>	<b>117,820</b>	<b>(6,680)</b>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,893	5,893	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
<b>Total Other Increases in Fund Resources:</b>		<b>5,893</b>	<b>5,893</b>	<b>-</b>	<b>-</b>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	588,948	588,948	-	-
591-593, 599	Debt Service	182,239	65,528	116,711	-
597	Transfers-Out	5,893	-	-	5,893
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
<b>Total Other Decreases in Fund Resources:</b>		<b>777,080</b>	<b>654,476</b>	<b>116,711</b>	<b>5,893</b>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>346,933</b>	<b>358,397</b>	<b>1,109</b>	<b>(12,573)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	41,352	-	41,352	-
50841	Committed	440,991	381,814	-	59,177
50851	Assigned	188,524	-	-	188,524
50891	Unassigned	712,402	712,402	-	-
<b>Total Ending Cash and Investments</b>		<b>1,383,269</b>	<b>1,094,216</b>	<b>41,352</b>	<b>247,701</b>

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

**SOUTH WHIDBEY PARKS AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 1, 2024 THROUGH DECEMBER 31, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The South Whidbey Parks and Recreation District was formed by a special election certified in November of 1983 and operates under the laws of the State of Washington applicable to a park district. The South Whidbey Parks and Recreation District is a special purpose local government and provides for the management, control, improvement, maintenance and acquisition of parks, and recreational facilities.

The South Whidbey Parks and Recreation District (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.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund (Maintenance and Operations Fund)**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund. An internal reserve fund is rolled up into the general fund for reporting purposes.

**Debt Service Funds (Bond Redemption Fund)**

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

**Capital Projects Funds**

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

**B. Basis of Accounting and Measurement Focus**

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

**C. Cash and Investments**

It is the District's policy to invest all temporary cash surpluses. For further information, see Note 3 – *Deposits and Investments*.

**D. Capital Assets**

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

**E. Compensated Absences**

Compensated Absences are defined as leave for which employees may receive cash payments when the leave is used for time off or other cash payments like unused leave paid upon annual conversion options or termination of employment. Payments are recognized as expenditures when paid. The District calculated the liability assuming that the leave accruals would be used first in, first out.

Vacation leave may be accumulated up to 400 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 480 hours. Upon death or retirement employees receive between 10%-40% payment for unused sick leave, depending on months of service.

**F. Liabilities**

See Note 4 for *Long-term Liabilities*, Note 5 – Leases, Note 6 – SBITA, and Note 7 for *Pensions*.

**G. Leases and Subscription Based Information Technology Arrangements (SBITA)**

Leases and SBITAs are reported as liabilities if the total payments over the life of the lease or SBITA is more than \$5,000. For more information see Note 5 – *Leases* and Note 6 – *SBITA*.

#### **H. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Commissioners. The District's goal is to maintain a Beginning Cash level of 25% of the projected total operating expenses for the year. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

The District reports restricted, assigned, committed, and unrestricted Ending Cash and Investments.

The restricted balance consists of \$61,262 in the Bond Fund for the payment of bond principal and interest and \$14,806,951 in the Capital Funds for the 2024 bond issuance unspent proceeds.

Ending Cash and Investments also consists of Committed amounts due to resolutions approved by the Board of Commissioners:

– Capital Fund	59,244
– Operating Reserve Fund	528,580

The District's goal is to maintain the balance of the Operating Reserve Fund at a minimum level equal to 25% of the projected total operating expenses for the upcoming year. Additionally, a Capital Reserve of 30% of available cash at end of each year is the targeted threshold with a maximum capacity of \$250,000.

#### **NOTE 2 – BUDGET COMPLIANCE**

##### **Budgets**

The District adopts annual appropriated budgets for the maintenance and operation, capital and bond funds. These budgets are appropriated at the fund level except the general fund, where budget is adopted at the department level.

The budget constitutes the legal authority for expenditures at that level or the board may authorize expenditures in excess of budget by unanimous vote, if sufficient revenue is available to pay such expenditures. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Remaining
<b><u>General Fund</u></b>			
Administration Department	\$ 1,096,850	\$ 998,679	\$ 98,171
Maintenance Department	178,075	182,449	(4,374)
Programming Department	157,360	151,120	6,240
Projects/Equipment Department	1,109,200	659,815	449,385
Debt Service Department	48,421	56,022	(7,601)
Campground Department	10,000	-	10,000
Transfers	133,871	197,117	(63,246)
<i>Total General Fund</i>	<i>2,733,777</i>	<i>2,245,202</i>	<i>488,575</i>
		Transfer Elimination	197,117
		<i>Total General Fund, per Financial Statements</i>	<i>\$ 2,048,085</i>
Property & Capital/Construction Fund	15,244,998	594,620	14,650,378
Bond Fund	1,262,625	1,212,821	49,804
<i>Total District</i>	<i>\$19,241,400</i>	<i>\$ 3,855,526</i>	<i>\$ 15,188,757</i>

The Maintenance Department is overbudget due to transactions that were higher costs than expected. The Debt Service Department was overbudget due to expenses approved by the board in 2024 for an early debt payoff and the Transfer Out is over budget due to a County transfer error and correction.

The table above includes transfers between funds that are consolidated for reporting purposes on the Fund Resources and Uses Arising from Cash Transactions financial statement.

### **NOTE 3 – DEPOSITS & INVESTMENTS**

Investments are reported at amortized cost. Deposits and investments by type at December 31, 2024 are as follows:

Type of Deposit or Investment	District's own deposits & investments
Island County Cash Deposits	\$ 474,581
Island County Investment Pool	15,905,314
Petty Cash	500
<i>Totals</i>	<i>\$ 16,380,395</i>

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

#### Deposits and Investments in Island County Investment Pool

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

#### Custodial Credit Risk

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

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

### **NOTE 4 – LONG-TERM LIABILITIES**

#### 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, 2024. The debt service requirements for general obligation bonds and direct financing purchases are as follows:

	Debt Service Requirements		
	Principal	Interest	Total
2025	\$ 123,209	\$ 650,000	\$ 773,209
2026	125,609	647,430	773,039
2027	127,831	644,803	772,634
2028	14,012	642,121	656,133
2029	144,614	641,519	786,133
2030-2034	1,343,043	3,061,622	4,404,665
2035-2039	2,747,477	2,586,152	5,333,629
2040-2044	4,691,458	1,759,858	6,451,316
2045-2048	5,458,644	584,190	6,042,834
<b>TOTALS</b>	<b>\$ 14,775,897</b>	<b>\$ 11,217,695</b>	<b>\$ 25,993,592</b>

### Compensated Absences

During the year ended December 31, 2024, the following changes occurred in compensated absences:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024
Compensated Absences*	74,108	39,593	-	113,701

\*additions and reductions are reported as a net change

### NOTE 5 – LEASES

As a lessee, the District is recognizing the following leases, per the BARS manual guidance.

Lease Description	Lease Type	Start Date	Initial Term	Payment Timing	Payment Amount	Lease Payable at 12/31/2024
Copiers	Equipment	Jul-22	5 Year	Monthly	\$120	\$1,920

The leases have no cancellation clauses.

The District paid \$1,440 for leases thru December 31, 2024. The future minimum lease payments, as of December 31, 2024, are as follows:

Total	
2025	\$ 1,440
2026	480
	<u><u>\$ 1,920</u></u>

These liabilities are included on Schedule 9- Schedule of Long-term Liabilities.

### NOTE 6 – SOFTWARE BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District is recognizing the following SBITA's, per the BARS manual guidance.

Subscription Description	Subscription Type	Start Date	Initial Term	Payment Timing	Payment Amount	Subscription Payable at 12/31/2024
Financial and Payroll Software	Software	Jan-23	1 Year	Monthly	\$30	\$1,440

There are no cancellation clauses and the District anticipates extending use for 5 years.

The District paid \$360 for SBITA's thru December 31, 2024. The future minimum SBITA payments, as of December 31, 2024, are as follows:

	<b>Total</b>
2025	\$ 360
2026	360
2027	360
2028	<u>360</u>
	<u><u>\$ 1,440</u></u>

These liabilities are included on Schedule 9 - Schedule of Long-term Liabilities.

#### **NOTE 7 – PENSION PLANS**

##### A. State Sponsored Pension Plans

Substantially all of 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, 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, 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 from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2024 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 14,407	0.002407	\$ 42,768
PERS 2/3	30,937	0.003143	(103,611)

Only the net pension liabilities are reported on the Schedule 09.

#### **NOTE 8 – DEFERRED CONTRIBUTION PENSION PLAN**

The Districts' Section 457 Plan is a single-employer defined contribution plan. Plan benefit terms have been established by the Washington State Department of Retirement Deferred Compensation Program (DCP) and the Districts' personnel policy. The District makes matching contributions on behalf of participating employees. No assets are accumulated in trusts or equivalent arrangements by the Authority which meet the criteria in GASB 73, paragraph 101. The plan assets are administered by a third-party, which is the Washington State Department of Retirement Systems – Washington State Investment Board.

Plan assets are held in each employee's name and are the property of the employee and are 100% vested upon contribution.

Contribution rates for employees can change annually and are limited by the State of Washington DCP regulations and the IRS Section 457 limitations. Per the DCP program, the minimum contribution is \$30 per month and cannot exceed \$22,500 per year. The District matches up to 6.2% of regular wages for full-time personnel. Pension expense and employer contributions for the District was \$35,898 for the year ended December 31, 2024.

#### **NOTE 9 – PROPERTY TAXES**

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

<b>Property Tax Calendar</b>	
January 1	Tax is levied and becomes an enforceable lien against the properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

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 has a regular levy and two bond levies for the year 2024. The levy rates are per \$1,000 on assessed valuation for a total of \$2,885,196 as follows:

Levy	Levy Rate	Valuation	Total Levy
Regular	0.2061148474	\$ 7,872,171,268	\$ 1,622,571
Bond	0.0150620535	7,809,360,143	117,625
Bond 2023	0.1466189264	7,809,360,143	1,145,000
			<u>\$ 2,885,196</u>

#### **NOTE 10 – RISK MANAGEMENT**

The District is a member of the Enduris Washington (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 contract for risk management, claims, and administrative services. The Pool was formed on 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, 2024,

there were 507 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides 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 policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery 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 apply 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 <sup>(1)</sup>
<b>Liability:</b>				
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 <sup>(2)</sup>	Per Occurrence	\$500,000 Pool Aggregate	None \$1 million	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>
<b>Property<sup>(4)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$500,000 - \$250,000	\$1 billion	\$1,000
Mobile Equipment	Per Occurrence	\$500,000	\$1 billion	\$1,000
- \$250,000	Boiler and Machinery	Per Occurrence \$1,000 - \$250,000	\$500,000	\$100 million
Business Interruption	Per Occurrence	\$500,000	\$100 million (BI)/	\$1,000 - \$250,000

(BI)/ Extra Expense (EE) <sup>(5)</sup>		\$50 million (EE)		
<u>Sublimit<sup>(6)</sup>:</u>				
Flood	Per Occurrence	\$500,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a \$500,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
<b>Automobile Physical Damage<sup>(7)</sup></b>	Per Occurrence	\$500,000 with exceptions	\$1 billion	\$250 - \$1,000
<b>Cyber<sup>(8)</sup></b>	Each Claim APIP Aggregate	\$50,000 to \$100,000 with waiting period	\$2 million \$45 million	20% Copay

Coverage	Coverage Type	Pool Retention	Excess/ Limits	Member Co-Pays (1)
<b>Pollution<sup>(9)</sup></b>	Each Claim APIP Aggregate	\$250,000 with exceptions	\$2 million \$25 million	\$1,000 - \$250,000
<b>Crime Blanket<sup>(10)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position<sup>(11)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Identity Fraud Expense Reimbursement<sup>(12)</sup></b>	Member Aggregate	\$0	\$25,000	\$0

- (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 are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.
- (4) 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 according to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP), reinsurance carriers cover insured losses over \$500,000 to the limit of \$1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.
- (5) Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating

locations/operations. A limited number of members are scheduled; 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.

- (6) This Property Program sub-limit 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.
- (7) Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is \$500,000 per occurrence with certain exceptions: \$25,000 for on-premises comprehensive and collision; a \$100,000 minimum for emergency vehicles and all other vehicles with an RCV of \$250,000 to \$750,000; \$250,000 for all vehicles with an RCV above \$750,000.
- (8) Cyber coverage is included under the Pool's Property program on an optional basis. 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/member's 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.
- (9) Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is \$250,000, with certain specific deductibles ranging from \$250,000 to \$1 million. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Each member is provided with \$2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from \$2,500 to \$1 million.
- (11) 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.
- (12) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is \$25,000 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 above the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain for at least one year. They must give notice 60 days before renewal 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. Any Member terminated or withdrawing from the Pool shall be liable pro-rata for any assessments levied against Members for any year in which that Member belonged to the Pool as if they were still a Member.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

A seven-member Board of Directors governs the Pool. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly, oversees Enduris' business affairs, and provides policy direction to the Pool's Executive Director.

## **NOTE 11 – OTHER DISCLOSURES**

### Subsequent Events

In 2023 the District had GO Bonds of \$27 million authorized by voter approval for an Aquatic Recreation Facility, \$15 million was issued in 2024 and \$12 million will be issued in 2025 or 2026.

### Contract Commitments

The District has active project contracts as of December 31, 2024. The projects include an Aquatic Center and the Pickleball Court Project.

At year-end the District's commitments for projects are as follows:

Project	Spent to Date	Remaining Commitment
Aquatic Center	\$ 1,117,661	\$ 1,075,879
Pickleball Court Project	27,375	70,902
	<u>\$ 1,145,036</u>	<u>\$ 1,146,781</u>

The Aquatic center is financed by a GO Bond and grants/donations. The Pickleball Court Project is financed by grants/donations.

### **NOTE 12: ACCOUNTING CHANGES**

During fiscal year 2024, the District implemented compensated absences as required by the BARS Manual. The effect of that accounting standard is that the District has also included sick expected to be used during employment life and personal leave in the estimated calculations. This has increased the liability that is shown on the schedule of long-term liabilities.

**SOUTH WHIDBEY PARKS AND RECREATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 1, 2023 THROUGH DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The South Whidbey Parks and Recreation District was formed by a special election certified in November of 1983 and operates under the laws of the State of Washington applicable to a park district. The South Whidbey Parks and Recreation District is a special purpose local government and provides for the management, control, improvement, maintenance and acquisition of parks, and recreational facilities.

The South Whidbey Parks and Recreation District (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.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund (Maintenance and Operations Fund)**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund. An internal reserve fund is rolled up into the general fund for reporting purposes.

**Debt Service Funds (Bond Redemption Fund)**

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

**Capital Projects Funds**

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 3 – *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 400 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 480 hours. Upon death or retirement employees receive between 10%-40% payment for unused sick leave, depending on months of service. Payments are recognized as expenditures when paid.

The total value of accrued vacation and eligible sick leave hours for employees is \$74,108.

F. Long Term Debt

See Note 4 -*Long-term Debt*

G. Restricted and Committed Portion of Ending Cash and Investments

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

The District reports restricted, assigned, committed, and unrestricted Ending Cash and Investments.

The restricted balance consists of \$41,352 in the Bond Fund for the payment of bond principal and interest.

Ending Cash and Investments also consists of the following Assigned and Committed amounts due to resolutions approved by the Board of Commissioners:

– Capital Fund	\$ 247,701
– Operating Reserve Fund	381,814

**NOTE 2 – BUDGET COMPLIANCE**

Budgets

The District adopts annual appropriated budgets for the maintenance and operation, capital and bond funds. These budgets are appropriated at the fund level except the general fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level or the board may authorize

expenditures in excess of budget by unanimous vote, if sufficient revenue is available to pay such expenditures. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

	<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Remaining</b>
<b><u>General Fund</u></b>				
Administration	Administration Department	\$ 909,361	\$ 730,454	\$ 178,907
Maintenance	Maintenance Department	173,700	173,332	368
Prog. Exp	Programming Department	151,044	146,099	4,945
Projects	Projects/Equipment Department	98,500	588,948	(490,448)
Debt Service	Debt Service Department	63,756	65,528	(1,772)
Camp Exp	Campground Department	47,220	9,490	37,730
Trans Out	Transfers	-	31,623	(31,623)
<i>Total General Fund</i>		<u>1,443,581</u>	<u>1,745,474</u>	<u>(301,893)</u>
TE	Transfer Elimination		31,623	
<i>Total General Fund, per Financial Statements</i>		<u>\$ 1,713,851</u>		
P&C	Property & Capital Fund	250,698	15,911	234,787
BF	Bond Fund	116,711	116,711	-
<i>Total District</i>		<u>\$ 1,810,990</u>	<u>\$ 1,846,473</u>	<u>\$ (67,106)</u>

The Projects/Equipment Department is overbudget due to expenses approved by the board in 2023 for a grant reimbursed project.

The table above includes transfers between funds that are consolidated for reporting purposes on the Fund Resources and Uses Arising from Cash Transactions financial statement.

### **NOTE 3 – DEPOSITS & INVESTMENTS**

Investments are reported at original cost. Deposits and investments by type at December 31, 2023 are as follows:

<b>Type of Deposit or Investment</b>	<b>District's own deposits &amp; investments</b>
Island County Cash Deposits	\$ 179,955
Island County Investment Pool	1,202,814
Petty Cash	500
<b>Totals</b>	<b><u>\$1,383,269</u></b>

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

#### Deposits and Investments in Island County Investment Pool

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

#### Custodial Credit Risk

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

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

### **NOTE 4 – LONG-TERM DEBT**

#### 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, 2023.

The debt service requirements for general obligation bonds and direct financing purchases are as follows:

Debt Service Requirements			
	Principal	Interest	Total
2024	\$ 138,639	\$ 26,791	\$ 165,430
2025	129,013	23,527	152,540
2026	125,609	20,855	146,464
2027	127,831	18,228	146,059
2028	14,012	15,546	29,558
2029-2033	79,623	68,167	147,790
2034-2038	98,257	49,533	147,790
2039-2043	121,250	26,540	147,790
2044-2045	56,108	3,012	59,120
<b>TOTALS</b>	<b>\$ 890,342</b>	<b>\$ 252,199</b>	<b>\$ 1,142,541</b>

### **NOTE 5 – LEASES**

As a lessee, the District is recognizing the following leases, per the BARS manual guidance.

<b>Lease Description</b>	<b>Lease Type</b>	<b>Start Date</b>	<b>Initial Term</b>	<b>Payment Timing</b>	<b>Payment Amount</b>	<b>Lease Payable at 12/31/2023</b>
Copiers	Equipment	Jul-22	5 Year	Monthly	\$120	\$3,360

The leases have no cancellation clauses.

The District paid \$1,440 for leases thru December 31, 2023. The future minimum lease payments, as of December 31, 2023, are as follows:

	<b>Total</b>
2024	\$ 1,440
2025	1,440
2026	480
	<u><u>\$ 3,360</u></u>

These liabilities are included on Schedule 9- Schedule of Long-term Liabilities.

#### **NOTE 6 – SOFTWARE BASED INFORMATION TECHNOLGY ARRANGEMENTS (SBITA)**

During the year ended December 31, 2023, the District adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The District is recognizing the following SBITA's, per the BARS manual guidance.

<b>Subscription Description</b>	<b>Subscription Type</b>	<b>Start Date</b>	<b>Initial Term</b>	<b>Payment Timing</b>	<b>Payment Amount</b>	<b>Subscription Payable at 12/31/2023</b>
Financial and Payroll Software	Software	Jan-23	1 Year	Monthly	\$30	\$1,800

There are no cancellation clauses and the District anticipates extending use for 5 years.

The District paid \$360 for SBITA's thru December 31, 2023. The future minimum SBITA payments, as of December 31, 2023, are as follows:

	<b>Total</b>
2024	\$ 360
2025	360
2026	360
2027	360
2028	360
	<u><u>\$ 1,800</u></u>

These liabilities are included on Schedule 9 - Schedule of Long-term Liabilities.

## **NOTE 7 – PENSION PLANS**

### **A. State Sponsored Pension Plans**

Substantially all of 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, 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, 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 from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2023 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 15,431	0.002265	\$ 51,704
PERS 2/3	25,661	0.002919	(119,641)

Only the net pension liabilities are reported on the Schedule 09.

## **NOTE 8 – DEFERRED CONTRIBUTION PENSION PLAN**

The Districts' Section 457 Plan is a single-employer defined contribution plan. Plan benefit terms have been established by the Washington State Department of Retirement Deferred Compensation Program (DCP) and the Districts' personnel policy. The District makes matching contributions on behalf of participating employees. No assets are accumulated in trusts or equivalent arrangements by the Authority which meet the criteria in GASB 73, paragraph 101. The plan assets are administered by a third-party, which is the Washington State Department of Retirement Systems – Washington State Investment Board.

Plan assets are held in each employee's name and are the property of the employee and are 100% vested upon contribution.

Contribution rates for employees can change annually and are limited by the State of Washington DCP regulations and the IRS Section 457 limitations. Per the DCP program, the minimum contribution is \$30 per month and cannot exceed \$22,500 per year. The District matches up to 6.2% of regular wages for full-time personnel. Pension expense and employer contributions for the District was \$26,085 for the year ended December 31, 2023.

## **NOTE 9 – PROPERTY TAXES**

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

<b>Property Tax Calendar</b>	
January 1	Tax is levied and becomes an enforceable lien against the properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

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 has a regular levy and one bond levy for the year 2023. The levy rates are per \$1,000 on assessed valuation for a total of \$1,706,525 as follows:

Levy	Levy Rate	Valuation	Total Levy
Regular	0.2200000000	\$ 7,225,776,915	\$ 1,589,671
Bond	0.0163173746	7,161,337,073	116,854
			<u>\$ 1,706,525</u>

## **NOTE 10 – RISK MANAGEMENT**

The District is a member of the Enduris Washington (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 contract for risk management, claims, and administrative services. The Pool was formed on 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, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides 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 policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery 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 apply 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 <sup>(1)</sup>
<b>Liability:</b>				
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 <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	None	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(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. By meeting established guidelines, the co-pay may be waived

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Property <sup>(2)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense(EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
<b>Automobile Physical Damage<sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay

<b>Identity Fraud Expense Reimbursement (10)</b>	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 according 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 \$1 billion 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 are scheduled, 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 sub-limit 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) Auto 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 \$2 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/member's 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) Enduris purchases Identity Fraud Expense Reimbursement coverage. 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 above 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. They must give notice 60 days before renewal 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 contributing to Enduris for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising 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 11 – OTHER DISCLOSURES**

### **Contract Commitments**

At December 31, 2023, the District had one main project that was carried forward into the next fiscal year: the Aquatic Center; with a remaining committed balance of \$1,229,072. If needed, the District can stop contracted work with notice.

**South Whidbey Parks and Recreation District**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2024**

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>							
263.91	Miscellaneous Debt	2015 Gabletein Property Loan (campground)	11/15/2045	419,758	-	11,843	407,915
251.12	Voted General obligation bonds	Bond Debt - Heritage Bank	12/1/2027	446,772	-	108,790	337,982
251.12	Voted General obligation bonds	GO Bond - Aquatic Recreation Center	12/1/2048	-	14,875,000	845,000	14,030,000
		<b>Total General Obligation Debt/Liabilities:</b>		<b>866,530</b>	<b>14,875,000</b>	<b>965,633</b>	<b>14,775,897</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>							
263.92	Miscellaneous Debt	2019 Permabuilt Maintenance Storage Building	5/15/2025	17,237	-	17,237	-
264.30	Pension Liabilities	Pension		51,704	-	8,936	42,768
259.12	Compensated Absences	Compensated Absences		74,108	39,593	-	113,701
263.57	Leases, SBITA, and PPPs	Leases		3,360	-	1,440	1,920
263.57	Leases, SBITA, and PPPs	SBITA's		1,800	-	360	1,440
263.92	Miscellaneous Debt	2020 Kubota/Toro Workman HDX/Infield Groomer	12/15/2024	6,575	-	6,575	-
		<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>154,784</b>	<b>39,593</b>	<b>34,548</b>	<b>159,829</b>
		<b>Total Liabilities:</b>		<b>1,021,314</b>	<b>14,914,593</b>	<b>1,000,181</b>	<b>14,935,726</b>

**South Whidbey Parks and Recreation District**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2023**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.12	Bond Debt - Heritage Bank	12/1/2027	553,302	-	106,530	446,772
263.91	2015 Gabelein Property Loan (campground)	11/15/2045	431,113	-	11,355	419,758
			<b>984,415</b>			<b>866,530</b>
<b>Total General Obligation Debt/Liabilities:</b>						
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	7/1/2023	71,620	2,488	-	74,108
263.92	2018 Kubota Tractor	3/15/2023	1,359	-	1,359	-
263.92	2018 Jacobsen Mower	10/15/2023	13,415	-	13,415	-
263.92	2019 Permeabilite Maintenance Storage Building	5/15/2025	28,085	-	10,848	17,237
263.92	2020 Kubota/Toro Workman HDX/Infield Groomer	12/15/2024	12,897	-	6,322	6,575
264.30	Net Pension Liability		73,257	-	21,553	51,704
263.57	Leases - Equipment		4,800	-	1,440	3,360
263.57	SBITA's		-	2,160	360	1,800
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>						
			<b>205,433</b>	<b>4,648</b>	<b>55,297</b>	<b>154,784</b>
<b>Total Liabilities:</b>						
			<b>1,189,848</b>	<b>4,648</b>	<b>173,182</b>	<b>1,021,314</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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