

1. Meeting Packet May 19, 2021

Documents:

[0519 FCZD EXECUTIVE COMMITTEE PACKET.PDF](#)



Board of Supervisors Executive Committee

Dave Morell, Chair
Marty Campbell, Vice Chair
Hans Zeiger, Member

Clerk: Audrey Persons, (253) 798-7778

AGENDA

Meeting Date: May 19, 2021
Time: 11:00 a.m.
Place: Pierce County Council Chambers
930 Tacoma Avenue South, Room 1045, Tacoma, WA
Join Zoom Meeting:
<https://us02web.zoom.us/j/86708912741?pwd=OEFMOXNGdTdFR3hXeXZQQVJINE45dz09>
or call (253) 215-8782 Meeting ID: 867 0891 2741
Passcode: 222181

Agenda Items:

1. Call to Order
2. Roll Call
3. Approval of Agenda: May 19, 2021, Executive Committee Meeting
4. Approval of Minutes: March 17, 2021, Executive Committee Meeting
5. Public Comment
6. Resolution No. 2021-3, Public Records Act Policy
7. Motion to Approve Procedure for Implementing District Investment Policy
8. Motion to Submit 2020 Financial Statements to Office of the State Auditor
9. 2022 Budget Guidelines Discussion
10. Updates
 - a. Flood Plan Update
 - b. District Video
 - c. Economic Stimulus Grants
11. Financial Reports – 1st Quarter
12. Other Business
13. Adjourn

**MINUTES
PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
BOARD OF SUPERVISORS EXECUTIVE COMMITTEE MEETING
MARCH 17, 2021**

Minutes of the Pierce County Flood Control Zone District Executive Committee are not verbatim; however, audio recordings are available upon request.

1. Call to Order

The Meeting of the Pierce County Flood Control Zone District Board of Supervisors Executive Committee was called to order at 11:04 a.m. by Chair Morell.

2. Roll Call

The Clerk called the roll.

Executive Committee Supervisors present: Dave Morell, Chair; Marty Campbell, Vice Chair; Hans Zeiger, Supervisor (Jani Hitchen, Supervisor, was also present.)

Council Staff present: Jeff Cox, Senior Policy Analyst; Judy Hurley, Aaron Hallenberg, and Mark Williams, Councilmember Assistants

Also Present: Kjristine Lund, Executive Director; Melissa McFadden, District Administrator; Athan Tramountanas, Ogden, Murphy Wallace PLLC; JC Hungerford, City of Orting; Mike Dahlem, City of Sumner; Mary Krauzer, Pierce Conservation District; Planning and Public Works Staff: Harold Smelt, Brynne Walker, Anne-marie Marshall-Dody, and Helmut Schmidt

3. Approval of Agenda for March 17, 2021

Without objection, the Agenda was approved as presented.

4. Approval of Minutes: January 20, 2021, Executive Committee Meeting

Campbell moved approval of the minutes; motion seconded and passed on a voice vote.

5. Resolution No. 2021-2, 2021 Budget Amendments

Lund provided an introduction. The Clerk read the title into the record. McFadden presented Exhibit B, C, D and E to the Resolution and responded to questions. Walker and Lund spoke regarding Exhibit D. Lovshin spoke regarding Exhibit E. Lund stated that Exhibit E is for informational purposes, and that the Resolution would be voted on at the April 14, 2021, Board of Supervisors meeting.

6. Project Updates

Smelt presented a map of capital projects and a document titled "FCZD Funded Projects". (Copies of both documents are contained in the meeting file.) Smelt gave a brief overview of projects and funding. Smelt responded to questions from the supervisors.

Hungerford presented a PowerPoint titled "Wolfe Setback Levee". (A copy of the presentation is contained in the meeting file.)

Dahlem presented a PowerPoint titled "Sumner's White River Restoration". (A copy of the presentation is contained in the meeting file.) Dahlem introduced a video titled "White River Restoration." Dahlem responded to questions from the Supervisors.

Krauzer provided an update on the Puget Sound Shoreline funds.

Morell called for public comment; there was none.

Morell presented a motion to move Resolution No. 2021-2 to the Full Board of Supervisors with a do pass recommendation. Campbell moved; motion seconded and passed on a roll call vote.

7. Financial Report

a. Update on District Investments

Lund provided an introduction. Lovshin discussed investment levels and fund amounts. Lund discussed not setting a percentage to invest, but instead setting a targeted amount.

b. Upcoming Audit Schedule

Lund discussed and stated that the District has not received a letter with an audit date yet.

c. Financial Statements

Lund suggested a motion be brought to the Full Board in April to allow the District's accountant to submit the financial statements to the State of Washington Auditor.

McFadden and Lund responded to questions.

Morell presented a motion that the Pierce County Flood Control Zone financial statements be forwarded to the Full Board of Supervisors and then to the State of Washington Auditor's office. Campbell moved; motion seconded and passed on a roll call vote.

8. Other Business

Lund stated that the next meeting will be the Flood Control Zone District Board of Supervisors meeting on April 14, 2021.

Chair Morell asked for an update on the Interlocal Agreements; Lund and McFadden responded.

9. Adjournment

There being no further business, the meeting of the Flood Control Zone District Executive Committee adjourned at 12:34 p.m.

Approved:

Dave Morell, Board Chair

Date Approved

Attest:

Audrey Persons
Clerk of the Board

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6 **RESOLUTION NO. 2021-3**
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9 **A Resolution of the Pierce County Flood Control Zone District Board of**
10 **Supervisors Adopting an Amended Public Records Act**
11 **Policy.**
12

13 **Whereas**, Revised Code of Washington (RCW) 42.56.070 requires every agency
14 to make public records available for public inspection and copying in accordance with
15 published rules; and
16

17 **Whereas**, the Board of Supervisors of the Pierce County Flood Control District
18 (“District”) adopted Resolution No. 2012-7 establishing the District’s rules and
19 regulations for the inspection and copying of District public records; and
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21 **Whereas**, the District adopted Resolution No. 2018-4, which authorized an
22 interlocal agreement with Pierce County regarding support services, including support
23 for public records requests; and
24

25 **Whereas**, the District has undertaken a review of its rules and regulations related
26 to the inspection and copying of District public records and desires to amend said rules
27 to account for recent statutory updates; **Now Therefore**,

28
29 **BE IT RESOLVED by the Board of Supervisors of the Pierce County Flood**
30 **Control Zone District:**
31

32 Section 1. Amended Pierce County Flood Control Zone District Public Records
33 Policy Adopted. The Board of Supervisors of the Pierce County Flood Control Zone
34 District hereby adopts the amended Public Records Policy attached as Exhibit A to this
35 Resolution.
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37 Section 2. Previous Versions Superseded. Any previous versions of the policies
38 adopted by this Resolution, whether or not adopted by the Board of Supervisors, are
39 hereby superseded.
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ADOPTED this _____ day of _____, 2021.

ATTEST:

**PIERCE COUNTY FLOOD CONTROL
ZONE DISTRICT**
Pierce County, Washington

Audrey Persons
Clerk of the Board

Dave Morell
Board Chair

Exhibit A

Pierce County Flood Control District Public Records Act Policy

Section 1. Authority and Purpose

A. Chapter 42.56 RCW, the Public Records Act ("act"), requires each agency to make available for inspection and copying nonexempt "public records" in accordance with published policies.

B. The purpose of these rules is to establish the procedures the District will follow in order to provide full access to public records. These rules provide information to persons wishing to request access to public records of the District and establish processes for both requesters and the District staff that are designed to best assist members of the public in obtaining such access. These rules have been written to incorporate best practices for compliance with the act and are based upon and organized according to Model Rules promulgated by the Attorney General of the State of Washington (WAC 44-14).

C. The purpose of the act is to provide the public full access to information concerning the conduct of government, mindful of individuals' privacy rights, to protect public records from damage or disorganization and to prevent excessive interference with other essential functions of the agency. The act and these rules will be interpreted in favor of disclosure. In carrying out its responsibilities under the act, the District will be guided by the provisions of the act describing its purposes and interpretation.

D. These policies include statutory requirements and best practices. Nothing in this policy is intended to impose legal obligations on or create rights in the District beyond those obligations and rights created by statute or other binding laws.

Section 2. Definitions

For this policy, the following definitions apply:

A. "All records relating to," "all records regarding," or "all records pertaining to" means those records that directly and fairly address the topics that are reasonably identifiable by the Public Records Officer fulfilling the request. These phrases are inherently ambiguous and requestors are encouraged to avoid using such terms when possible to avoid unnecessary delays.

B. "District" means the Pierce County Flood Control District.

C. “Counter document” means a frequently requested document retained by the District that is easily accessible, requires no coordination among district staff, and are known to be public information, e.g., copies of current department brochures, zoning maps, etc.

D. “Electronic record” includes those public records which are stored on machine-readable file format. If a record is created in an electronic format, the electronic record is the primary record and is subject to provisions of the PRA. Electronic records must be retained in electronic format and remain usable, searchable, retrievable and authentic for the length of the designated retention period. Printing and retaining a hard copy is not a substitute for the electronic version. Responses to public record requests for electronic records other than those in common file formats such as .pdf or similar formats will be coordinated through the Public Records Officer.

E. “Exempt record” means records or portions of records that are exempt from public disclosure. Exemptions include those identified in the PRA or in other statutes incorporated by RCW 42.56.070. Exemption from disclosure of a portion of a record does not automatically exempt the remainder of the record from disclosure. Exempt portions of records may be subject to redaction.

F. “Identifiable record” means a record that is in existence at the time the records request is made, and that District staff can locate after an objectively reasonable search. An “identifiable record” is not a request for “information” in general. For example, asking “what policies” the District has for handling discrimination complaints is merely a request for “information.” On the other hand, a request to inspect or copy the District’s policies and procedures for handling discrimination complaints would be a request for an “identifiable record.”

G. “Public record” means any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. Electronic data, including email, that meet this definition shall be considered a public record. Records created or received by employees using non-district devices meet the definition of public record if the employee was acting within the scope of employment when the record was created or received. This definition does not include records that are not otherwise required to be retained by the agency and are held by volunteers who:

1. Do not serve in an administrative capacity;
2. Have not been appointed by the agency to an agency board, commission, or internship; and
3. Do not have a supervisory role or delegated agency authority.

H. "Public records request" means a request made to the District pursuant to the Public Records Act for disclosure of public records. Requests for public records made pursuant to other statutory rights of access to public records shall not be considered "public records requests," but may be otherwise handled under this policy.

I. "Public Records Officer" is the central point of contact for public records request for the District, as required under RCW 42.56.580. For all records requests, Public Records Officer is the Clerk of the Board of Supervisors or designee and is further described in Section 3(C) and Section 3(D) below.

J. "Requestor" means the individual making the request for public records by submitting an official public records request.

Section 3. Agency Description - Contact Information - Public Records Officer

A. The District is a quasi-municipal corporation of the State of Washington and an agency subject to the act.

B. All Pierce County departments, divisions and bureaus providing services for and acting on behalf of the District are required to follow these procedures for public records of the District.

C. The Public Records Officer for the District shall be the Clerk of the Board of Supervisors, whose address is 930 Tacoma Avenue S Tacoma, WA 98402, phone number 253-798-7778, and fax number 253-798-7509.

D. The Public Records Officer will oversee compliance with the Act but the officer's designee may process the request. The Public Records Officer will provide the "fullest assistance" to requesters; ensure that public records are protected from damage or disorganization; and prevent fulfillment of public records requests from causing excessive interference with essential functions of the District or its contracting agencies, including but not limited to Pierce County.

Section 4. Availability of Public Records

A. Hours for Inspection of Records. Public records are available for inspection and copying during normal business hours of the District, Monday through Friday, 8:00 a.m. to 4:00 p.m. , excluding legal holidays. Records must be inspected at the offices of the Public Records Officer or such other location designated by the Public Records Officer.

B. Records Index. The District Board of Supervisors finds that maintaining an index is unduly burdensome and would interfere with operations for the District for the reason that the District has no employees, relying on services from Pierce County and contractors. Furthermore,

Pierce County does not maintain an index, having found that maintaining an index is unduly burdensome or would interfere with Pierce County operations.

C. Organization of Records. The District maintains its records in a reasonably organized manner. The District will take reasonable actions to protect records from damage and disorganization. A requester shall not take original records from District offices. A variety of records are available on the District's website at: <https://www.piercefloodcontrol.org/>. To the extent practical, the District will store, maintain, and make its records available electronically. Requesters are encouraged to view the documents available on the website prior to submitting a records request (RCW 42.56.520).

D. Retention of records. The District will retain its records in accordance with retention schedules available at www.sos.wa.gov. (Retention schedules vary based on the content of the record). Public records may not be destroyed according to the retention schedule if a public records request or actual or anticipated litigation is pending.

Section 5. Making a Request for Public Records

A. Where to make a make a request. Requests to inspect or copy District records should be made to the Public Records Officer.

B. Form of request. It is the requestor's obligation to provide the District with fair notice that a Public Records Act request has been made. When a requestor does not use the standard request form or makes a request to an employee who is not the Public Records Officer, or includes a request as part of other documents provided to the District for reasons other than making a Public Records Act request, the requestor may not be providing fair notice to the District. To ensure fair notice is provided, requestors are encouraged to use the standard request form, make contact with the Public Record Officers, and/or take other steps to clearly identify their request. For example, when a request is submitted with other documents not related to disclosure of public records, it shall be the responsibility of the requestor to provide reasonable notice that a public records request is included. This notice may be in the form of an entry on a cover or transmittal sheet.

C. Request and submittal information.

1. The following information should be included in the request:

- a. Name of requester;
- b. Mailing address of requester;
- c. Other contact information, including telephone number, fax number, and any e-mail address;

- d. Reasonable identification of the public records requested adequate for the Public Records Officer to identify and locate the records;
- e. The date and time of day of the request; and
- f. The signature of the requester.

2. The request should be submitted in one of the following ways:

- a. By letter, fax, or email addressed to the Public Records Officer; or
- b. On the provided request form, in person, at the District Headquarters.

D. Copies. If the requester wishes to have copies of the records made, instead of simply inspecting them, he or she shall so indicate and make arrangements to pay for copies of the records or at least make a deposit of 10 percent of the cost of copying estimated by the Public Records Officer before copying will commence. Pursuant to Section 6 of this resolution, standard black and white 8 1/2" x 11" photocopies will be provided at 15 cents per page.

E. Commercial use prohibited. If the request is for a list of individuals, the Public Records Officer may ask the requestor if they intend to use the records for a commercial purpose. The District is not authorized to provide lists of individuals for commercial purposes. Further, Any person requesting public records that include a list of individuals will be required to provide a declaration under penalty of perjury, certifying sufficient facts from which the Public Records Officer can reasonably determine that the records will not be used for any commercial purpose (profit-expecting activity) prohibited by RCW 42.56.070(9) unless specifically authorized by other law.

F. Disclosure to particular classes. Any person requesting public records for which other laws limit or prohibit disclosure to a particular class of persons or for limited purposes will be required to provide a declaration under penalty of perjury, certifying sufficient facts from which the Public Records Officer can reasonably determine that the legal requirements for disclosure of such records to the requester have been met.

G. Purpose of request. A requestor need not state the purpose of the request. However, in an effort to clarify or prioritize a request and provide responsive records, the Public Records Officer may inquire about the nature or scope of the request. The Public Records Officer may also seek sufficient information to determine if another statute may prohibit disclosure.

H. Overbroad requests. Public records requests must be for identifiable records. A request for all or substantially all records prepared, owned, used, or retained by the District is not a valid request for identifiable records, though a request for all records regarding a particular

topic or keyword is considered a valid request for public records. The District may not deny a request for identifiable public records solely because the request is broad, but the District may seek clarification, ask the requestor to prioritize the request so that the most important records are provided first, and/or communicate with the requestor to limit the size and complexity of the request. When a request uses an inexact phrase such as "all records relating to," the Public Records Officer may interpret the request to be for records which directly and fairly address the topic. When the requestor has found the records they are seeking, the requestor should advise the Public Records Officer that the requested records have been provided and the remainder of the request may be cancelled.

I. Existing records. Records requests may only encompass existing records. They cannot be used to obtain copies of records not yet in existence or in the possession of the District.

J. Bot requests. If the District receives multiple requests from the same requestor within a 24-hour period and reasonably believes these to be "bot" requests (i.e., automatically generated requests from a computer program or script), the District may deny all but one of the requests if the Public Records Officer reasonably believes that responding to all requests would excessively interfere with essential office functions.

Section 6. Processing of Public Records Requests - General

A. Providing "fullest assistance." The District is charged by statute with adopting rules which provide for how it will "provide full access to public records," "protect records from damage or disorganization," "prevent excessive interference with other essential functions of the agency," provide "fullest assistance" to requesters, and provide the "most timely possible action" on public records requests. All assistance necessary to help requestors locate responsive records shall be provided by the Public Records Officer, provided that the giving of such assistance does not unreasonably disrupt the daily operations of this person or other duties of any assisting employee(s) in District support roles. The Public Records Officer will process requests in the order allowing the most requests to be processed in the most efficient manner.

B. Acknowledging receipt of request. Within five business days of receipt of the request, the Public Records Officer will do one or more of the following:

1. Make the records available for inspection or copying;
2. Provide an internet address and link on the District's website to the specific records requested, except that if the requester notifies the District that they cannot access the records through the internet, then the District must provide copies of the record or allow the requester to view copies using a District computer.
3. Provide in writing, mailed or delivered to the requester, a reasonable estimate of time when records will be available;

4. If the request is unclear or does not sufficiently identify the requested records, request clarification from the requester. Such clarification may be requested and provided by telephone, but it is desirable to confirm such clarifications in writing. The Public Records Officer may revise the estimate of when records will be available; or

5. Deny the request, in whole or in part.

C. After-hours requests. For purposes of calculating the five-day response period identified in subsection (e) above, requests submitted after the close of the District's usual business hours (i.e., after 4:30 p.m.), will be treated as having been received by the District on the following business day.

D. Providing records. The District is only required to provide records that exist at the time a request is made. The District cannot fulfill "standing" requests or requests for records that may be created at a future date.

E. Consequences of failure to respond. If the District does not respond in writing within five business days of receipt of the request for disclosure, the requester should consider contacting the Public Records Officer to determine the reason for the failure to respond.

F. Consequences of disclosing a record in error. The District and its officials or employees are not liable for loss or damage based on release of a public record if the District, official, or employee acted in good faith in attempting to comply with the Public Records Act.

G. Coordination with Pierce County. Upon written request by Pierce County, the Public Records Officer shall provide reasonable assistance in responding to public records requests for County public records that relate to the District.

H. Protecting rights of others/third party notification. In the event that the requested records contain information that may affect rights of others and may be exempt from disclosure, the Public Records Officer may, prior to providing the records, give notice to such others whose rights may be affected by the disclosure. Such notice should be given so as to make it possible for those other persons to contact the requester and ask him or her to revise the request or, if necessary, to seek an order from a court to prevent or limit the disclosure. The notice to the affected persons will include a copy of the request. The notice should also either include a copy of the records the District intends to produce (including any redactions), or should provide the third party the opportunity to inspect the records that the District intends to produce (including any redactions).

I. Records Exempt or Prohibited from Disclosure. Some records are exempt from or are prohibited from disclosure by law, in whole or in part (see Section 5 below). If the District believes that a record is exempt from or prohibited from disclosure and should be withheld, the

Public Records Officer will state the specific exemption or prohibition under which the record or a portion of the record is being withheld. If only a portion of a record is exempt or prohibited from disclosure but the remainder is not exempt or prohibited, the Public Records Officer will redact the exempt or prohibited portions, provide the nonexempt portions, and indicate to the requester why portions of the record are being redacted.

J. Inspection of Records.

1. Consistent with other demands, the District shall promptly provide space to inspect public records. No member of the public may remove a document from the viewing area or disassemble or alter any document. The requester shall indicate which documents he or she wishes the District to copy.

2. The requester must claim or review the assembled records within 30 days of the District's notification to him or her that the records are available for inspection or copying. The District will notify the requester in writing of this requirement and inform the requester that he or she should contact the District to make arrangements to claim or review the records. If the requester or a representative of the requester fails to claim or review the records within the 30-day period or make other arrangements satisfactory to the District, the District may close the request and refile the assembled records. Other public records requests can be processed ahead of a subsequent request by the same person for the same or similar records, which can be processed as a new request.

K. Failure to clarify a request. If an entire request is unclear, and if the requestor does not respond to the District's request for clarification within 30 days of the District's request, the Public Records Officer may consider the request abandoned, send a letter closing the response to the requestor, and re-file the records. If only portions of a request are unclear and a requestor fails to respond to a request for clarification, the District must respond to the parts of the request that are clear.

L. Providing Copies of Records. After inspection is complete, the Public Records Officer shall make the requested copies or arrange for copying upon a deposit of at least 10 percent of the estimated cost of copying.

M. Providing Records in Installments. When the request is for a large number of records, the Public Records Officer will provide access for inspection and copying in installments, if he or she reasonably determines that it would be practical to provide the records in that way. If, within 30 days, the requester fails to inspect the entire set of records or one or more of the installments after being made available, or to pay the balance of the cost of copying of records copied or those copied in an installment, the Public Records Officer may stop searching for the remaining records and close the request.

N. Completion of Inspection. When the inspection of the requested records is complete and all requested copies are provided, the Public Records Officer will indicate that the District has completed a diligent search for the requested records and made any located non-exempt records available for inspection.

O. Closing Withdrawn or Abandoned Request. When the requester either withdraws the request or fails to fulfill his or her obligations to inspect the records or pay the deposit or final payment for the requested copies, the Public Records Officer will close the request and indicate to the requester that the District has closed the request. Subsequent copies requested may not be made until the requester has paid any unpaid bill for copying services requested by the requester, whether or not the copies previously made have been retained for the requester or destroyed when the previous bill remained unpaid for more than 30 days after notice mailed to the requester.

P. Later Discovered Documents. If, after the District has informed the requester that it has provided all available records, the district becomes aware of additional responsive documents existing at the time of the request, it will promptly inform the requester of the additional documents and provide them on an expedited basis.

Q. Preserving requested records. If a requested record is responsive to an active request, or active lawsuit, and is scheduled shortly for destruction under the District's records retention schedule, the record cannot be destroyed until the public disclosure request, and/or lawsuit, has been resolved. Once a request has been closed, the Public Records Officer, or designee, can destroy the record in accordance with the retention schedule.

R. Requests for information. Requests for information are not public records requests. An agency is not required to conduct research for a requestor.

S. General Provisions.

1. The District may follow a reasonable schedule regarding retrieval of a record from an off-premises storage site so that no more than one trip per week to the remote site is required.

2. With regard to copying, prearrangement is recommended so that it can be accommodated within the work schedule. Copies shall be made only by the Public Records Officer. The precise time must remain flexible and will depend upon the work schedule for that day.

3. With regard to video or audio recordings, prior arrangements must be made for review. The Public Records Officer will operate the District recording equipment necessary to either listen to or re-record the original recording tape to protect originals. The Public Records Officer may limit the maximum time allowed during any working day for supervised review to

avoid excessive interference with the District's other essential functions. If the District is able to provide access which excludes the requester from access to original records which might be damaged or disorganized and from access to originals or copies prohibited or exempt from disclosure, additional time may be made available.

4. Review of other original records shall be done only in the immediate presence of and under the supervision of the Public Records Officer to protect the originals against damage, alteration, or disorganization by the requester. The Public Records Officer may limit the maximum time allowed during any working day for supervised review to avoid excessive interference with the District's other essential functions. When the time needed for this purpose exceeds two hours, time periods on a future day or days may be assigned. If the District is able to provide access which excludes the requester from access to original records which might be damaged or disorganized and from access to originals or copies or exempt from disclosure, additional time may be made available.

Section 7. Exemptions

A. The act provides that a number of types of documents are exempt from public inspection and copying. In addition, documents are exempt from disclosure if any "other statute" exempts or prohibits disclosure. Exemptions outside the act that restrict the availability of some documents held by the District for inspection and copying include, but are not limited to, those set forth for municipalities in the most recent list of other such statutes posted on the web site of the Municipal Research Service Center, which is presently www.mrsc.org/Publications/pr12.pdf, Appendix C, and which is incorporated herein by reference. The list is available for inspection and copying from the Public Records Officer.

B. The District is prohibited by statute from disclosing lists of individuals for commercial purposes.

Section 8. Costs of Providing Copies of Public Records

A. Costs Required for Inspection. There is no fee for inspecting public records. There is no fee for the staff time necessary to prepare the records for inspection, for the copying required to redact records before they are inspected, or an archive fee for getting the records from off-site. The costs of making the records available for inspection or copying are not charged to the requester.

B. Costs for Copies. A requester may obtain standard 8 1/2" x 11" black and white photocopies for 15 cents per page. If the District determines that the actual cost of copying is other than 15 cents per page, that charge may be collected if a statement of the factors and the manner used to determine this charge is available from the Public Records Officer. Before beginning to make these copies, the Public Records Officer may require a deposit of 10 percent of the estimated costs of copying all the records selected by the requester. The Public Records

Officer shall require the payment of the remainder of the copying costs for those copies before providing them to the requester, whether they include all of the records or an installment. The District does not charge sales tax when making copies of public records.

C. Costs for Electronic Records. The cost of electronic copies of records shall be the amount per hour for copying information on a CD-ROM or other media, plus the listed cost for each CD-ROM or other media as set forth in the statement of the factors and manner used to determine this charge available from the Public Records Officer.

D. Costs of Mailing. The District may also charge actual costs of mailing, including the cost of the shipping container or envelope if the requester requests mailing or shipping.

E. Payment. Payment may be made by cash, check or money order to the Pierce County Flood Control Zone District.

F. Waiver of Payment. The District may waive the cost of copying if the cost is less than the cost of processing payment as determined by the Public Records Officer.

G. Charges Required by Other Statutes. If a different charge for copies or certification is required to be collected by a statute other than the act, such as RCW 36.18, RCW 46.52.085 or RCW 10.97.100, the provisions of that statute shall govern.

H. Outside Contracts for Copying. The District may arrange for copying by contractors charged with preserving and protecting public records, instead of copying requested records using District services. In such event, the cost of copying charged shall be the contract charges, and such charges shall be paid by the requester directly to the contractor who performed the copying. If the requester made a deposit in advance of copying, any unapplied portion of the deposit will be refunded to the requester, provided that the contract charges are paid and the copies are picked up by the requester within 30 days after written notice of the unpaid contract charges is mailed to the requester's address.

Section 9. Review of Denials of Public Records

A. Petition for Internal Administrative Review of Denial of Access. Any person who objects to the initial denial or partial denial of a records request may petition in writing to the Public Records Officer for a review of that decision. The petition shall include a copy of or reasonably identify the written statement by the Public Records Officer denying the request.

B. Consideration of Petition for Review. The Public Records Officer shall promptly provide the petition and any other relevant information to the Chair of the Board of Supervisors to conduct the review, who shall immediately consult with the District legal counsel before action on the petition. That person will immediately consider the petition and either affirm or reverse

the denial within two business days following the District's receipt of the petition, or within such other time as is mutually agreeable to the District and the requester.

C. Judicial Review. Any person may obtain judicial review of a public records request denial pursuant to RCW 42.56.550 at the conclusion of two business days following the initial denial regardless of any internal administrative appeal.

Section 10. Access to Public Records.

The providing of public records shall be governed by the following procedures:

A. Public records shall be made available without disrupting essential functions of the District office which for purposes of this resolution shall include any office where District records are stored, assembled or offered for review.

B. Duplicate, carbon copy or other secondary records are to be dealt with in the same manner as the original or primary copy.

C. With regard to photocopying, prearrangement for copies of records is recommended so that they can be accommodated within the work schedule. Copies shall be made only by the Public Records Officer once each day. The precise time must remain flexible and will depend upon the work schedule for that day. Copies may be picked up later in the afternoon or the next day.

D. With regard to other printing, Ozalid, Sepia, blueprints, or photostatic copies of maps, graphs, charts, etc., which cannot be produced within the District office will be forwarded to the appropriate outside business. The requester will be billed directly by the printer. This will be performed once each day in a manner similar to photocopying.

E. With regard to tape recordings, prior arrangements must be made to listen to or copy a tape recording. The Public Records Officer will be assigned to operate the District recording equipment necessary to either listen to or re-record the original tape. To maintain the District's and individual's work schedule, two hours shall be the maximum time allowed during any working day for this purpose. When the time needed for this purpose exceeds two hours, time periods on future day or days will be assigned.

F. With regard to the production of transcripts, not more than two hours each working day shall be expended by the transcriber. Time periods shall be adjusted daily to fit the normal work schedule.

Procedure FCZD Investment Decision-making

Purpose

Effective
TBD

To utilize available FCZD funding for investments

Last Revised
4/13/2021

Review Frequency
When needed

Procedure Contact
BFO? Or District Admin

Sponsor
BFO? Or District Admin

FCZD Executive Committee

The Pierce County Flood Control Zone District Executive Committee sets policy for financial management of Flood Control Zone District Funds. (Resolution 2020-6)

FCZD Executive Director

The **Executive Director** will annually submit written guidance to the Pierce County Banking and Investment Officer with set parameters, including specific dollar amounts for target fund balances and specific dollar amounts to trigger action for Flood Control Zone District investment fund balances.

Pierce County Banking and Investment Manager

The Executive Director may complete the Investment Form (see attached) to authorize a withdrawal or deposit to the FCZD treasury pool Investment outside of the set guidance. The **Executive Director** will send the Investment Form to the **Pierce County Banking and Investment Manager** with a cc: to the **Pierce County PPW Business and Financial Operations Manager (BFO)** and **FCZD Administrator**.

Pierce County PPW BFO Manager

FCZD Administrator

Fiscal Support

BFO Manager will review a weekly report of cash balances in the FCZD operating, investment and opportunity funds, and communicate with the Executive Director if there are any unexpected balances.

Pierce County PPW BFO Manager

Pierce County Banking and Investment Manager

Annually, the **BFO Manager** will assist the **FCZD Administrator** and **Executive Director** to determine a target Operating Fund balance. Acceptance of the recommended amount is confirmed by the **District Administrator** and **Executive Director** by email and verification is filed in the FCZD Directory of the Pierce County N-drive, with a copy provided to the **Executive Director**.

When the **Banking and Investment Manager** reviews the Operating Fund cash, if the balance is less than 67% of the target Operating Fund balance, the Banking and Investment Manager will withdraw funds from the Investment Account for deposit into the Operating fund in an amount that will achieve the target Operating Fund balance.



Procedure FCZD Investment Decision-making

When the **Banking and Investment Manager** reviews the Operating Fund cash, if the balance is greater than 133% of the target Operating Fund balance, the Banking and Investment Manager will deposit an amount from the Operating fund into the Investment account that will achieve the target Operating fund balance.

Fund transfer shall be initiated by the **Pierce County Banking and Investment Manager** based on whether the Operating Fund balance meets any criteria of the written guidance. The **Pierce County Banking and Investment Manager** will notify the BFO Manager, who will notify the **FCZD Exec Director** and **FCZD District Administrator** via email.

Intended Results of Correctly Following Procedure

- Ensure transparent management of FCZD funds
- Set clear expectations for Pierce County BFO and investments team
- Sound financial management
- Maximizing interest collected on available funding, within specified limits

Reports:

Weekly Cash Report

References

Revision History

Revision #	Date	Description of Change(s)	Requested By
0			



Pierce County Flood Control Zone
District Financial Statements for the
Year Ended December 31, 2020

Accountant's Compilation Report

ACCOUNTANT'S COMPILATION REPORT

Pierce County Flood Control Zone District
Tacoma, Washington

Management is responsible for the accompanying financial statements of Pierce County Flood Control Zone District (the District) as of and for the year ended December 31, 2020, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 6 and page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

We are not independent with respect to Pierce County Flood Control Zone District.



Seattle, Washington

April 16, 2021

Pierce County Flood Control Zone District

Financial Statements for the

Year Ended December 31, 2020

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Management Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) presents a narrative overview of the financial activities of the Pierce County Flood Control Zone District (the District) for the fiscal year ended December 31, 2020. The District encourages readers to consider this information in conjunction with the District's financial statements and notes to the financial statements, which follow.

The District was established in 2012 to provide an integrated and coordinated approach to flooding as well as funding to improve Pierce County's aging and inadequate flood protection facilities along Pierce County's rivers. The Pierce County Council oversees the District as a Board of Supervisors. A 15-member Advisory Committee, made up of citizens and local government officials, provides recommendations on the District's work plan and budget.

The District contracts with an independent management consultant to serve as the District's Executive Director. Legal counsel for the District is also provided through a consultant contract. The District has also entered into an inter-local agreement with Pierce County to provide fiduciary, administrative, planning and other support functions as well as maintenance of the river flood control system. The Pierce County Public Works Director has delegated his authority as District Administrator to the Assistant County Engineer.

Financial Highlights

- As of December 31, 2020, the assets of the District exceeded its liabilities by \$25.2 million on a government-wide basis (net position).
- In 2020, the District's total net position increased by approximately \$7.9 million.
- As of December 31, 2020, the District's governmental fund had an ending balance of \$25.1 million, an increase of \$7.9 million from the prior year. \$9.7 million was committed for project matching and opportunity funds. The remaining \$15.4 million was unassigned and available to support future operations.

Overview of the Financial Statements

The District's basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. Required supplementary information is presented in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to private sector business. The statements provide short-term and long-term information about the District's financial position, which assists in assessing the District's financial condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. All revenues are recognized in the period in which they are earned, and expenses are recognized in the period which they are incurred. The government-wide financial statements include two statements:

- The statement of net position presents all of the District's assets and liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as revenues pertaining to uncollected taxes.

All of the District's activities are governmental activities related to flood control programs which are supported by property taxes.

Fund Financial Statements

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District is a special purpose governmental entity and it has one governmental fund, the sole major fund, to finance the flood control services. Unlike the government-wide financial statements, the governmental fund financial statements focus on how cash and other financial assets can readily be converted to available resources and the balances left at year-end that are available for future spending. Such information may be useful in determining whether there will be adequate financial resources available to meet the current needs of the District.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental fund and governmental activities. The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information is also presented. The required supplementary information immediately follows the notes to the financial statements.

Government-wide Financial Analysis

The Statement of Net Position presents all of the District's assets, liabilities, deferred inflows and outflows of resources, and net position. The amount of net position is the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Over time, this information may

serve as a useful indicator of the District’s financial position. The District’s net position was \$25.2 million as of December 31, 2020 and the entire amount was unrestricted. Total net position increased \$7.9 million in 2020. The increase in net position demonstrates the District’s ability to meet current and future obligations in the course of its activities.

Condensed Statement of Net Position		
	2020	2019
ASSETS		
Current assets	\$ 25,248,219	\$ 17,523,145
Total assets	<u>25,248,219</u>	<u>17,523,145</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
LIABILITIES		
Current liabilities	-	207,068
Total liabilities	<u>-</u>	<u>207,068</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted	25,248,219	17,316,077
Total net position	<u>\$ 25,248,219</u>	<u>\$ 17,316,077</u>

The District’s flood control services are funded by property taxes which comprise 99 percent of total revenues. Total revenue increased by \$4.0 million in 2020 compared to 2019. The increase was primarily due to an increase in property tax levied in 2020. Expenses increased by \$0.8 million compared to the prior year due to increased spending on flood control projects, specifically, more opportunity funds used to the City of Tacoma in 2020. The change in the District’s total net position resulted from revenues exceeding expenses. The overall financial position of the District improved in 2020 and indicates its ability to meet its ongoing obligations.

Condensed Statement of Activities

	<u>2020</u>	<u>2019</u>
GENERAL REVENUE		
Property taxes	\$ 12,795,722	\$ 8,694,991
Other taxes	59,859	58,091
Interest income	38,569	139,305
Other revenues	-	7,148
Total revenue	<u>12,894,150</u>	<u>8,899,535</u>
EXPENSES		
Flood controls	4,962,008	4,132,704
Change in net position	<u>7,932,142</u>	<u>4,766,831</u>
Net position, Beginning of Year	17,316,077	12,549,246
Net position, End of Year	<u>\$ 25,248,219</u>	<u>\$ 17,316,077</u>

Governmental Fund Financial Analysis

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and the resulting balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net financial resources available for spending at the end of the fiscal year.

Condensed Balance Sheet

	<u>2020</u>	<u>2019</u>
Total Assets	<u>\$ 25,248,219</u>	<u>\$ 17,523,145</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>207,068</u>
Deferred Inflows of Resources	<u>184,436</u>	<u>147,548</u>
Fund Balances		
Committed	9,664,196	9,138,643
Unassigned	15,399,587	8,029,886
Total Fund Balances	<u>\$ 25,063,783</u>	<u>\$ 17,168,529</u>

As of December 31, 2020, the District’s governmental fund reported ending fund balances of \$25.1 million, of which \$15.4 million is unassigned and available for future use at the District’s discretion. The total fund balances increased by \$7.9 million.

<i>Condensed Statement of Revenues, Expenditures and Changes in Fund Balances</i>		
	2020	2019
Total Revenues	<u>\$ 12,857,262</u>	<u>\$ 8,902,099</u>
Total Expenditures	<u>4,962,008</u>	<u>4,132,704</u>
Changes in Fund Balances	<u>\$ 7,895,254</u>	<u>\$ 4,769,395</u>

Overall governmental fund revenues for 2020 total \$12.9 million which represents an increase of 44%, or \$3.96 million over 2019. The increase was primarily due to an increase in property tax levied in 2020. Total expenditures increased by 20%, or \$0.83 million from the previous year, primarily due to increases in opportunity fund expenses. Fund balances increased to \$7.9 million in 2020.

Budget Variances in the General Fund

The difference between actual and budgeted property tax revenue was attributable to accounting basis. Property taxes were budgeted based on approved tax levies for 2020, while property taxes reported in the general fund as actual were total taxes collected in 2020. See the District’s accounting policies in Note 1 to the financial statements. Actual expenditures were less than budget by \$7.9 million primarily due to the 2020 budgeted capital project expenditures included carryover amounts from prior years which were not completely expended in 2020. See the Budgetary Comparison Schedule on page 19.

Economic Factors and Next Year’s Budget

The District adopts its budget on an annual basis. The budget is based on the District’s goals and its operating and capital programs. The 2021 budget adopted by Resolution No. 2020-12 is summarized below.

Property taxes	\$ 13,785,922
Administration	497,906
Operations and maintenance	2,067,888
Large capital projects	1,000,000
Capital projects	10,111,636
Opportunity fund allocation	<u>2,500,000</u>
Total expenditures	<u>\$ 16,177,430</u>

The District’s expenditure budget for 2021 total \$16,177,430, of which \$13,777,430 is expected to be funded from 2021 property tax revenue, and \$2,400,000 from fund balance carried over from prior years.

The District's property tax levy amount for 2021 is based on an estimate of the assessed value of the property in the District. The dollar amount of the increase over the actual levy amount from the 2020 tax year is approximately \$1.0 million. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, increases in the value of state assessed property, annexations, and refunds.

Request for Information

This financial report is designed to provide a general overview of the Pierce County Flood Control Zone District's finances to all those with an interest in the District's finances. Questions concerning any information provided in this report should be addressed to: Pierce County Flood Control Zone District, District Administrator, 2702 S 42nd Street, Suite 201, Tacoma, WA 98409.

Statement of Net Position

**PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

		Primary Government Governmental Activities
ASSETS		
Cash	\$	18,843,403
Investments		6,177,862
Taxes Receivable		226,566
Interest Receivable		388
TOTAL ASSETS		25,248,219
 DEFERRED OUTFLOWS OF RESOURCES		-
 LIABILITIES		
Accounts Payable		-
TOTAL LIABILITIES		-
 DEFERRED INFLOWS OF RESOURCES		-
 NET POSITION		
Unrestricted		25,248,219
TOTAL NET POSITION	\$	25,248,219

The notes to the financial statements are an integral part of this statement.

Statement of Activities

**PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Flood controls	\$ 4,962,008	-	-	-	\$ (4,962,008)
TOTAL PRIMARY GOVERNMENT	4,962,008	-	-	-	(4,962,008)
GENERAL REVENUES					
Taxes:					
Property Taxes					\$ 12,795,722
Excise Taxes					59,859
Interest Income					38,569
TOTAL GENERAL REVENUES					\$ 12,894,150
CHANGE IN NET POSITION					\$ 7,932,142
NET POSITION, BEGINNING OF THE YEAR					\$ 17,316,077
NET POSITION, END OF THE YEAR					\$ 25,248,219

The notes to the financial statements are an integral part of this statement.

Balance Sheet
Governmental Fund

**PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2020**

	General Fund
ASSETS AND OUTFLOWS OF RESOURCES	
Cash	\$ 18,843,403
Investments	6,177,862
Taxes Receivable	226,566
Interest Receivable	388
TOTAL ASSETS	25,248,219
 DEFERRED OUTFLOWS OF RESOURCES	 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 25,248,219
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ -
TOTAL LIABILITIES	-
 DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Tax	184,436
TOTAL DEFERRED INFLOWS OF RESOURCES	184,436
 FUND BALANCES	
Committed	9,664,196
Unassigned	15,399,587
TOTAL FUND BALANCES	25,063,783
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,248,219
Total fund balances - governmental fund	\$ 25,063,783
Amounts reported for governmental activities in the statement of net position are different due to property taxes levied but unavailable in the governmental fund which were reported as property tax revenue in the statement of activities	184,436
 TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$ 25,248,219

The notes to the financial statements are an integral part of this statement.

Statement of
Revenues, Expenditures, and
Changes in Fund Balances
Governmental Fund

**PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 12,758,834
Excise Taxes	59,859
Interest Income	38,569
TOTAL REVENUES	\$ 12,857,262
EXPENDITURES	
Administration	\$ 367,789
Operations and Maintenance	1,922,896
Opportunity funds	1,974,448
Capital outlay	696,875
TOTAL EXPENDITURES	\$ 4,962,008
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 7,895,254
CHANGE IN FUND BALANCES	\$ 7,895,254
FUND BALANCES, BEGINNING OF THE YEAR	\$ 17,168,529
FUND BALANCES, END OF THE YEAR	\$ 25,063,783
Change in fund balances - governmental fund	\$ 7,895,254
Amounts reported for governmental activities in the statement of activities are different due to the current year change in property taxes levied but unavailable in the governmental fund which were reported as property tax revenue in the statement of activities	36,888
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 7,932,142

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

**PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pierce County Flood Control Zone District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity

The District, a municipal corporation and independent taxing authority, was established in 2012 to provide funding and policy oversight for flood protection projects and programs in Pierce County. The District operates primarily as a granting agency, sponsoring projects and programs via inter-agency agreements with other municipal entities, including the Pierce County.

As authorized by the Revised Code of Washington (RCW) 86.12, the Pierce County Council is the District's Board of Supervisors, the governing body. The Board is staffed by the Executive Director, an outside management consultant who oversees overall performance and who represents the District on behalf of the Board of Supervisors.

The District is considered a special purpose government, supported primarily through property taxes levied in Pierce County. All activities for which the District is financially accountable have been incorporated to form the reporting entity. The District has no component units that are required to be included in its financial statements. The Pierce County reports the District as a component unit in its financial statements. However, the District, as a separate legal entity, has legal and administrative authority over all its resources.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the District, consisting of a statement of net position and a statement of activities. The District reports its governmental activities, which normally are supported by property taxes. The District does not have business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the District's programs are offset by related program revenues. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The District's flood control activities are funded by property taxes, which are not considered to be program revenues. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the governmental fund. Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The general fund, the only major fund, is used to account for all financial resources and activities

associated with the primary purpose for which the District was created. The District has no non-major funds.

Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Expenditures related to compensated absences and claims and judgements are recorded only when payment is due.

Governmental Accounting Standards Board Pronouncements

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement postpones the newly issued GASB Statements No. 83, 84, 88, 89, 90, 92 and 93 by one year. In addition, this statement postpones GASB Statement No. 87 by 18 months. This new GASB was issued in May 2020 and became effective immediately. The District issued its 2019 financial statements prior to this GASB No. 95. In preparing its 2019 financial statements, the District considered GASB Statements No. 83, 84, 88, and 90 and determined they were not applicable. At the time that the GASB No. 95 was issued, the District adopted it immediately to postpone the implementation of GASB No. 87, 89, 92, and 93.

Budgetary Information

The District adopts its budget on an annual basis. The budget is based upon the District's goals and its operating and capital programs. Most revenues and expenditures are budgeted on the accrual basis. Capital projects are budgeted on a project basis. Projects are budgeted in their entirety when approved, regardless of anticipated expenditure dates. Each year thereafter, the remaining unexpended portion of each project is budgeted again.

When the District determines that it is in the best interest of the District to increase or decrease the appropriation of a particular expenditure item, it may do so by resolution approved by its Board of Supervisors.

The budgetary comparison schedule contains the original and final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, allocations, supplemental appropriations, and other legally authorized changes applicable to the year.

The District may over expend appropriations in those instances where no specific limit is identified. In these cases, services that have been appropriately authorized are considered to be eligible for payment and revenue is available to pay for the service.

Cash and Investments

The District has entered into an inter-local agreement with the Pierce County, the District's *ex officio* treasurer. The District's cash is deposited into the Pierce County's bank accounts with financial institutions. In addition to cash deposits, the District has authorized the Pierce County to invest its funds not required for immediate expenditures in the Local Government Investment Pool (LGIP). See Note 2 for details.

Receivables

Taxes receivable consists of property taxes and related interest and penalties (see Note 3 – Property Taxation). Interest receivable consists of amounts earned on investments at the end of the year.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, unavailable revenue from property taxes, which qualifies for reporting in this category. The deferred inflow of resources from unavailable property tax revenue occurs only in the governmental fund financial statements prepared under the modified accrual basis of accounting and, accordingly, is reported as a deferred inflow of resources only in the governmental fund balance sheet. This amount is deferred and will be recognized as an inflow of resources in the period that amounts become available. As of December 31, 2020, the District reported deferred inflows of resources of \$184,436.

Classification of Net Position

In the government-wide financial statements, net position is classified in the following three components:

Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – this component of net position consists of external constraints imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net assets.

Unrestricted – this component of net position consists of net position that does not meet the definitions of the first two components.

As of December 31, 2020, the District reported unrestricted net position of \$25,248,219.

Fund Balance Classification and Details

In the fund financial statements, governmental funds report the following classes of fund balances in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Non-spendable fund balances are amounts that cannot be spent because they are either in non-spendable form or are legally/contractually required to be maintained intact, including inventories, prepaid expenses, advances, etc.

Restricted fund balances are amounts that can be spent only for specific purposes stipulated by donors, grantors, creditors or by law.

Committed fund balances are amounts that are constrained for specific purposes determined by a formal action of the District's Board of Supervisors, the District's highest level of decision-making authority. The same action is required to remove or change the constraint as it did to impose the constraint. As of December 31, 2020, the District reported committed fund balance of \$9,664,196.

Assigned fund balances are amounts constrained by the District's intent that they will be used for specific purposes. The District has adopted its policy to delegate the authority to assign amounts to be used for specific purposes to its Executive Committee.

Unassigned fund balances are amounts not classified as non-spendable, restricted, committed or assigned. As of December 31, 2020, the District reported an unassigned fund balance of \$15,399,587.

The District's spending policy is to use restricted fund balances first, according to the purposes for which restricted funds are received. Unassigned funds are spent after committed and assigned funds have been exhausted.

Income Tax

As a public governmental corporation, the District is exempt from federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash on hand as of December 31, 2020 was \$18,843,403. The carrying amount of the District's deposits represented the bank balance. 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 will not be able to recover collateral securities that are in possession of an outside party. The District's deposits are mostly covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments consists of investments in the LGIP. The LGIP is not registered with the Securities and Exchange Commission (SEC) as an investment company. It is a voluntary investment vehicle operated by the Washington Office of the State Treasurer (OST). Approximately 637 local governments have participated in the Pool since it was started in 1986 to provide safe, liquid, and competitive investment options for local governments pursuant to the Revised Code of Washington (RCW) 43.250. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the

GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The total investment was \$6,177,862 as of December 31, 2020.

The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption rates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligation of supranational institutions, obligations of government-sponsored corporations, and deposits with qualified public depositories.

Custodial credit risk is the risk that, in the event of a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investments held as deposits in financial institutions are insured by the FDIC and/or collateralized. Collateral protection is administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC, created by the Legislature per Chapter 39.58 of the Revised Code of Washington, constitutes a multiple financial institution collateral pool comprised of securities pledged to secure uninsured public deposits. Pledged securities are held by the PDPC's agent in the name of the collateral pool. The LGIP investment policy requires that the securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. The restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of the investment. All securities utilized in repurchase agreements were rated AAA by Moody's and AA+ by Standard & Poor's. The market value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates concentration of credit risk by limiting the purchase of securities to any one issuer, except for U.S. Treasury and U.S. Agency securities, to no more than five percent of the portfolio. Repurchase agreements comprise 6.9 percent of the total LGIP's portfolio. The LGIP limits the securities utilized in repurchase agreements to U.S. Treasury and U.S. Agency securities. The LGIP requires delivery of all securities and that the securities are priced daily. At the LGIP's fiscal year ended June 30, 2020, U.S. Treasury securities comprised 63.4 percent of the total LGIP's portfolio. U.S. Agency securities comprised 15.2 percent, including Federal Home Loan Bank (5.1 percent), Federal Farm Credit Bank (9 percent), and Federal National Mortgage Association (1.1 percent). Supranational securities comprised 2.2 percent of the total portfolio, including International Bank for Reconstruction and Development (0.4 percent), Inter-American Development Bank (0.4 percent) and International Finance Corporation (1.4 percent).

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes

weighted average maturity (WAM) and weighted average life (WAL) limits not to exceed 60 and 120 days, respectively.

NOTE 3 – PROPERTY TAXATION

The District is authorized to levy property taxes to fund flood-related services and capital projects. The Pierce County Assessor determines the tax levied against each property in each taxing district. The Pierce County Treasurer is responsible for billing and collecting taxes. On January 1, at the time of assessment, an enforceable lien is attached to the property for property taxes. Tax bills are mailed in February. All taxes are due and payable on April 30th of each year, but if the amount due from a taxpayer exceeds fifty dollars, one-half may be paid on April 30th and the balance is due no later than October 31st of that year. All taxes collected are distributed to the District.

In the governmental fund, property taxes levied for the current year are recorded on the balance sheet as taxes receivable and unavailable revenue – property tax at the beginning of the year. Property taxes are recognized as revenue when collected at which time taxes receivable and unavailable revenue – property tax are reduced by the amount of the collection. The amount of taxes collected within 60 days of year-end is available to be used for liabilities of the prior year and therefore is recorded as revenue. At year-end, all uncollected property taxes are reported as taxes receivable and the amount not collected within 60 days is reported as a deferred inflow of resources. For the government-wide financial statements, the deferred inflow of resources is reclassified to revenue. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible.

The District is permitted by law to levy a rate of up to \$.25 per \$1,000 of assessed value. A rate of \$0.1 was levied for 2020, resulting in a total levy of \$12,795,722. \$12,758,834 was collected, including delinquent taxes from previous years. The District had taxes receivable of \$226,566 as of December 31, 2020.

Tax abatements granted by the cities of Tacoma, University Place and Lakewood related to multi-family exemption programs can result in lost or shifted property tax revenues received by taxing districts within those cities, including the District. In 2020, \$54,809 of the District’s property tax levies were shifted from exempt properties to other taxpayers. The District did not experience any loss in revenue associated with these abatement programs.

NOTE 4 – RISK MANAGEMENT AND CONTINGENCIES

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, natural disasters, etc.

The District is a member of the Washington Cities Insurance Authority (WCIA) and manages the risks through its participation in a risk pool provided by WCIA.

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has approximately 163 members.

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

Lines of coverage are provided by WCIA to members for auto, general liability, police liability, public officials liability, and employee benefit liability. An auto physical damage and property insurance program was established by WCIA on behalf of participating members. Cyber Insurance for the entire membership was purchased through AIG Specialty Insurance Company offering \$1,000,000 in cyber liability limits per member along with regulatory action coverage, privacy event services, and event management.

The risk financing limits on coverage policies issued and retained by WCIA at December 31, 2019 were:

1. Liability coverage is written on an occurrence basis. Coverage includes general, automobile, stop-gap, employment practices, errors or omissions, and employee benefits. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimit. The Board of Directors determines the limits and terms of coverage annually.
2. Property coverage, including physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, builders, boiler and machinery, and automobile physical damage, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$300 million per occurrence subject to aggregates and sub-limits.
3. Cyber coverage is primary over WCIA coverage. WCIA does not retain privacy event services and event management risks. \$1 million per member and \$10 million aggregate is subject to various sub-limits.
4. Crime and fidelity coverage includes employee theft, forgery or alteration, inside the premises-theft of money and securities, inside the premises-robbery or safe burglary of other property, outside the premises, computer fraud, funds transfer fraud, and money orders and counterfeit money. Members' deductible is \$10,000 per occurrence. WCIA members jointly purchase program. The coverage limit is \$2,500,000 per occurrence for each coverage listed.

The similar coverage policies were expected for the District's reporting period ended December 31, 2020.

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

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

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

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

NOTE 5 – COMMITMENTS

Since its formation in 2012, the District has entered into an inter-local agreement with Pierce County for administering and implementing flood protection projects and services. The District pays the County for all actual costs incurred for providing the services under this agreement. The County billed approximately \$4,757,692 to the District during 2020.

The District has also entered into inter-local agreements with cities and towns in Pierce County for these cities and towns to use 10% of the District's annual regular property tax revenue on flood improvement projects. \$1,974,448 was spent in 2020 and the unspent amount is reported as a committed fund balance on the balance sheet.

NOTE 6 – SUBSEQUENT EVENT

As the world responds to the outbreak of a novel strain of the coronavirus ("COVID-19"), the District is working to do our part by ensuring the safety of our employees, striving to protect the health and well-being of the communities in which the District operates, and providing resources to our communities to help them do their best work while remote. The COVID-19 pandemic continues to impact our operations. There is uncertainty in the nature and degree of its continued effects over time. However, the District's primary revenue source, property tax levies, is not expected to be impacted in the near term.

Budgetary Comparison Schedule

**PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 12,819,304	\$ 12,819,304	\$ 12,758,834	\$ (60,470)
Excise and other taxes	-	-	59,859	59,859
Interest income	-	-	38,569	38,569
Total revenue	12,819,304	12,819,304	12,857,262	37,958
EXPENDITURES				
Administration	451,185	488,306	367,789	120,517
Operations and maintenance	1,922,896	1,922,896	1,922,896	-
Opportunity fund	1,281,930	2,500,000	1,974,448	525,552
Large Capital Projects	1,000,000	1,000,000	-	-
Capital program expenditures	6,442,586	7,863,111	696,875	7,166,236
Strategic reserve	50,000	100,000	-	100,000
Total expenditures	\$ 11,148,597	\$ 13,874,313	\$ 4,962,008	\$ 7,912,305
Excess of revenues over expenditures			7,895,254	
FUND BALANCE, BEGINNING OF YEAR			<u>17,168,529</u>	
FUND BALANCE, END OF THE YEAR			<u>\$ 25,063,783</u>	

The notes to the financial statements are an integral part of this schedule.