



Washington State Auditor's Office

Government that works for citizens

Financial Statements Audit Report

Des Moines Transportation Benefit District

King County

For the period January 1, 2013 through November 18, 2015

Published July 28, 2016

Report No. 1017118





Washington State Auditor's Office

July 28, 2016

Board of Directors
Des Moines Transportation Benefit District
Des Moines, Washington

Report on Financial Statements

Please find attached our report on the Des Moines Transportation Benefit District's financial statements.

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

Sincerely,

A handwritten signature in dark ink, reading "Troy X. Kelley". The signature is written in a cursive style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Des Moines Transportation Benefit District
King County
January 1, 2013 through November 18, 2015**

Board of Directors
Des Moines Transportation Benefit District
Des Moines, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Des Moines Transportation Benefit District, a component unit of the City of Des Moines, King County, Washington, as of and for the period ended November 18, 2015, the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 7, 2016.

As discussed in Note 1 to the financial statements, District operations were assumed by the City of Des Moines as of November 18, 2015, with all remaining assets and liabilities transferring to, and former District operations, functions, and obligations being performed by, the City of Des Moines. Our opinion is not modified with respect to this matter.

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) to determine the 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

July 7, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Des Moines Transportation Benefit District King County January 1, 2013 through November 18, 2015

Board of Directors
Des Moines Transportation Benefit District
Des Moines, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the Des Moines Transportation Benefit District, a component unit of the City of Des Moines, King County, Washington, as of and for the period ended November 18, 2015, the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Des Moines Transportation Benefit District, as of November 18, 2015, and December 31, 2014 and 2013, and the respective changes in financial position thereof, and the budgetary comparison for the General fund, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, District operations were assumed by the City of Des Moines as of November 18, 2015, with all remaining assets and liabilities transferring to, and former District operations, functions, and obligations being performed by, the City of Des Moines. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 23 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, reading "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

July 7, 2016

FINANCIAL SECTION

Des Moines Transportation Benefit District King County January 1, 2013 through November 18, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015
Management's Discussion and Analysis – 2014
Management's Discussion and Analysis – 2013

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015
Statement of Net Position – 2014
Statement of Net Position – 2013
Statement of Activities – 2015
Statement of Activities – 2014
Statement of Activities – 2013
Balance Sheet – General Fund – 2015
Balance Sheet – 2014
Balance Sheet – 2013
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2015
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2014
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2013
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual –
2015
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual –
2014
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual –
2013
Notes to the Financial Statements – 2015
Notes to the Financial Statements – 2014
Notes to the Financial Statements – 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Eleven Months Ended November 18, 2015

This section of the Des Moines Transportation Benefit District's Annual Financial Report represents management's overview and analysis of the District's financial performance for the fiscal Eleven Months Ended November 18, 2015. This section should be read in conjunction with the financial statements and notes to the financial statements that follow this section.

The Des Moines Transportation District was established on November 20, 2008 by the City of Des Moines City Council. The District operates within the boundaries of the City of Des Moines, and revenue generated by the District through an imposed \$20 vehicle registration fee initially supports maintenance activities on existing City arterials.

On November 12, 2015 Des Moines City Council passed ordinance 1634 which was effective November 18, 2015 and authorized the City of Des Moines to assume the transportation benefit district as of that date. References to the rights, powers, functions and obligations previously exercised and/or performed by the governing body of the Des Moines Transportation Benefit District were assumed and transferred to the City of Des Moines City Council. Thus the City of Des Moines Transportation District ceased to be a legal entity as of November 18, 2015 and transferred all of its residual assets to the City of Des Moines. The financial activity after this date is included in the City of Des Moines financial statements.

FINANCIAL HIGHLIGHTS

Prior to the final transfer of residual net assets to the City of Des Moines, the District's assets exceeded its liabilities by \$87,388 which is an increase from the December 31, 2014 net position of \$68,842. This increase was primarily due to more vehicles subject to the license fee as the rate did not change through this time period. The \$1,000 audit cost incurred in 2014 was not incurred in 2015 as audits occur on a three year frequency. Net position amounts not invested in capital assets are restricted for local transportation maintenance and operations.

The District has incurred no debt during 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities, with the differences between the two reported as net position. This statement serves the purpose similar to that of a balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, this is just one indicator of financial health of the District. Other indicators include the level of change in federal, state and local governmental support for

DES MOINES TRANSPORTATION BENEFIT DISTRICT

2015 Annual Financial Statements

transportation improvements that the District revenue provides, as well as the general economic conditions within the City of Des Moines and surrounding areas.

The statement of activities presents information showing how the District's net position changed for the Eleven Months Ended November 18, 2015. It separates program revenue generated by its functions and programs. All changes in net position are reported as soon as the underlying event gives rise to the change to occur, regardless of the timing of related cash flows.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses a single fund accounting system to ensure and demonstrate compliance with finance-related requirements and to provide management with information for controlling spending activities.

The Governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance present a single column of financial data for the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Notes to Financial Statements

The notes provide additional information that is 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 in this report.

CONDENSED FINANCIAL DATA

The following tables present condensed financial information related to the District's Net Position as of November 18:

Table A-1 displays the District's net position as of November 18, 2015.

DES MOINES TRANSPORTATION BENEFIT DISTRICT
2015 Annual Financial Statements

Table A-1
Des Moines Transportation Benefit District's Net Position

	Governmental Activities	
	2014	2015
Total assets	\$ 36,189	\$ -
Total liabilities	-	-
Net position		
Net investment in capital assets	-	-
Restricted	36,189	-
Total net position	\$ 36,189	\$ -

Table A-2 displays the District's statement of activities for the eleven months ended November 18, 2015:

Table A-2
Des Moines Transportation Benefit District's Changes in Net Position

	Governmental Activities	
	2014	2015
Revenues:		
Program revenues:		
Charges for services	\$ 424,531	\$ 390,753
General revenues:		
Unrestricted investment earnings	43	43
Total Revenues	424,574	390,796
Program expenses:		
Transportation	457,227	339,597
Total Expenses	457,227	339,597
OTHER FINANCING SOURCES (USES)		
Transfers out		87,388
Total Other Financing Uses	-	87,388
Changes in net position	(32,653)	(36,189)
Net position beginning	68,842	36,189
Net position ending	\$ 36,189	\$ -

The District's net position as of November 18, 2015 was \$0. The District's most significant asset was cash, as the District does not maintain ownership of any capital assets. The District transfers monies to the City of Des Moines's Street Fund monthly based upon spending activities that meet the criteria for addressing congestion on City arterials. These activities include but are not limited to; roadway striping, traffic signal maintenance, pothole repair, bridge repairs, snow and ice control, and vegetation removals for safety.

Fund Analysis

The Des Moines Transportation Benefit District uses fund accounting to ensure and demonstrate compliance with finance-related legal documents. The District has only one governmental type fund, the general fund.

The District's program revenue is entirely generated from the collection of vehicle registration fees, recorded as charges for services.

At November 18, 2015, the District's General Fund revenues exceeded General Fund expenditures by \$51,199, thus increasing fund balances by the same amount.

For the 2015 months ending with November 18, 2015, vehicle registration fees decreased by 8%, or \$33,778 compared to all twelve months in 2014. The increase in number of automobiles registered increased during this time and the rate did not change. The decrease is predominately due to including only ten months of revenues in 2015 as compared to 12 months of revenues the year before. Revenues and expenditures related to November were received/disbursed on November 30 (which is after the November 18 legal dissolution) and thus are excluded from these financial statements.

For the 2015 months ending with November 18, 2015, expenditures decreased by 25.7%, or \$117,630 compared to 2014. The decrease is predominately due to including only ten months of expenditures in 2015 as compared to 12 months of expenditures the year before.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Des Moines Transportation District adopted a 2015 budget of \$422,700 on November 8, 2014. The final budget was amended when council authorized the assumption of the Transportation Benefit District and thus authorizing the transfer of residual assets to the City. Table A-3 provides a summary of budget to actual amounts.

DES MOINES TRANSPORTATION BENEFIT DISTRICT
2015 Annual Financial Statements

Table A-3
Des Moines Transportation Benefit District's Budget Variances

	Final Budget	Actual	Variance
Revenues:			
Charges for services	\$ 420,000	\$ 390,753	\$ (29,247)
Interest earnings	50	43	(7)
Total Revenues	420,050	390,796	(29,254)
Total Expenses	422,700	339,597	(83,103)
Excess (deficiency) of revenues over (under) expenditures	(2,650)	51,199	53,849
OTHER FINANCING USES			
Transfers out	(87,388)	(87,388)	-
TOTAL OTHER FINANCING USES			
Changes in net position	(90,038)	(36,189)	53,849
Net position beginning	90,038	36,189	(53,849)
Net position ending	\$ -	\$ -	\$ -

ECONOMIC FACTORS AND FUTURE OUTLOOK

Alternative sources of funding for transportation improvements are a critical need for local governments in order to keep up with the maintenance backlog. The District's annual revenue supports varied maintenance activities essential to keeping local transportation infrastructure functional, but District revenues are insufficient to sustain a viable pavement overlay program. The District maintains the ability to propose future fee changes to voters up to \$100 per vehicle, although at this time no such ballot measure is planned. Additionally, the State Legislature could propose legislation that would allow more flexibility to provide the District with additional collection authority. Until such time, the District will be dependent upon population growth factors in the community that will lead to additional vehicle registration fees. The District was absorbed by the City of Des Moines and as November 2015, ceases to exist as a separate legal entity.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Des Moines Transportation Benefit District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Des Moines 21630 11th Ave. S., Des Moines, Washington, 98198, or by calling 206-870-7586.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2014

This section of the Des Moines Transportation Benefit District's Annual Financial Report represents management's overview and analysis of the District's financial performance for the fiscal year ended December 31, 2014. This section should be read in conjunction with the financial statements and notes to the financial statements that follow this section.

The Des Moines Transportation District was established on November 20, 2008 by the City of Des Moines City Council. The District operates within the boundaries of the City of Des Moines, and revenue generated by the District through an imposed \$20 vehicle registration fee initially supports maintenance activities on existing City arterials.

FINANCIAL HIGHLIGHTS

As of December 31, the District's assets exceeded its liabilities by \$36,189. Net position amounts not invested in capital assets are restricted for local transportation maintenance and operations.

The District's total net position decreased during fiscal year 2014 by \$32,653. This decrease results primarily from an increase in spending for street maintenance and the 2013 financial audit.

The District has incurred no debt during 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities, with the differences between the two reported as net position. This statement serves the purpose similar to that of a balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, this is just one indicator of financial health of the District. Other indicators include the level of change in federal, state and local governmental support for transportation improvements that the District revenue provides, as well as the general economic conditions within the City of Des Moines and surrounding areas.

The statement of activities presents information showing how the District's net position changed for the year ended December 31, 2014. It separates program revenue generated by its functions and programs. All changes in net position are reported as soon as the underlying event gives rise to the change to occur, regardless of the timing of related cash flows.

Fund Financial Statements

DES MOINES TRANSPORTATION BENEFIT DISTRICT2014 Annual Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses a single fund accounting system to ensure and demonstrate compliance with finance-related requirements and to provide management with information for controlling spending activities.

The Governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance present a single column of financial data for the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Notes to Financial Statements

The notes provide additional information that is 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 in this report.

CONDENSED FINANCIAL DATA

The following tables present condensed financial information related to the District's Net Position as of December 31:

Table A-1 displays the District's net position for the current fiscal year.

Table A-1
Des Moines Transportation Benefit District's Net Position

	Governmental Activities	
	2013	2014
Total assets	\$ 72,004	\$ 36,189
Total liabilities	3,162	-
Net position		
Net investment in capital assets	-	-
Restricted	68,842	36,189
Total net position	\$ 68,842	\$ 36,189

Table A-2 displays the District's statement of activities for the current fiscal year.

Table A-2
Des Moines Transportation Benefit District's Changes in Net Position

	Governmental Activities	
	2013	2014
Revenues:		
<u>Program revenues:</u>		
Charges for services	\$ 417,583	\$ 424,531
<u>General revenues:</u>		
Unrestricted investment earnings	119	43
Total Revenues	417,702	424,574
Program expenses:		
Transportation	428,674	457,227
Total Expenses	428,674	457,227
Changes in net position	(10,972)	(32,653)
Net position beginning	79,814	68,842
Net position ending	\$ 68,842	\$ 36,189

The District's net position as of December 31, 2014 was \$36,189. This amount is restricted in full by RCW 36.73 for transportation improvements within the boundaries of the City of Des Moines. The District's most significant asset is cash, as the District does not maintain ownership of any capital assets. The District transfers monies to the City of Des Moines's Street Fund monthly based upon spending activities that meet the criteria for addressing congestion on City arterials. These activities include but are not limited to; roadway striping, traffic signal maintenance, pothole repair, bridge repairs, snow and ice control, and vegetation removals for safety.

Fund Analysis

The Des Moines Transportation Benefit District uses fund accounting to ensure and demonstrate compliance with finance-related legal documents. The District has only one governmental type fund, the general fund.

The District's program revenue is entirely generated from the collection of vehicle registration fees, recorded as charges for services.

At December 31, 2014, the District's General Fund expenditures exceeded General Fund revenues by \$32,653, thus decreasing fund balances by the same amount.

For the fiscal year ended December 31, 2014, vehicle registration fees increased by 1.4%, or \$6,948 compared to 2013.

For the fiscal year ended December 31, 2014, expenditures increased 6.7%, or \$28,533 compared to 2013. Increased spending in street maintenance and professional services for the 2013 financial audit were contributing factors.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Des Moines Transportation District adopted a 2014 budget of \$484,150 on November 8, 2013. The final budget remained at this amount with no amendments. Table A-3 provides a summary of budget to actual amounts.

Table A-3
Des Moines Transportation Benefit District's Budget Variances

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 415,000	\$ 424,531	\$ 9,531
Interest earnings	100	43	(57)
Total Revenues	415,100	424,574	9,474
Total Expenses	484,150	457,227	(26,923)
Changes in net position	(69,050)	(32,653)	36,397
Net position beginning	72,000	68,842	(3,158)
Net position ending	\$ 2,950	\$ 36,189	\$ 33,239

ECONOMIC FACTORS AND FUTURE OUTLOOK

Alternative sources of funding for transportation improvements are a critical need for local governments in order to keep up with the maintenance backlog. The District's annual revenue supports varied maintenance activities essential to keeping local transportation infrastructure functional, but District revenues are insufficient to sustain a viable pavement overlay program. The District maintains the ability to propose future fee changes to voters up to \$100 per vehicle, although at this time no such ballot measure is planned. Additionally, the State Legislature could propose legislation that would allow more flexibility to provide the District with additional collection authority. Until such time, the District will be dependent upon population growth factors in the community that will lead to additional vehicle registration fees.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Des Moines Transportation Benefit District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Des Moines Transportation Benefit District, 21630 11th Ave. S., Des Moines, Washington, 98198, or by calling 206-870-7586.

**DES MOINES TRANSPORTATION BENEFIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013**

This section of the Des Moines Transportation Benefit District's Annual Financial Report represents management's overview and analysis of the District's financial performance for the fiscal year ended December 31, 2013. This section should be read in conjunction with the financial statements and notes to the financial statements that follow this section.

The Des Moines Transportation District was established on November 20, 2008 by the City of Des Moines City Council. The District operates within the boundaries of the City of Des Moines, and revenue generated by the District through an imposed \$20 vehicle registration fee initially supports maintenance activities on existing City arterials.

FINANCIAL HIGHLIGHTS

As of December 31, the District's assets exceeded its liabilities by \$68,842. Net position amounts not invested in capital assets are restricted for local transportation maintenance and operations.

The District's total net position decreased during fiscal year 2013 by \$10,972. This decrease results primarily from an increase in spending for street maintenance and the 2012 financial audit.

The District has incurred no long-term debt as of December 31, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities, with the differences between the two reported as net position. This statement serves the purpose similar to that of a balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, this is just one indicator of financial health of the District. Other indicators include the level of change in federal, state and local governmental support for transportation improvements that the District revenue provides, as well as the general economic conditions within the City of Des Moines and surrounding areas.

The statement of activities presents information showing how the District's net position changed for the year ended December 31, 2013. It separates program revenue generated by its functions and programs. All changes in net position are reported as soon as the underlying event gives rise to the change to occur, regardless of the timing of related cash flows.

DES MOINES TRANSPORTATION DISTRICT

Management's Discussion and Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses a single fund accounting system to ensure and demonstrate compliance with finance-related requirements and to provide management with information for controlling spending activities.

The Governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance present a single column of financial data for the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Notes to Financial Statements

The notes provide additional information that is 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 in this report.

CONDENSED FINANCIAL DATA

The following tables present condensed financial information related to the District's Net Position as of December 31:

Table A-1 displays the District's net position for the current fiscal year.

Table A-1
Des Moines Transportation Benefit District's Net Position

	Governmental Activities	
	2013	2012
Total assets	\$ 72,004	\$ 79,814
Total liabilities	3,162	-
Net position		
Net investment in capital assets	-	-
Restricted	68,842	79,814
Total net position	<u><u>\$ 68,842</u></u>	<u><u>\$ 79,814</u></u>

DES MOINES TRANSPORTATION DISTRICTManagement's Discussion and Analysis

Table A-2 displays the District's statement of activities for the current fiscal year.

Table A-2
Des Moines Transportation Benefit District's Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues:		
<u>Program revenues:</u>		
Charges for services	\$ 417,583	\$ 419,423
<u>General revenues:</u>		
Unrestricted investment earnings	119	109
Total Revenues	417,702	419,532
Program expenses:		
Transportation	428,674	383,487
Total Expenses	428,674	383,487
Changes in net position	(10,972)	36,045
Net position beginning	79,814	43,769
Net position ending	\$ 68,842	\$ 79,814

The District's net position as of December 31, 2013 was \$68,842. This amount is restricted in full by RCW 36.73 for transportation improvements within the boundaries of the City of Des Moines. The District's most significant asset is cash, as the District does not maintain ownership of any capital assets. The District transfers monies to the City of Des Moines's Street Fund monthly based upon spending activities that meet the criteria for addressing congestion on City arterials. These activities include but are not limited to; roadway striping, traffic signal maintenance, pothole repair, bridge repairs, snow and ice control, and vegetation removals for safety.

Fund Analysis

The Des Moines Transportation Benefit District uses fund accounting to ensure and demonstrate compliance with finance-related legal documents. The District has only one governmental type fund, the general fund.

The District's program revenue is entirely generated from the collection of vehicle registration fees, recorded as charges for services.

At December 31, 2013, the District's General Fund expenditures exceeded General Fund revenues by \$10,972, thus decreasing fund balances by the same amount.

For the fiscal year ended December 31, 2013, vehicle registration fees decreased 0.04%, or \$1,840 compared to 2012.

For the fiscal year ended December 31, 2013, expenditures increased 11.8%, or \$45,187 compared to 2012. Increased spending in street maintenance and professional services for the 2012 financial audit were contributing factors.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Des Moines Transportation District adopted a 2013 budget of \$460,947 on November 8, 2012. The final budget remained at this amount with no amendments. Table A-3 provides a summary of budget to actual amounts.

Table A-3
Des Moines Transportation Benefit District's Budget Variances

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 410,000	\$ 417,583	\$ 7,583
Interest earnings	100	119	19
Total Revenues	410,100	417,702	7,602
Total Expenses	460,947	428,674	(32,273)
Changes in net position	(50,847)	(10,972)	39,875
Net position beginning	83,245	79,814	(3,431)
Net position ending	\$ 32,398	\$ 68,842	\$ 36,444

ECONOMIC AND FUTURE OUTLOOK

FACTORS

Alternative sources of funding for transportation improvements are a critical need for local governments in order to keep up with the maintenance backlog. The District's annual revenue supports varied maintenance activities essential to keeping local transportation infrastructure functional, but District revenues are insufficient to sustain a viable pavement overlay program. The District maintains the ability to propose future fee changes to voters up to \$100 per vehicle, although at this time no such ballot measure is planned. Additionally, the State Legislature could propose legislation that would allow more flexibility to provide the District with additional collection authority. Until such time, the District will be dependent upon population growth factors in the community that will lead to additional vehicle registration fees.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Des Moines Transportation Benefit District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Des Moines Transportation Benefit District, 21630 11th Ave. S., Des Moines, Washington, 98198, or by calling 206-870-7586.

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF NET POSITION
November 18, 2015

	GOVERNMENTAL ACTIVITIES	
ASSETS		
Cash and cash equivalents	\$ -	
TOTAL ASSETS	<u>\$ -</u>	
LIABILITIES		
Accounts payable	\$ -	
TOTAL LIABILITIES	<u>\$ -</u>	
NET POSITION		
Restricted for transportation improvements	\$ -	
TOTAL NET POSITION	<u>\$ -</u>	

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT2014 Annual Financial Statements

**DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF NET POSITION
Year Ended December 31, 2014**

	GOVERNMENTAL ACTIVITIES
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 36,189
TOTAL ASSETS	<hr/> \$ 36,189 <hr/>
 LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<hr/> \$ - <hr/>
 NET POSITION	
Restricted for transportation improvements	\$ 36,189
TOTAL NET POSITION	<hr/> \$ 36,189 <hr/>

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

Des Moines Transportation Benefit District
Statement of Net Position

For the Year Ended December 31, 20%

	GOVERNMENTAL ACTIVITIES
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 72,004
TOTAL ASSETS	<u>\$ 72,004</u>
 LIABILITIES	
Accounts payable	\$ 3,162
TOTAL LIABILITIES	<u>\$ 3,162</u>
 NET POSITION	
Restricted for transportation improvements	\$ 68,842
TOTAL NET POSITION	<u>\$ 68,842</u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
2015 Annual Financial Statements

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF ACTIVITIES
For the Eleven Months Ended April 30, 2015

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>NET (EXPENSES) REVENUE</u>
Governmental Activities:			
Transportation	\$ 339,597	\$ 390,753	\$ 51,156
Total Governmental Activities	<u>\$ 339,597</u>	<u>\$ 390,753</u>	<u>51,156</u>
General Revenues:			
Interest			43
Contributions to City of Des Moines			<u>(87,388)</u>
Total General Revenues			<u>(87,345)</u>
Change in Net Position			(36,189)
Net Position Beginning of the Year			<u>36,189</u>
Net Position End of the Year			<u><u>\$ -</u></u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	NET (EXPENSES) REVENUE
Governmental Activities:			
Transportation	\$ 457,227	\$ 424,531	\$ (32,696)
Total Governmental Activities	<u>\$ 457,227</u>	<u>\$ 424,531</u>	<u>\$ (32,696)</u>
General Revenues:			
Interest			<u>\$ 43</u>
Total General Revenues			<u>\$ 43</u>
Change in Net Position			\$ (32,653)
Net Position Beginning of the Year			<u>\$ 68,842</u>
Net Position End of the Year			<u><u>\$ 36,189</u></u>

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

DES MOINES TRANSPORTATION DISTRICT
Management's Discussion and Analysis

Des Moines Transportation Benefit District
Statement of Activities

For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	NET (EXPENSES) REVENUE
Governmental Activities:			
Transportation	\$ 428,674	\$ 417,583	\$ (11,091)
Total Governmental Activities	\$ 428,674	\$ 417,583	\$ (11,091)
 General Revenues:			
Interest			\$ 119
Total General Revenues			\$ 119
 Change in Net Position			\$ (10,972)
<hr/>			
Net Position Beginning of the Year			\$ 79,814
Net Position End of the Year			<hr/> \$ 68,842

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
GENERAL FUND BALANCE SHEET
November 18, 2015

ASSETS

Cash and cash equivalents	\$ -
TOTAL ASSETS	\$ -

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$ -
TOTAL LIABILITIES	\$ -

FUND BALANCE:

Restricted for transportation improvements	\$ -
TOTAL FUND BALANCE	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$ -

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
BALANCE SHEET
Year Ended December 31, 2014

	GENERAL FUND
<hr/>	
ASSETS	
Cash and cash equivalents	<u>\$ 36,189</u>
TOTAL ASSETS	<u>\$ 36,189</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ -</u>
FUND BALANCE:	
Restricted for transportation improvements	<u>\$ 36,189</u>
TOTAL FUND BALANCE	<u>\$ 36,189</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 36,189</u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
BALANCE SHEET
Year Ended December 31, 2013

	GENERAL FUND
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 72,004
TOTAL ASSETS	<u>\$ 72,004</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	\$ 3,162
TOTAL LIABILITIES	<u>\$ 3,162</u>
 FUND BALANCE:	
Restricted for transportation improvements	\$ 68,842
TOTAL FUND BALANCE	<u>\$ 68,842</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 72,004</u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT

2015 Annual Financial Statements

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the 11 Months Ended November 18, 2015

	GENERAL FUND
REVENUES	
Charges for services	\$ 390,753
Investment earnings	43
TOTAL REVENUES	<u>390,796</u>
EXPENDITURES	
Current:	
Transportation	<u>339,597</u>
TOTAL EXPENDITURES	<u>339,597</u>
Excess (deficiency) of revenues over (under) expenditures	51,199
OTHER FINANCING USES	
Transfers out	<u>(87,388)</u>
TOTAL OTHER FINANCING USES	<u>(87,388)</u>
Net change in fund balances	(36,189)
Fund balances beginning of year	36,189
FUND BALANCES END OF YEAR	<u><u>\$ -</u></u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT2014 Annual Financial Statements

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	GENERAL FUND
REVENUES	
Charges for services	\$ 424,531
Investment earnings	43
TOTAL REVENUES	<u>424,574</u>
EXPENDITURES	
Current:	
Transportation	<u>457,227</u>
TOTAL EXPENDITURES	<u>457,227</u>
Excess (deficiency) of revenues over (under) expenditures	(32,653)
Net change in fund balances	(32,653)
Fund balances beginning of year	68,842
FUND BALANCES END OF YEAR	<u><u>\$ 36,189</u></u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	GENERAL FUND
REVENUES	
Charges for services	\$ 417,583
Investment earnings	119
TOTAL REVENUES	<u>417,702</u>
EXPENDITURES	
Current:	
Transportation	428,674
TOTAL EXPENDITURES	<u>428,674</u>
Excess (deficiency) of revenues over (under) expenditures	(10,972)
Net change in fund balances	(10,972)
Fund balances beginning of year	79,814
FUND BALANCES END OF YEAR	<u><u>\$ 68,842</u></u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT

2015 Annual Financial Statements

DES MOINES TRANSPORTATION BENEFIT DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Eleven Months Ended November 18, 2015

	BUDGET	ACTUAL AMOUNTS	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 420,000	\$ 390,753	\$ (29,247)
Investment earnings	50	43	(7)
TOTAL REVENUES	<u>420,050</u>	<u>390,796</u>	<u>(29,254)</u>
EXPENDITURES			
Current:			
State Audit	1,000	-	(1,000)
Insurance	2,500	2,500	-
Maintenance	419,200	337,097	(82,103)
TOTAL EXPENDITURES	<u>422,700</u>	<u>339,597</u>	<u>(83,103)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,650)	51,199	53,849
OTHER FINANCING USES			
Transfers out	(87,388)	(87,388)	-
TOTAL OTHER FINANCING USES	<u>(87,388)</u>	<u>(87,388)</u>	<u>-</u>
Net change in fund balances	(90,038)	(36,189)	53,849
Fund balances beginning of year	90,038	36,189	(53,849)
FUND BALANCES END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	BUDGET	ACTUAL AMOUNTS	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 415,000	\$ 424,531	\$ 9,531
Investment earnings	100	43	(57)
TOTAL REVENUES	<u>415,100</u>	<u>424,574</u>	<u>9,474</u>
EXPENDITURES			
Current:			
State Audit	-	963	963
Insurance	5,000	2,500	(2,500)
Maintenance	479,150	453,764	25,386
TOTAL EXPENDITURES	<u>484,150</u>	<u>457,227</u>	<u>23,849</u>
Excess (deficiency) of revenues over (under) expenditures	(69,050)	(32,653)	36,397
Net change in fund balances	(69,050)	(32,653)	36,397
Fund balances beginning of year	72,000	68,842	(3,158)
FUND BALANCES END OF YEAR	<u>\$ 2,950</u>	<u>\$ 36,189</u>	<u>\$ 33,239</u>

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

DES MOINES TRANSPORTATION DISTRICTManagement's Discussion and Analysis

DES MOINES TRANSPORTATION BENEFIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2013

	BUDGET	ACTUAL AMOUNTS	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 410,000	\$ 417,583	\$ 7,583
Investment earnings	100	119	19
TOTAL REVENUES	<u>410,100</u>	<u>417,702</u>	<u>7,602</u>
EXPENDITURES			
Current:			
Transportation	460,947	428,674	32,273
TOTAL EXPENDITURES	<u>460,947</u>	<u>428,674</u>	<u>32,273</u>
Excess (deficiency) of revenues over (under) expenditures	(50,847)	(10,972)	39,875
Net change in fund balances	(50,847)	(10,972)	39,875
Fund balances beginning of year	83,245	79,814	(3,431)
FUND BALANCES END OF YEAR	<u>\$ 32,398</u>	<u>\$ 68,842</u>	<u>\$ 36,444</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the Eleven Months Ended November 18, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Des Moines Transportation Benefit District was incorporated on November 20, 2008 by the City Council of the City of Des Moines, Washington. The District operates under the laws of the State of Washington applicable to transportation benefit districts.

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

A. The Reporting Entity

The Des Moines Transportation District is a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the District. RCW 35.21.225 governs the formation of transportation benefit districts by cities. The members of the Des Moines City Council serve as the governing body of the District.

As required by generally accepted accounting principles, the financial statements present activity of the District, the primary government. The District's reporting entity does not include any component units. Although legally separate, the District itself is reported as a blended component unit of the City of Des Moines because its sole purpose is to finance transportation improvement projects carried out by the City. The City Manager of the City of Des Moines serves as the District's Executive Director and the City's Finance Director acts as the District's Treasurer. City employees perform all operational and administrative functions of the District.

On November 12, 2015 Des Moines City Council passed ordinance 1634 which was effective November 18, 2015 and authorized the City of Des Moines to assume the transportation benefit district as of that date. References to the rights, powers, functions and obligations previously exercised and/or performed by the governing body of the Des Moines Transportation Benefit District were assumed and transferred to the City of Des Moines City Council.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report information of all of the activities of the primary government.

The statement of net position presents the financial condition of the District at year end. The District reports a single governmental fund (the general fund) and therefore no interfund activity or additional separate fund statements are presented. The statement of activities presents a comparison between direct expenses and program activity of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a specific function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program, and interest earned on grants that is required to be used to support a particular function or program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

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. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest associated with the current period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The general fund is the District's operating fund. It accounts for all financial resources of the District.

D. Budgetary Information

Scope of Budget

Annual appropriated budgets are adopted for the District's general fund on the modified accrual basis of accounting. Budgetary control is established at the fund level which constitutes the legal authority for expenditures at that level.

Amending the Budget

Any revisions to the District's approved budget in total or at the individual budget control level must be approved by the Board of Directors. The budget amounts shown in the financial statements are the final authorized amounts. There were no revisions to the 2015 adopted budget.

E. Assets, Liabilities, Fund Balance, Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are maintained by the City of Des Moines Finance department. All cash and cash equivalents, restricted and unrestricted, consists of cash balances in the City's checking account, investments with the State Treasurer's Local Government Investment Pool, and investments with original maturities of less than three months. Cash balances are pooled with the City of Des Moines funds. Interest earned on pooled investments is allocated to the District's general fund based on the average monthly equity in the pooled balances of all City funds. At November 18, 2015, the District's share of pooled investments was \$0.

Fund Balance Classification

The District, in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, classifies governmental fund balances as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance. Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Amounts that have constraints placed on the use of resources. These constraints must be either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action at a City Council Meeting, and cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance. Amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that can report a positive unassigned fund balance.

For the Eleven Months Ended November 18, 2015, the entire fund balance of \$0, in the District's General Fund is classified as restricted. These resources are only available for transportation improvement projects as prescribed by RCW 36.73.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

As described in Note 1 (E), cash resources of the District are combined with the City of Des Moines and are managed by the City's Finance Department. The District's vehicle registration fees are collected by the State Department of Licensing on behalf of the District and directly deposited by the State Department of Revenue to the City's account with the State Treasurer's Local Government Investment Pool.

The LGIP is a voluntary program administered by the State Treasurer's Office. The LGIP operates as a 2a7-like unrated pool. Investments in 2a7-like pools are measured at the net asset value per share provided by the pool. The net asset value per share generally is calculated on a basis other than fair value, such as by the "amortized cost" method that provides a net asset value per share that approximates fair value. Positions in the LGIP are approximately equivalent to the value of the pool shares due to the investments' high quality and short maturities.

The District and the City's cash balances are pooled and operate like a demand deposit account. That is, funds may be deposited at any time and withdrawals may occur up to the respective fund balance out of the pool without prior notice or penalty. Interest earned on pooled investments is allocated at the end of each month based on the average monthly equity in the pooled balances of all City funds for the prior month. At November 18, 2015, the District's share of pooled investments was \$87,388 before the final amounts were transferred to the City of Des Moines.

Deposits in approved banks are covered by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per account. The remaining deposits are insured by the Washington Public Deposit Protection Commission.

NOTE 4 – RISK MANAGEMENT

Public Entity Risk Pool

The District is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA currently has a total of 162 members.

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

Liability coverage is written on an occurrence basis without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop-gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Insurance coverage for underground storage tanks are purchased under a separate policy. Various deductibles apply by type of coverage. Property insurance and auto physical damage coverage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

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

NOTE 5 – RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports zero as the remaining net assets were transferred to the City of Des Moines.

NOTE 6 – CONTINGENCIES AND LITIGATIONS

The District's financial statements include all material liabilities. There are no material contingent liabilities to recognize.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Des Moines Transportation Benefit District was incorporated on November 20, 2008 by the City Council of the City of Des Moines, Washington. The District operates under the laws of the State of Washington applicable to transportation benefit districts.

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

A. The Reporting Entity

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As required by generally accepted accounting principles, the financial statements present activity of the District, the primary government. The District's reporting entity does not include any component units. Although legally separate, the District itself is reported as a blended component unit of the City of Des Moines because its sole purpose is to finance transportation improvement projects carried out by the City. The City Manager of the City of Des Moines serves as the District's Executive Director and the City's Finance Director acts as the District's Treasurer. City employees perform all operational and administrative functions of the District.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report information of all of the activities of the primary government.

The statement of net position presents the financial condition of the District at year end. The District reports a single governmental fund (the general fund) and therefore no interfund activity or additional separate fund statements are presented. The statement of activities presents a comparison between direct expenses and program activity of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a specific function. Program revenues include charges

paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program, and interest earned on grants that is required to be used to support a particular function or program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

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. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest associated with the current period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The general fund is the District's operating fund. It accounts for all financial resources of the District.

D. Budgetary Information

Scope of Budget

Annual appropriated budgets are adopted for the District's general fund on the modified accrual basis of accounting. Budgetary control is established at the fund level which constitutes the legal authority for expenditures at that level.

Amending the Budget

Any revisions to the District's approved budget in total or at the individual budget control level must be approved by the Board of Directors. The budget amounts shown in the financial statements are the final authorized amounts. There were no revisions to the 2014 adopted budget.

E. Assets, Liabilities, Fund Balance, Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are maintained by the City of Des Moines Finance department. All cash and cash equivalents, restricted and unrestricted, consists of cash balances in the City's checking account, investments with the State Treasurer's Local Government Investment Pool, and investments with original maturities of less than three months. Cash balances are pooled with the City of Des Moines funds. Interest earned on pooled investments is allocated to the District's general fund based on the average monthly equity in the pooled balances of all City funds. At December 31, 2014, the District's share of pooled investments was \$36,189.

Fund Balance Classification

The District, in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, classifies governmental fund balances as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance. Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Amounts that have constraints placed on the use of resources. These constraints must be either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action at a City Council Meeting, and cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance. Amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that can report a positive unassigned fund balance.

For the year ended December 31, 2014, the entire fund balance of \$36,189, in the District's General Fund is classified as restricted. These resources are only available for transportation improvement projects as prescribed by RCW 36.73.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

As described in Note 1 (E), cash resources of the District are combined with the City of Des Moines and are managed by the City's Finance Department. The District's vehicle registration fees are collected by the State Department of Licensing on behalf of the District

and directly deposited by the State Department of Revenue to the City's account with the State Treasurer's Local Government Investment Pool.

The LGIP is a voluntary program administered by the State Treasurer's Office. The LGIP operates as a 2a7-like unrated pool. Investments in 2a7-like pools are measured at the net asset value per share provided by the pool. The net asset value per share generally is calculated on a basis other than fair value, such as by the "amortized cost" method that provides a net asset value per share that approximates fair value. Positions in the LGIP are approximately equivalent to the value of the pool shares due to the investments' high quality and short maturities.

The District and the City's cash balances are pooled and operate like a demand deposit account. That is, funds may be deposited at any time and withdrawals may occur up to the respective fund balance out of the pool without prior notice or penalty. Interest earned on pooled investments is allocated at the end of each month based on the average monthly equity in the pooled balances of all City funds for the prior month. At December 31, 2014, the District's share of pooled investments was \$36,189.

Deposits in approved banks are covered by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per account. The remaining deposits are insured by the Washington Public Deposit Protection Commission.

NOTE 4 – RISK MANAGEMENT

Public Entity Risk Pool

The District is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA currently has a total of 162 members.

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

Liability coverage is written on an occurrence basis without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop-gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Insurance coverage for underground storage tanks are purchased under a separate policy. Various deductibles apply by type of coverage. Property insurance and auto physical damage coverage are self-funded from the

members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

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

NOTE 5 – RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$36,189 of restricted component net position which is restricted by enabling legislation.

NOTE 6 – CONTINGENCIES AND LITIGATIONS

The District's financial statements include all material liabilities. There are no material contingent liabilities to recognize.

DES MOINES TRANSPORTATION BENEFIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Des Moines Transportation Benefit District was incorporated on November 20, 2008 by the City Council of the City of Des Moines, Washington. The District operates under the laws of the State of Washington applicable to transportation benefit districts.

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

A. The Reporting Entity

The Des Moines Transportation District is a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the District. RCW 35.21.225 governs the formation of transportation benefit districts by cities. The members of the Des Moines City Council serve as the governing body of the District.

As required by generally accepted accounting principles, the financial statements present activity of the District, the primary government. The District's reporting entity does not include any component units. Although legally separate, the District itself is reported as a blended component unit of the City of Des Moines because its sole purpose is to finance transportation improvement projects carried out by the City. The City Manager of the City of Des Moines serves as the District's Executive Director and the City's Finance Director acts as the District's Treasurer. City employees perform all operational and administrative functions of the District.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report information of all of the activities of the primary government.

The statement of net position presents the financial condition of the District at year end. The District reports a single governmental fund (the general fund) and therefore no interfund activity or additional separate fund statements are presented. The statement of activities presents a comparison between direct expenses and program activity of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a specific function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function

or program, and interest earned on grants that is required to be used to support a particular function or program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

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. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest associated with the current period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The general fund is the District's operating fund. It accounts for all financial resources of the District.

D. Budgetary Information

Scope of Budget

Annual appropriated budgets are adopted for the District's general fund on the modified accrual basis of accounting. Budgetary control is established at the fund level which constitutes the legal authority for expenditures at that level.

Amending the Budget

Any revisions to the District's approved budget in total or at the individual budget control level must be approved by the Board of Directors. The budget amounts shown in the financial statements are the final authorized amounts. There were no revisions to the 2013 adopted budget.

E. Assets, Liabilities, Fund Balance, Net Position

Cash and Cash Equivalents

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DES MOINES TRANSPORTATION DISTRICT

Management's Discussion and Analysis

months. Cash balances are pooled with the City of Des Moines funds. Interest earned on pooled investments is allocated to the District's general fund based on the average monthly equity in the pooled balances of all City funds. At December 31, 2013, the District's share of pooled investments was \$72,004.

Fund Balance Classification

The District, in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, classifies governmental fund balances as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance. Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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Unassigned Fund Balance. Amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that can report a positive unassigned fund balance.

For the year ended December 31, 2013, the entire fund balance of \$68,842, in the District's General Fund is classified as restricted. These resources are only available for transportation improvement projects as prescribed by RCW 36.73.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

As described in Note 1 (E), cash resources of the District are combined with the City of Des Moines and are managed by the City's Finance Department. The District's vehicle registration fees are collected by the State Department of Licensing on behalf of the District and directly deposited by the State Department of Revenue to the City's account with the State Treasurer's Local Government Investment Pool.

The LGIP is a voluntary program administered by the State Treasurer's Office. The LGIP operates as a 2a7-like unrated pool. Investments in 2a7-like pools are measured at the net asset value per share provided by the pool. The net asset value per share generally is

calculated on a basis other than fair value, such as by the "amortized cost" method that provides a net asset value per share that approximates fair value. Positions in the LGIP are approximately equivalent to the value of the pool shares due to the investments' high quality and short maturities.

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Deposits in approved banks are covered by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per account. The remaining deposits are insured by the Washington Public Deposit Protection Commission.

NOTE 4 – RISK MANAGEMENT

Public Entity Risk Pool

The District is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA currently has a total of 162 members.

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

Liability coverage is written on an occurrence basis without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop-gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Insurance coverage for underground storage tanks are purchased under a separate policy. Various deductibles apply by type of coverage. Property insurance and auto physical damage coverage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

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

DES MOINES TRANSPORTATION DISTRICT

Management's Discussion and Analysis

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 statements 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 the WCIA.

NOTE 5 – SHORT-TERM DEBT

The District had no short-term debt or short-term debt activities during the year ended December 31, 2013.

NOTE 6 – LONG-TERM DEBT

The District had no long-term debt or leases during the year ended December 31, 2013.

NOTE 7 – RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$68,842 of restricted component net position which is restricted by enabling legislation.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The District's financial statements include all material liabilities. There are no material contingent liabilities to recognize.

NOTE 9 – OTHER DISCLOSURES

Prior Year Financial Information

The District did not report separate annual financial statements in previous years. The District's financial results were included in the City of Des Moines's annual financial statements as a blended component unit, a nonmajor governmental fund. The following statement of net position and statement of changes in net position for prior years is provided in Table A-4.

Table A-4
Des Moines Transportation Benefit District's Net Position

	Governmental Activities			
	2012	2011	2010	2009
Total assets	\$ 79,814	\$ 43,769	\$ 6,600	\$ 6,799
Total liabilities	-	-	-	-
Net position				
Net investment in capital assets	-	-	-	-
Restricted	79,814	43,769	6,600	6,799
Total net position	\$ 79,814	\$ 43,769	\$ 6,600	\$ 6,799

Des Moines Transportation Benefit District's Changes in Net Position

	Governmental Activities			
	2012	2011	2010	2009
Revenues:				
Program revenues:				
Charges for services	\$ 419,423	\$ 405,521	\$ 375,031	\$ 72,633
General revenues:				
Unrestricted investment earnings	109	13	6	17
Total Revenues	419,532	405,534	375,037	72,650
Program expenses:				
Transportation	383,487	368,365	375,236	65,851
Total Expenses	383,487	368,365	375,236	65,851
Changes in net position	36,045	37,169	(199)	6,799
Net position beginning	43,769	6,600	6,799	-
Net position ending	\$ 79,814	\$ 43,769	\$ 6,600	\$ 6,799

Governmental Accounting Standards Board Statements (GASB)

The District implemented GASB Statement No. 54 in 2011.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental fund type definitions.

The District implemented GASB Statement No. 63 in 2012.

DES MOINES TRANSPORTATION DISTRICT

Management's Discussion and Analysis

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, establishes guidance in reporting transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods, and per Concepts Statement No. 4 identifies net position as the residual of all other elements presented in a statement of financial position. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

The District implemented GASB Statement No. 65 in 2013.

GASB statement No. 65, *Items Previously Reported as Assets and Liabilities*, objective is to improve financial reporting by either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*.

End of Note Disclosures

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov