# AGENDA

## TRANSPORTATION BENEFIT DISTRICT
## BOARD MEETING

**March 5, 2015, 6:40 p.m.**

**CALL TO ORDER**

**ROLL CALL**

**COMMENTS FROM THE PUBLIC**

**APPROVAL OF MINUTES**

Motion is to approve minutes of the November 13, 2014 Transportation Benefit District meeting.

**NEW BUSINESS**

1. 2014 ANNUAL FINANCIAL REPORT
   Staff Presentation: Finance Director Dunyele Mason

**NEXT MEETING DATE**

To be determined.

**ADJOURNMENT**

As allowed by law, the Board may add and take action on items not listed on the agenda.

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# MINUTES

## TRANSPORTATION BENEFIT DISTRICT
## Board Meeting

**November 13, 2014, 6:40 p.m.**

### CALL TO ORDER

The meeting was called to order by Chair Pina at 6:41 p.m.

### ROLL CALL

Boardmembers present: Chair Matt Pina; Vice Chair Jeremy Nutting; Boardmembers Dave Kaplan, Melissa Musser, Jeanette Burrage, and Vic Pennington.

Boardmember Sheckler was absent.

Staff present: Board President Tony Piasecki; Board Attorney Tim George; Engineering Services Manager Brandon Carver; Finance Director Paula Henderson; Board Clerk Bonnie Wilkins.

### APPROVAL OF MINUTES

**Action/Direction**

**Motion** made by Vice Chair Nutting to approve the minutes of the February 13, 2014 Transportation Benefit District meeting; seconded by Boardmember Pennington.
The motion passed 6-0.

### NEW BUSINESS

Item 1: 2015 BUDGET ADOPTION
Staff Presentation: Engineering Services Manager Brandon Carver

Engineering Services Manager Carver gave a brief presentation to the Board on the adoption of the 2015 Budget.

**Action/Direction**

**Motion 1** made by Boardmember Kaplan to approve the list of potential Transportation Benefit District expenditures for the City of Des Moines Street Fund, based on the City's Street Fund's Preliminary 2015 Budget, and authorize the payment of invoices from the City for expenditures in 2015 in an amount up to a total of $422,700 subject to the availability of funds; seconded by Vice Chair Nutting.
The motion passed 6-0.

**Motion 2** made by Boardmember Kaplan to approve the 2015 Transportation Benefit District Budget; seconded by Vice Chair Nutting.
The motion passed 6-0.

### NEXT MEETING DATE

The next meeting date would be determined and announced at a later date and time.

### ADJOURNMENT

**Motion** made by Vice Chair Nutting to adjourn; seconded by Boardmember Kaplan.
The motion passed 6-0.

The meeting was adjourned at 6:46 p.m.

Respectfully submitted,
Bonnie Wilkins
Board Clerk

# A G E N D A  I T E M

BUSINESS OF THE DES MOINES TRANSPORTATION BENEFIT DISTRICT BOARD

**NEW BUSINESS ITEM No. 1**

**Purpose:**

The purpose of this Agenda Item is to provide the Des Moines Transportation Benefit District 2014 Financial Report, Attachment 1. The District received vehicle license fees of $424,531 and paid $453,764 for street maintenance and repair activities and $3,463 is miscellaneous other costs. The ending fund balance is $36,189.

**Background:**

Per RCW 36.73.160, Transportation Benefit Districts are required to issue an annual report, indicating the status of transportation improvement costs, transportation improvement expenditures, revenues, and construction schedules, to the public and to newspapers of record in the district.

The Des Moines Transportation Benefit District has chosen this source of revenue to initially go towards the maintenance activities on existing 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.

**Recommendation:**

none

# ANNUAL FINANCIAL REPORT

## DES MOINES TRANSPORTATION DISTRICT
KING COUNTY, WASHINGTON

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

*Prepared by:*
*Finance Department*
*Dunyele Mason, CPA – Finance Director*

**Des Moines Transportation Benefit District**
**King County**
**For the Year Ended December 31, 2014**

# Financial Section

## *REQUIRED SUPPLEMENTARY INFORMATION*

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## *BASIC FINANCIAL STATEMENTS*

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# 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*

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: | | |
| Program revenues: | | |
| Charges for services | $ 417,583 | $ 424,531 |
| General revenues: | | |
| 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**

| | Final Budget | Actual | Variance |
|---|---|---|---|
| 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
## STATEMENT OF NET POSITION
### Year Ended December 31, 2014

| | GOVERNMENTAL ACTIVITIES |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 36,189 |
| **TOTAL ASSETS** | $ 36,189 |
| **LIABILITIES** | |
| Accounts payable | $ - |
| **TOTAL LIABILITIES** | $ - |
| **NET POSITION** | |
| Restricted for transportation improvements | $ 36,189 |
| **TOTAL NET POSITION** | $ 36,189 |

**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 | $ 457,227 | $ 424,531 | $ (32,696) |
| General Revenues: | | | |
| Interest | | | $ 43 |
| Total General Revenues | | | $ 43 |
| Change in Net Position | | | $ (32,653) |
| Net Position Beginning of the Year | | | $ 68,842 |
| Net Position End of the Year | | | $ 36,189 |

**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 |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 36,189 |
| **TOTAL ASSETS** | $ 36,189 |
| | |
| **LIABILITIES AND FUND BALANCE** | |
| **LIABILITIES:** | |
| Accounts payable | $ - |
| **TOTAL LIABILITIES** | $ - |
| | |
| **FUND BALANCE:** | |
| Restricted for transportation improvements | $ 36,189 |
| **TOTAL FUND BALANCE** | $ 36,189 |
| **TOTAL LIABILITIES AND FUND BALANCE** | $ 36,189 |

**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, 2014

| | GENERAL FUND |
|---|---|
| **REVENUES** | |
| Charges for services | $ 424,531 |
| Investment earnings | 43 |
| **TOTAL REVENUES** | 424,574 |
| **EXPENDITURES** | |
| Current: | |
| Transportation | 457,227 |
| **TOTAL EXPENDITURES** | 457,227 |
| 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** | $ 36,189 |

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** | 415,100 | 424,574 | 9,474 |
| **EXPENDITURES** | | | |
| Current: | | | |
| State Audit | - | 963 | 963 |
| Insurance | 5,000 | 2,500 | (2,500) |
| Maintenance | 479,150 | 453,764 | 25,386 |
| **TOTAL EXPENDITURES** | 484,150 | 457,227 | 23,849 |
| 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** | $ 2,950 | $ 36,189 | $ 33,239 |

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

# 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

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 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.