

BAINBRIDGE ISLAND TRANSPORTATION BENEFIT DISTRICT
Balance Sheet Statement
As of December 31, 2015

ASSETS	
Cash and Cash Equivalents	\$ -
Total Assets	<u>-</u>
FUND BALANCES	
Restricted	-
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>

Note that at December 31, 2015, the Bainbridge Island Transportation Benefit District was dissolved and assumed by the City of Bainbridge Island. For additional details on this transaction see the accompanying notes to this financial statement.

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

BAINBRIDGE ISLAND TRANSPORTATION BENEFIT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended December 31, 2015

REVENUES	
Other Taxes	\$ 392,088
Interest and Investment Revenue	<u>1,575</u>
Total Revenues	393,663
EXPENDITURES	
General Government	<u>6,257</u>
Total Expenditures	6,257
Excess/(deficiency) of Revenue over Expenditures	387,406
OTHER FINANCING SOURCES/(USES)	
Transfers Out	<u>(640,960)</u>
Total Other Financing Sources/Uses	<u>(640,960)</u>
Net Change in Fund Balance	(253,554)
Fund Balances - Beginning	<u>253,554</u>
Fund Balances - Ending	<u><u>\$ (0)</u></u>

NOTES TO THE FINANCIAL STATEMENTS**For the year ended December 31, 2015****NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements and underlying accounting policies of the Bainbridge Island Transportation Benefit District (District) conform to Generally Accepted Accounting Principles (GAAP) as applied to governmental units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The District was created in August 2012 by the City of Bainbridge Island (City) upon passage of City Ordinance No. 2012-14 and operates under the laws of the State of Washington applicable to Transportation Benefit Districts. The seven City council members serve as the District's governing board and act in an ex-officio and independent capacity. The City's Finance Director serves as the District's Treasurer and the City Clerk is the District's registered agent for service process. The District's geographical boundaries are the same as the City's. The Board annually appoints one of its members to serve as Board chair. The District is a special purpose government created to improve and protect the City's long-term investment in its transportation infrastructure, to reduce the risk of transportation facility failure, to improve safety, to avoid more expensive infrastructure replacements in the future, and to reduce congestion or stem the expected increase in congestion created by failing roads. The District is funded by a \$20 vehicle registration fee used for transportation improvements as defined by RCW 36.73.015.

Blended Component Unit

The accompanying financial statements represent the activities of the District. The District is a component unit of the City of Bainbridge Island and as such the District's is reported as a non-major special revenue fund in the City's financial statements. The District is considered financially accountable to the City because the City appoints a voting majority of the governing body and, 1) is able to impose its will on the organization by significantly influencing the programs, projects, activities or levels of service; and 2) has the potential to provide financial benefits to, or impose financial burdens on, the District. Blended component units are, in substance, part of the primary government's operations due to the closely linked nature of their relationship, even though they are legally separate entities.

On December 1, 2015, the City Council passed Ordinance No. 2015-31 dissolving and assuming the District into the City's operations in accordance with Chapter 36.74 RCW. This assumption was effective December 31, 2015.

The City's separately issued financial statements may be obtained by contacting the City of Bainbridge Island Finance Department at 280 Madison Ave. N., Bainbridge Island, WA 98110-1812 or emailing finance@bainbridgewa.gov.

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

The District's 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, it is District's policy to consider revenues available if they are collected within 60 days of the end of the current fiscal period. Excise taxes and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures in the governmental fund financial statements are generally recorded when a liability is incurred, as under accrual accounting. However, certain expenditures, such as debt service, compensated absences and claims and judgments, are recorded only when payment is due.

The District has one fund, its General Fund. It accounts for all financial resources of the District. The major revenue source is excise taxes in the form of a \$20 vehicle registration fee. Major expenditures are for administration and transfers out to other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed. In addition, in general when resources are available that may be spent from committed, assigned or unassigned fund balance it is the District's policy to use the most restrictive category first.

C. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from those estimates and assumptions.

D. Budgetary Information

Transportation Benefit Districts are not required to enact budgets and the District has chosen not pass a budget.

E. Assets, Liabilities and Equities

The District's significant assets, liabilities and equities are described in the notes that follow.

1. Cash and Cash Equivalent

For purposes of the financial statements, including the statement of cash flows, the District considers cash and cash equivalents to include cash on hand, demand deposits, and all short-term investments with original maturities of three months or less from date of acquisition. At December 31, 2015, the District was holding no cash or cash equivalents because the District had been assumed by the City.

It is the District's policy to invest temporary cash surpluses. At December 31, 2015, the District was holding no short-term residual investments of surplus cash. This amount is classified on the balance sheet with cash and cash equivalents. Interest on these investments is distributed to various funds proportional to their cash balances.

2. Fund Balance

The District had no fund balance at December 31, 2014.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission.

B. Investments

All of the District's surplus cash is invested in accordance with an investment policy approved by the City Council. It is the District's policy to pool all available cash for investment purposes that isn't required to be kept separate. Washington State law limits the investment choices. Allowable investments include U.S. government obligations, state and local

government obligations, bankers' acceptances and deposits in Washington State financial institutions. At year-end 2015 all District funds were invested in the Washington State Treasurer's Local Government Investment Pool (LGIP), the Kitsap County Treasurer's Investment Pool (KCTIP) or Umpqua Bank's Government Investment Pool (UBGIP). These funds are marked to market monthly by those entities and the District's position in the pools is the same as the value of the shares. All of these pools are non-rated 2a7-like pools.

The LGIP is managed and operated solely by the Washington State Treasurer's Office. The State Treasurer created an LGIP Advisory Committee to provide advice on the pool's operation. The Advisory Committee includes 12 members selected from the pool's active participants. Eight members are appointed by the participants and four by the State Treasurer. The pool is not rated by financial rating agencies.

The KCTIP is managed and operated solely by the Kitsap County Treasurer's Office and is not registered with the SEC. It includes participating funds of the County, from the local governmental entities where the County Treasurer serves as ex-officio treasurer and from cities located within the county. Participation in the pool is voluntary. The pool's investments are those allowed by the County Investment Policy and include savings accounts, CD's and securities. Pool oversight comes from the Kitsap County Finance Committee. The committee consists of the County Treasurer, the County Auditor and the Chair of the Board of County Commissioners. The committee approves the KCTIP investment policy.

The UBGIP is managed and operated by Umpqua Bank as an investment vehicle solely for local governments in Washington State. It is FDIC insured and 100% collateralized through the Washington State Public Deposit Protection Commission.

On the District's balance sheet, these pool investments are considered cash equivalents because they can be withdrawn with one days notice. As a matter of policy, the District does not use reverse repurchase agreements (because of the difficulty in perfecting collateral) and does not invest in derivatives (because of the difficulty in assessing risk). At December 31, 2015, the District held no investments.

The District mitigates investment risk by investing only in the Washington state or Kitsap county investment pools or in a pool collateralized by the Washington State Public Deposit Protection Commission.

When not investing in pools, it is the District's policy to require investment instrument safekeeping with the trust department of the investment firm or bank, or a third party custodian, and that all investment transactions are to be evidenced by safekeeping receipts.