

Capital Area Regional Public Facilities District

2011 Annual Financial Report
For the Year Ending December 31, 2011

UNAUDITED

Capital Area Regional Public Facilities District

2011 Board of Directors

President

Jon Halvorson

Secretary/Treasurer

Ken Parsons

Boardmembers

Mark Foutch, Regional
Chris Leicht, Regional
Trent Grantham, Tumwater
David Brine, Olympia
Dennis Reed, Lacey

Capital Area Regional
Public Facilities District
Report for the year ending December 31, 2011

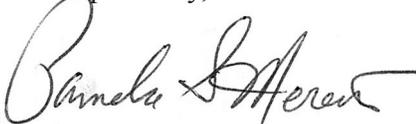
March 15, 2012

Board of Directors
Capital Area Regional Public Facilities District

I am submitting this report on the financial activities of the Capital Area Regional Public Facilities District (CARPFD), for the period January 1, 2011 – December 31, 2011. CARPFD funds are accounted for by the City of Lacey in an Agency Fund which is a separate fund within the financial system of the City. Sales tax revenues are received from the State of Washington by the City on behalf of the CARPFD and distributed to the two approved projects based on the proportionate share determined by the Interlocal agreements between the CARPFD and the cities of Olympia and Lacey.

The total sales tax revenue and interest received by the CARPFD in 2011 was \$1,237,596. Interest earned on the undistributed fund balance totaled \$115. The expenditures and distributions of the CARPFD for 2011 were \$1,244,227 of which \$888,275 was for support of the City of Lacey project, \$349,321 for the City of Olympia project and \$6,631 for administrative expenses, which are reimbursed by the cities of Olympia and Lacey. The accompanying financial report displays further information regarding the financial activities of the CARPFD. Financial information presented in this report is un-audited. The CARPFD is subject to audit by the State of Washington, Auditor's Office.

Respectfully,



Pamela S. Meredith
Accounting Manager
City of Lacey

Capital Area Regional Public Facilities District
Balance Sheet/Statement of Net Assets
December 31, 2011

	General Fund / Governmental Activities
Assets	
Cash	\$ 69,494
Due from other governmental units	228,950
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Total assets	\$ 298,444
	<hr/> <hr/>
Liabilities	
Due to other governmental units	\$ 228,950
	<hr/>
Total liabilities	228,950
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Fund balance/net assets Unreserved/unrestricted	69,494
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Fund balance/net assets	69,494
	<hr/>
Total liabilities and fund balance	\$ 69,494
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See accompanying notes to the financial statement

Capital Area Regional Public Facilities District
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/Net Assets
For the year ended December 31, 2011

	General Fund / Governmental Activities
Revenues	
Sales taxes	\$ 1,234,095
Interest earnings	758
Investment earnings	115
Total revenues	1,234,968
Expenditures	
Project payments	1,234,853
Audit fees	511
Liability insurance	6,120
Total Expenditures	1,241,484
Excess (deficiency) of revenues over (under) expenditures	(6,516)
Other Financing Sources	
Intergovernmental reimbursement	6,631
Net change in fund balance/net assets	115
Fund balance/net assets January 1, 2010	69,379
Fund balance/net assets December 31, 2011	\$ 69,494

See accompanying notes to the financial statement

Capital Area Regional Public Facilities
Notes to the Financial Statements
December 31, 2011

Note 1 – Summary of significant accounting policies

The financial statements of the Capital Area Regional Public Facilities District (PFD) 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. Reporting entity

The Capital Area Regional Public Facilities District, a municipal corporation was organized June 26, 2002 by an Interlocal Agreement entered into by the City of Olympia, the City of Lacey, the City of Tumwater and Thurston County and operates pursuant to the laws of the State of Washington. The Capital Area Regional Facilities District is served by members appointed by the City Councils of Olympia, Lacey, Tumwater and the Thurston County Board of Commissioners. The District was created for the purpose of financing, acquiring, constructing, owning, and/or operating one or more regional centers. These centers are defined as a convention, conference, museum or special events center, or any combination of such facilities, and related parking facilities serving a regional population at a development cost of at least ten million dollars, including debt service. The City's of Olympia and Lacey prepare a separate report on the use of PFD funds for their projects.

In 2003 the PFD contracted with the City of Lacey to develop an Athletic, Recreation and Special Events complex and the City of Olympia to build an Arts and Conference center. During 2004, the City of Olympia terminated the Arts and Conference center project. In 2006 the PFD agreed to contract with the City of Olympia to develop the Hands on Children's Museum project. In November of 2006 amended Interlocal agreements were entered into with the cities of Olympia and Lacey to provide funding for both projects and to divide the balance of unallocated funds as of the amended agreement date, as well as future PFD revenues between Lacey at 71.77% and Olympia at 28.23%.

B. Government-wide fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information for all fiduciary activities of the District. There is no interfund activity or component units within these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District has no indirect costs. Program revenues include only sales tax collected.

C. Measurement focus, basis of accounting, and financial statement presentation

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

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 collectible within the current period or soon enough thereafter to pay for liabilities of the current period. Expenditures are generally recorded when a liability is incurred as, as under *Capital Area Regional Public Facilities District* accrual accounting.

There are no reconciling differences between “Net Assets” or “Changes in Fund Balance” as presented in the fund statements and the “Net Assets” or “Changes in Fund Balance”. As a result, one set of statements presents information for the fund statements and government wide activity.

Note 2 – Budget, compliance and accountability

The District is not statutorily required to adopt budget.

Note 3 – Deposits and Investments

A. Deposits

The Capital Area Regional Public Facilities District’s deposits at December 31, 2011 are entirely insured. The Federal Depository Insurance Commission (FDIC) insures the District’s deposits up to \$250,000 and Washington Public Deposit Protection Commission (WPDPC) insures amounts over \$250,000.

B. Investments

The Capital Area Regional Public Facilities District may invest in obligations of the U.S. Government, U.S. Agency issues, obligations of the State of Washington, general obligations of Washington State municipalities (the State Treasurer’s Investment Pool (LGIP)), or certificates of deposit with Washington State banks and savings and loan institutions that are approved by the Washington Public Protection Commission (PDPC) The State Treasurer’s Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The LGIP is an un-rated 2a-7 like pool, as defined by GASB 31. Accordingly, participants’ balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 60 days. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP’s name. The reported value of the pool is the same as the fair value of the pool shares. As of December 31, 2011 the \$69,494 of cash held in trust by the City of Lacey was invested by the City as part of its pooled cash investments. The pool consisted of investments with the Washington State Treasurer’s Local Government Investment Pool (LGIP).

Note 4 – Risk management

The Capital Area Regional Public Facilities district is a member of Enduris. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. Enduris was formed July 10, 1987, when two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2011, there are 468 Enduris members representing a broad range of special purpose districts.

Enduris allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establish a plan for total self-insurance, and provide excellent risk management services and other related services. Enduris provides “occurrence” policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk” basis, blanket form using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable papers, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offers employee dishonesty coverage up

to a liability limit of \$1,000,000.

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that are subject to a "per occurrence":

\$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss; \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim while Enduris is responsible for the remaining \$249,000 on property loss. Enduris is responsible for the \$4,000 deductible on boiler and machinery loss.

Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Intergovernmental Contract is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Intergovernmental Contract.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Note 5. Other Adjustments

Sales taxes are disbursed to the City of Lacey in two months arrears. Example, November sales taxes are due in and collected by the State in December and disbursed to the City of Lacey in January the following year, and December sales taxes are disbursed to the City of Lacey in February the following year. Therefore, the amounts for November and December sales taxes should be accrued at the end of each year. During 2011, it was discovered that the year-end accruals were not recorded in previous years. The cumulative net adjustment from this transaction was \$2,742.33 which was reported in the 2011 operating statement.