

FINANCIAL SECTION



Financial Section

GENERAL PURPOSE FINANCIAL STATEMENTS



Silverdale Waterfront Park

**General Purpose
Financial Statements**

KITSAP COUNTY, WASHINGTON

GENERAL PURPOSE FINANCIAL STATEMENTS

General Purpose Financial Statements (GPFS) are those basic financial statements that comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principals (GAAP) as they apply to the governmental organizations. GPFS are designed to be “liftable” from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution, along with the independent auditor’s report, to users requiring less detailed information than is contained in the full CAFR. GPFS includes the following:

- ❑ Combined Balance Sheet – All Fund Types and Account Groups.
- ❑ Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – All Governmental Types.
- ❑ Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis) – General, Special Revenue, Debt Service, and Capital Project Funds.
- ❑ Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types.
- ❑ Combined Statement of Cash Flows – All Proprietary Fund Types.
- ❑ Table of Contents for the Notes to the Financial Statements.
- ❑ Notes to the Financial Statements.

KITSAP COUNTY, WASHINGTON

Combined Balance Sheet

All Fund Types and Account Groups

December 31, 2000

With Comparative Totals for December 31, 1999

Assets and Other Debits	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Cash and Equity in Pooled Investments	\$ 10,293,559	\$ 18,677,951	\$ 4,306,768	\$ 333,819
Deposits with Fiscal Agents/Trustees	0	0	60,000	0
Investment at Cost	0	31,243,786	121,262	35,140,373
Receivables:				
Property Taxes	1,589,697	1,163,446	195,960	0
Special Assessments	0	90,102	693,718	0
Accounts	0	0	0	0
Notes/Contracts	90,941	0	1,530,130	0
Other	55,879	73,231	0	0
Due From Other Funds	828,343	513,416	0	1,608
Interfund Loans Receivable	0	0	0	0
Due From Other Governmental Units	917,822	2,585,331	0	242,057
Inventory	0	0	0	0
Prepaid Costs	22,200	0	0	0
Advances to Other Funds	200,000	0	0	0
Restricted Assets:				
Cash and Equity in Pooled				
Investments	0	0	0	0
Investments	0	0	0	0
Notes Receivable	0	1,887,609	0	0
Special Assessments Receivable	0	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Special Assessments Receivable	0	0	0	0
Other Debits:				
Amount Available in Debt Service Funds	0	0	0	0
Amount to be Provided for Retirement of Long-Term Debt	0	0	0	0
Total Assets	\$ 13,998,441	\$ 56,234,872	\$ 6,907,838	\$ 35,717,857

See accompanying notes to financial statements.

Proprietary Fund Types		Fiduciary Fund		Account Groups		Totals	
Enterprise	Internal Service	Type Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)		
					2000	1999	
\$ 2,733,430	\$ 10,278,904	\$ 17,284,734	\$ 0	\$ 0	\$ 63,909,165	\$ 58,635,441	
0	50,000	18,547,110	0	0	18,657,110	20,158,858	
41,978,401	0	128,409,719	0	0	236,893,541	214,019,715	
0	0	8,988,237	0	0	11,937,340	12,475,884	
22,778	0	0	0	0	806,598	1,021,656	
1,462,238	0	0	0	0	1,462,238	1,721,213	
0	0	0	0	0	1,621,071	1,841,122	
0	0	238,503	0	0	367,613	328,499	
383,852	607,285	169,918	0	0	2,504,422	2,208,213	
0	0	0	0	0	0	20,000	
368,621	0	0	0	0	4,113,831	4,071,033	
278,816	961,214	0	0	0	1,240,030	1,017,481	
0	411,033	0	0	0	433,233	531,406	
0	0	0	0	0	200,000	200,000	
15,868	0	0	0	0	15,868	12,615	
1,091,769	0	0	0	0	1,091,769	1,293,500	
0	0	0	0	0	1,887,609	1,883,831	
545,587	0	0	0	0	545,587	1,032,051	
66,614,145	9,967,571	0	93,665,011	0	170,246,727	158,012,774	
2,794,230	0	0	0	0	2,794,230	2,902,720	
0	0	0	0	5,931,321	5,931,321	6,794,996	
0	0	0	0	65,885,411	65,885,411	51,250,407	
<u>\$ 118,289,735</u>	<u>\$ 22,276,007</u>	<u>\$ 173,638,223</u>	<u>\$ 93,665,011</u>	<u>\$ 71,816,732</u>	<u>\$ 592,544,716</u>	<u>\$ 541,433,415</u>	

Combined Balance Sheet

All Fund Types and Account Groups

December 31, 2000

With Comparative Totals for December 31, 1999

Governmental Fund Types

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Warrants Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	1,382,361	1,830,012	0	543,725
Salaries, Taxes and Benefits Payable	0	0	0	0
Matured Long-Term Obligations	0	0	60,000	0
Matured Interest Payable	0	0	26,839	0
Due To Other Funds	139,394	1,220,729	0	35,267
Interfund Loans Payable	0	0	0	0
Custodial Account	0	5,749	0	0
Due To Other Governmental Units	0	1,473,501	0	0
Other Current Liabilities	679,453	400,974	0	4,201
Payable from Restricted Assets:				
Accounts Payable	0	0	0	0
Interest Payable	0	0	0	0
Bonds Payable, net	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
Advances From Other Funds	0	200,000	0	0
Revenues Collected in Advance	2,500	0	0	0
Deferred Revenue	1,613,842	3,141,156	889,678	0
Employee Leave Benefits	0	0	0	0
Deferred Compensation	0	0	0	0
Other Long-Term Liabilities	0	0	0	0
Total Liabilities	3,817,550	8,272,121	976,517	583,193
Equity and other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Capital Outlay	0	0	0	0
Reserved for Other	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Advances	200,000	0	0	0
Reserved for Debt Service	0	0	5,931,321	0
Reserved for Prepaid Cost and Petty Cash	52,090	0	0	0
Unreserved/Undesignated	9,928,801	47,962,751	0	35,134,664
Total Equity and Other Credits	10,180,891	47,962,751	5,931,321	35,134,664
Total Liabilities, Equity and Other Credits	\$ 13,998,441	\$ 56,234,872	\$ 6,907,838	\$ 35,717,857

See accompanying notes to financial statements.

Proprietary Fund Types		Fiduciary Fund		Account Groups		Totals	
Enterprise	Internal Service	Type Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)		
					2000	1999	
\$ 0	\$ 0	\$ 3,774,542	\$ 0	\$ 0	\$ 3,774,542	\$ 4,784,304	
869,888	509,351	0	0	0	5,135,337	4,010,175	
150,702	0	0	0	0	150,702	136,582	
0	0	0	0	0	60,000	285,000	
0	0	0	0	0	26,839	19,803	
916,389	192,641	0	0	0	2,504,420	2,208,213	
0	0	0	0	0	0	20,000	
0	0	151,332,104	0	0	151,337,853	143,163,020	
110,455	0	572,688	0	0	2,156,644	7,799,752	
48,867	3,641,447	(2,947)	0	0	4,771,995	4,207,948	
0	0	0	0	0	0	102	
639,146	0	0	0	0	639,146	662,384	
32,244,032	0	0	0	67,027,359	99,271,391	86,854,746	
0	0	0	0	495,000	495,000	700,000	
0	0	0	0	0	200,000	200,000	
0	0	0	0	0	2,500	800	
0	0	0	0	0	5,644,676	5,951,456	
266,154	112,397	0	0	3,478,825	3,857,376	3,536,582	
0	0	17,961,835	0	0	17,961,835	18,893,583	
0	161,656	0	0	815,548	977,204	1,180,561	
<u>35,245,633</u>	<u>4,617,492</u>	<u>173,638,223</u>	<u>0</u>	<u>71,816,732</u>	<u>298,967,461</u>	<u>284,615,010</u>	
0	0	0	93,665,011	0	93,665,011	87,511,121	
40,359,741	4,290,644	0	0	0	44,650,385	45,203,887	
0	1,711	0	0	0	1,711	1,677,391	
0	50,000	0	0	0	50,000	50,000	
42,684,361	13,316,160	0	0	0	56,000,521	46,667,995	
0	0	0	0	0	200,000	460,000	
0	0	0	0	0	5,931,321	6,794,996	
0	0	0	0	0	52,090	51,580	
0	0	0	0	0	93,026,216	68,401,435	
<u>83,044,102</u>	<u>17,658,515</u>	<u>0</u>	<u>93,665,011</u>	<u>0</u>	<u>293,577,255</u>	<u>256,818,405</u>	
<u>\$ 118,289,735</u>	<u>\$ 22,276,007</u>	<u>\$ 173,638,223</u>	<u>\$ 93,665,011</u>	<u>\$ 71,816,732</u>	<u>\$ 592,544,716</u>	<u>\$ 541,433,415</u>	

KITSAP COUNTY, WASHINGTON

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance

All Governmental Fund Types

Year Ended December 31, 2000

With Comparative Totals for Year Ended December 31, 1999

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)	
					2000	1999
Revenues						
Taxes	\$ 41,970,902	\$ 23,802,577	\$ 2,467,085	\$ 0	\$ 68,240,564	\$ 62,911,741
Licenses & Permits	1,472,010	261,008	0	0	1,733,018	1,772,019
Intergovernmental	7,074,085	43,135,419	9,729	374,980	50,594,213	48,305,504
Charges for Services	6,854,940	3,687,474	231,378	0	10,773,792	8,463,361
Fines & Forfeits	1,649,412	173,971	0	0	1,823,383	1,793,598
Miscellaneous	3,249,622	2,646,307	510,052	1,567,402	7,973,383	21,237,116
Total Revenues	<u>62,270,971</u>	<u>73,706,756</u>	<u>3,218,244</u>	<u>1,942,382</u>	<u>141,138,353</u>	<u>144,483,339</u>
Expenditures						
Current:						
General Government	31,226,511	714,279	0	0	31,940,790	29,344,597
Security of Persons & Property	19,012,651	4,239,132	0	0	23,251,783	21,135,522
Physical Environment	260,292	139,396	0	0	399,688	74,723
Transportation	75,149	18,727,441	0	0	18,802,590	15,771,428
Economic Environment	3,892,067	6,712,785	0	0	10,604,852	10,956,872
Mental & Physical Health	641,023	25,723,468	0	0	26,364,491	24,455,275
Culture & Recreation	3,714,091	30,233	0	0	3,744,324	3,516,445
Capital Outlay	608,299	5,401,805	0	7,744,767	13,754,871	16,725,358
Debt Service:						
Principal	7,789	101,205	6,384,823	0	6,493,817	5,858,753
Interest	4,759	10,770	2,651,853	0	2,667,382	2,419,144
Other Debt Service Cost	0	3,395	698	0	4,093	3,129
Total Expenditures	<u>59,442,631</u>	<u>61,803,909</u>	<u>9,037,374</u>	<u>7,744,767</u>	<u>138,028,681</u>	<u>130,261,247</u>
Excess (Deficit) of						
Revenues Over Expenditures	<u>2,828,340</u>	<u>11,902,847</u>	<u>(5,819,130)</u>	<u>(5,802,385)</u>	<u>3,109,672</u>	<u>14,222,092</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	1,575	270	0	0	1,845	163
Operating Transfers In	450,644	5,257,305	5,030,455	750,000	11,488,404	9,920,419
Operating Transfers Out	(1,246,605)	(9,450,898)	(75,000)	(280,656)	(11,053,159)	(9,622,886)
Proceeds of General Long-Term Debt	0	0	0	19,954,848	19,954,848	15,699,946
Total Other Financing Sources (Uses)	<u>(794,386)</u>	<u>(4,193,323)</u>	<u>4,955,455</u>	<u>20,424,192</u>	<u>20,391,938</u>	<u>15,997,642</u>
Excess (Deficit) of Resource Over Use	2,033,954	7,709,524	(863,675)	14,621,807	23,501,610	30,219,734
Fund Balance as of January 1	8,146,937	40,253,228	6,794,996	20,512,857	75,708,018	55,485,873
Residual Equity Transfers In	0	0	0	0	0	60,866
Residual Equity Transfers Out	0	0	0	0	0	(10,058,462)
Fund Balance as of December 31	<u>\$ 10,180,891</u>	<u>\$ 47,962,752</u>	<u>\$ 5,931,321</u>	<u>\$ 35,134,664</u>	<u>\$ 99,209,628</u>	<u>\$ 75,708,011</u>

See accompanying notes to financial statements.

KITSAP COUNTY, WASHINGTON

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Budgetary Basis) and Actual General, Special Revenue, Debt Service and Capital Projects Fund Types

Year Ended December 31, 2000

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 39,658,290	\$ 41,970,902	\$ 2,312,612	\$ 22,871,397	\$ 23,801,935	\$ 930,538
Licenses & Permits	1,367,430	1,472,010	104,580	210,500	261,008	50,508
Intergovernmental	7,105,172	7,074,085	(31,087)	53,006,538	43,132,928	(9,873,610)
Charges for Services	7,084,946	6,854,940	(230,006)	3,822,863	3,608,295	(214,568)
Fines & Forfeits	1,594,886	1,649,412	54,526	134,649	173,971	39,322
Miscellaneous	2,526,365	3,249,622	723,257	1,229,478	2,635,927	1,406,449
Total Revenues	<u>59,337,089</u>	<u>62,270,971</u>	<u>2,933,882</u>	<u>81,275,425</u>	<u>73,614,064</u>	<u>(7,661,361)</u>
Expenditures:						
Current:						
General Government	33,049,963	31,226,511	1,823,452	9,329,938	671,784	8,658,154
Security of Persons & Property	19,416,552	19,012,651	403,901	7,766,131	4,239,132	3,526,999
Physical Environment	438,693	260,292	178,401	244,375	139,396	104,979
Transportation	106,769	75,149	31,620	25,152,719	18,727,441	6,425,278
Economic Environment	4,418,944	3,892,067	526,877	10,283,293	6,712,785	3,570,508
Mental & Physical Health	642,613	641,023	1,590	28,711,854	25,723,468	2,988,386
Culture & Recreation	3,803,440	3,714,091	89,349	3,412,000	30,233	3,381,767
Capital Outlay	1,524,905	608,299	916,606	11,851,848	5,395,151	6,456,697
Debt Service:						
Principal	13,000	7,789	5,211	100,711	101,205	(494)
Interest	9,000	4,759	4,241	10,801	10,770	31
Other Debt Service Costs	0	0	0	3,432	3,395	37
Total Expenditures	<u>63,423,879</u>	<u>59,442,631</u>	<u>3,981,248</u>	<u>96,867,102</u>	<u>61,754,760</u>	<u>35,112,342</u>
Excess (Deficit) of Revenue Over Expenditure	<u>(4,086,790)</u>	<u>2,828,340</u>	<u>6,915,130</u>	<u>(15,591,677)</u>	<u>11,859,304</u>	<u>27,450,981</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	0	1,575	1,575	350,000	270	(349,730)
Operating Transfers In	875,076	450,644	(424,432)	9,243,000	5,257,305	(3,985,695)
Operating Transfers Out	(1,246,606)	(1,246,605)	1	(13,293,795)	(9,450,898)	3,842,897
Proceeds of General Long Term Debt	0	0	0	0	0	0
Amount Remitted to Refunding Trustee	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(371,530)</u>	<u>(794,386)</u>	<u>(422,856)</u>	<u>(3,700,795)</u>	<u>(4,193,323)</u>	<u>(492,528)</u>
Excess (Deficit) of Revenue & Other Sources						
Over Expenditures & Other Uses	(4,458,320)	2,033,954	6,492,274	(19,292,472)	7,665,981	26,958,453
Fund Balance as of January 1	5,939,746	8,146,937	2,207,191	19,292,472	40,069,297	20,776,825
Residual Equity Transfers In	0	0	0	0	0	0
Residual Equity Transfers Out	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0
Fund Balance as of December 31	<u>\$ 1,481,426</u>	<u>\$ 10,180,891</u>	<u>\$ 8,699,465</u>	<u>\$ 0</u>	<u>\$ 47,735,278</u>	<u>\$ 47,735,278</u>

See accompanying notes to financial statements.

KITSAP COUNTY, WASHINGTON

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Budgetary Basis) and Actual General, Special Revenue, Debt Service and Capital Projects Fund Types

Year Ended December 31, 2000

	Budgeted Debt Service Funds			Budgeted Capital Projects Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,500,000	\$ 2,467,085	\$ (32,915)	\$ 0	\$ 0	\$ 0
Licenses & Permits	0	0	0	0	0	0
Intergovernmental	0	9,729	9,729	0	374,980	374,980
Charges for Services	0	0	0	0	0	0
Fines & Forfeits	37,825	64,768	26,943	0	0	0
Miscellaneous	1,009,962	676,662	(333,300)	0	1,567,402	1,567,402
Total Revenues	<u>3,547,787</u>	<u>3,218,244</u>	<u>(329,543)</u>	<u>0</u>	<u>1,942,382</u>	<u>1,942,382</u>
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Security of Persons & Property	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Economic Environment	0	0	0	0	0	0
Mental & Physical Health	0	0	0	0	0	0
Culture & Recreation	0	0	0	0	0	0
Capital Outlay	0	0	0	15,977,000	7,744,767	8,232,233
Debt Service:						
Principal	6,668,837	6,384,823	284,014	0	0	0
Interest	2,662,773	2,651,853	10,920	0	0	0
Other Debt Service Costs	8,500	698	7,802	0	0	0
Total Expenditures	<u>9,340,110</u>	<u>9,037,374</u>	<u>302,736</u>	<u>15,977,000</u>	<u>7,744,767</u>	<u>8,232,233</u>
Excess (Deficit) of Revenue Over Expenditure:	<u>(5,792,323)</u>	<u>(5,819,130)</u>	<u>(26,807)</u>	<u>(15,977,000)</u>	<u>(5,802,385)</u>	<u>10,174,615</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	0	0	0	0	0	0
Operating Transfers In	4,997,072	5,030,455	33,383	750,000	750,000	0
Operating Transfers Out	(75,000)	(75,000)	0	(280,658)	(280,656)	2
Proceeds of General Long Term Debt	0	0	0	0	19,954,848	19,954,848
Amount Remitted to Refunding Trustee	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>4,922,072</u>	<u>4,955,455</u>	<u>33,383</u>	<u>469,342</u>	<u>20,424,192</u>	<u>19,954,850</u>
Excess (Deficit) of Revenue & Other Sources						
Over Expenditures & Other Uses	(870,251)	(863,675)	6,576	(15,507,658)	14,621,807	30,129,465
Fund Balance as of January 1	870,251	6,794,996	5,924,745	15,507,658	20,505,191	4,997,533
Residual Equity Transfers In	0	0	0	0	0	0
Residual Equity Transfers Out	0	0	0	0	0	0
Prior Period Adjustments	0	0	0	0	0	0
Fund Balance as of December 31	<u>\$ 0</u>	<u>\$ 5,931,321</u>	<u>\$ 5,931,321</u>	<u>\$ 0</u>	<u>\$ 35,126,998</u>	<u>\$ 35,126,998</u>

See accompanying notes to financial statements.

KITSAP COUNTY, WASHINGTON

Combined Statement of Revenues, Expenses and Changes in Fund Equity

All Proprietary Fund Types

Year Ended December 31, 2000

With Comparative Totals for Year Ended December 31, 1999

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2000	1999
Operating Revenue				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
Charges For Services	16,467,324	15,854,803	32,322,127	29,605,293
Total Operating Revenue	<u>16,467,324</u>	<u>15,854,803</u>	<u>32,322,127</u>	<u>29,605,293</u>
Operating Expenses				
General Operation	7,980,766	10,473,345	18,454,111	16,889,800
General Planning	724,264	0	724,264	399,977
Landfill Closure Cost	693,169	0	693,169	148,658
External Taxes	318,459	0	318,459	290,721
General Administration	2,043,226	846,300	2,889,526	2,196,400
Depreciation	2,801,539	2,085,918	4,887,457	4,174,602
Total Operating Expenses	<u>14,561,423</u>	<u>13,405,563</u>	<u>27,966,986</u>	<u>24,100,158</u>
NET OPERATING INCOME (LOSS)	<u>1,905,901</u>	<u>2,449,240</u>	<u>4,355,141</u>	<u>5,505,135</u>
NONOPERATING REVENUE (EXPENSES):				
Investment Income	2,846,380	0	2,846,380	2,521,478
Gains (Losses) on Fixed Asset Disposition	(16,822)	16,965	143	(10,081)
Other Nonoperating Revenue	678,194	0	678,194	1,352,385
Interest Expenses & Related Charges	(1,753,637)	(9,089)	(1,762,726)	(1,953,235)
Amortization of Debt Discount & Expenses	(26,645)	0	(26,645)	(26,645)
NONOPERATING REVENUES NET OF EXPENSES	<u>1,727,470</u>	<u>7,876</u>	<u>1,735,346</u>	<u>1,883,902</u>
Net Income Before Operating Transfers	<u>3,633,371</u>	<u>2,457,116</u>	<u>6,090,487</u>	<u>7,389,037</u>
OPERATING TRANSFERS				
Operating Transfers In	0	0	0	0
Operating Transfers Out	(105,474)	(329,769)	(435,243)	(297,533)
Total Operating Transfers	<u>(105,474)</u>	<u>(329,769)</u>	<u>(435,243)</u>	<u>(297,533)</u>
Net Income (Loss)	<u>\$ 3,527,897</u>	<u>\$ 2,127,347</u>	<u>\$ 5,655,244</u>	<u>\$ 7,091,504</u>
FUND EQUITY CHANGES:				
Retained Earnings, January 1	\$ 37,154,861	\$ 11,240,524	\$ 48,395,385	\$ 29,447,958
Net Income (Loss)	3,527,897	2,127,347	5,655,244	7,091,504
Residual Equity Transfers In	0	0	0	10,000,000
Residual Equity Transfers Out	0	0	0	(89,271)
Other Charges	0	0	0	0
Prior Period Adjustment	(255,312)	0	(255,312)	201,990
Amortization on Capital Grants	2,256,915	0	2,256,915	1,743,204
Retained Earnings, December 31	<u>\$ 42,684,361</u>	<u>\$ 13,367,871</u>	<u>\$ 56,052,232</u>	<u>\$ 48,395,385</u>

See accompanying notes to financial statements.

KITSAP COUNTY, WASHINGTON

Page 1 of 2

Combined Statement of Cash Flows

All Proprietary Fund Types

Year Ended December 31, 2000

With Comparative Totals For Year Ended December 31, 1999

	Proprietary Fund Types		Totals	
	Enterprise	Internal Service	(Memorandum Only)	
			2000	1999
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 16,788,169	\$ 15,593,736	\$ 32,381,905	\$ 29,156,740
Cash Paid to Employees	(4,876,257)	(2,145,602)	(7,021,859)	(13,071,454)
Cash Paid to Suppliers	(6,592,790)	(8,550,514)	(15,143,304)	(8,245,972)
Net Cash Provided by Operating Activities	<u>5,319,122</u>	<u>4,897,620</u>	<u>10,216,742</u>	<u>7,839,314</u>
Cash Flows from Noncapital Financing Activities				
Advances From (To) Other Funds	0	(20,000)	(20,000)	20,000
Operating Grants Received	717,051	(1,044)	716,007	133,301
Operating Transfers In	0	0	0	10,000,166
Operating Transfers Out	(105,474)	(329,769)	(435,243)	(386,805)
Net Cash Provided by Noncapital Financing Activities	<u>611,577</u>	<u>(350,813)</u>	<u>260,764</u>	<u>9,766,662</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Bonds	0	0	0	10,860,644
Proceeds from Sale of Equipment	0	31,469	31,469	240,895
Acquisition & Construction of Capital Assets	(8,177,386)	(2,359,099)	(10,536,485)	(6,611,215)
Capital Contributions	1,591,303	2,000	1,593,303	1,021,984
Principal Payments on Bonds	(1,430,177)	0	(1,430,177)	(1,493,529)
Principal Payments on Installment Purchase Contract	0	(46,650)	(46,650)	(8,210)
Interest Payments on Bonds	(1,780,282)	(8,045)	(1,788,327)	(1,819,509)
Net Cash Used for Cap. and Related Fin. Act.	<u>(9,796,542)</u>	<u>(2,380,325)</u>	<u>(12,176,867)</u>	<u>2,191,060</u>
Cash Flows from Investing Activities:				
Purchase of Investment Securities	(10,733,622)	0	(10,733,622)	(30,779,614)
Proceeds from Sale of Investments	13,094,768	0	13,094,768	8,934,238
Interest & Dividends on Investments	2,846,379	0	2,846,379	2,051,064
Net Cash Used in Investing Activities	<u>5,207,525</u>	<u>0</u>	<u>5,207,525</u>	<u>(19,794,312)</u>
Net Increase (Decrease) in Cash	1,341,682	2,166,482	3,508,164	2,724
Cash & Cash Equivalents at January 1	1,407,616	8,112,422	9,520,038	9,517,314
Cash & Cash Equivalents at December 31	<u>\$ 2,749,298</u>	<u>\$ 10,278,904</u>	<u>\$ 13,028,202</u>	<u>\$ 9,520,038</u>

See accompanying notes to financial statements.

Combined Statement of Cash Flows

All Proprietary Fund Types

Year Ended December 31, 2000

With Comparative Totals For Year Ended December 31, 1999

	Proprietary Fund Types		Totals	
	Enterprise	Internal Service	(Memorandum Only)	
			2000	1999
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Operating Income (loss)	\$ 1,905,901	\$ 2,449,240	\$ 4,355,141	\$ 5,505,135
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	2,801,539	2,085,918	4,887,457	4,174,601
Change In Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	258,975	184	259,159	(151,129)
(Increase) Decrease in Inventories	(21,456)	(201,093)	(222,549)	(78,508)
(Increase) Decrease in Due from Other Funds	(145,947)	(176,478)	(322,425)	(215,213)
(Increase) Decrease in Due from Other Governments	0	508	508	0
(Increase) Decrease in Prepaid Insurance	0	98,173	98,173	(24,900)
Increase (Decrease) in Accounts Payable	405,479	225,666	631,145	(653,455)
Increase (Decrease) in Due to Other Funds	56,303	(83,512)	(27,209)	47,429
Increase (Decrease) in Wages Payable	14,120	0	14,120	19,707
Increase (Decrease) in Other Accrued Liabilities	20,639	514,646	535,285	(793,522)
Increase (Decrease) in Employee Benefits Payable	23,568	(15,632)	7,936	9,168
Net Cash Provided by Operating Activities	\$ 5,319,121	\$ 4,897,620	\$ 10,216,741	\$ 7,839,313

See accompanying notes to financial statements.

KITSAP COUNTY, WASHINGTON
Notes to the Financial Statements

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NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kitsap County was incorporated in 1857 and operates under a commission form of government.

The accounting and reporting policies of Kitsap County, which conform to generally accepted accounting principles for governments, are regulated by the Washington State Auditor's Office, Division of Municipal Corporations. The County's significant accounting policies are described in the following notes.

The County's major operations include public safety, road improvements, parks and recreation, judicial administration, planning and development, health and social services and general administrative services.

REPORTING ENTITY

Kitsap County is the primary government for financial reporting purposes. It consists of the funds, account groups, departments, and agencies over which the County exercises financial accountability.

Indicators of Financial Accountability

The financial statements include the organizations for which the elected county commissioners are financially accountable. Criteria indicating financial accountability includes but is not limited to the following:

- ❖ Appointment of the voting majority of the governing body and
 - County's ability to impose its will on that organizations, such as the power to remove appointed members at will; to modify or approve budgets, rates, or fees; or to make other substantive decisions; or
 - There is a potential for the organization to provide specific financial benefits to the County, or
 - Impose specific financial burdens on the County.
- ❖ The organization is fiscally dependent on the county regardless of whether the organization has
 - A separately elected governing board, or
 - A governing board appointed by the Board of County Commissioners, or
 - A jointly appointed board.

Various other Sewer Districts, School Districts, Fire Districts, Port Districts, Cities, and Towns represent separate political subdivisions with their own taxing authority. The County does not significantly contribute to or control the operations of these districts.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The three broad fund categories, seven generic fund types, and two account groups presented in this report are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the County's Governmental Fund Types:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for a specified purpose.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, interest and principal on General long-term Debt.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds.)

Proprietary Funds

Proprietary Funds are used to account for the County's ongoing activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following are the County's Proprietary Fund Types:

Enterprise Funds are used to account for the following kinds of operations:

- Operations that are financed and operated in a manner similar to private business. Where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered, primarily through user charges.
- Operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds are used to account for the financing of goods and services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

Fiduciary Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The General Fixed Asset Account Group is established to account for all fixed assets of the County, other than those accounted for in the proprietary funds.

The General Long -Term Debt Account Group is to account for all long-term debt of the County except that accounted for in the proprietary funds.

BASIS OF ACCOUNTING

Basis of accounting refers to when the revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds and the Agency Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectable within the current period or soon enough thereafter to pay current liabilities.

Property taxes levied and due in the current period are considered measurable and are recorded as a current receivable. Recognition of revenue is deferred until the time that the property taxes and related interest and

penalties become available. Intergovernmental revenues received as reimbursements for specific purposes are recognized when the expenditures are recognized. Licenses, fines, revenue and sales based taxes, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Investment earnings are accrued as earned.

Expenditures are recorded in the period when the related fund liability is incurred, except for interest on long-term debt which is recognized when due, and vacation and sick leave which is recognized when paid.

Accrual Basis of Accounting

The accrual basis of accounting is followed in Enterprise Funds and the Internal Service Funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses recorded when incurred. Unbilled utility service revenues are accrued at year-end.

BUDGETARY DATA

1. Budget Policies and Control

Kitsap County's budget procedures are in compliance with Chapter 36.40 of the Revised Code of Washington. Budgets may be administratively revised, within all funds except the General Fund, as long as total appropriations are not changed. General Fund department budgets may be revised administratively as long as the department total appropriation is not changed.

The Board of County Commissioners may modify the budget by appropriating contingency funds, revenues received in excess of budgeted revenues, or funds from any other legally available source.

In accordance with state law, any unexpended appropriation balances lapse at the close of the fiscal year.

2. Budget Procedures

- a. On the first Monday in September, the County Budget Manager submits the preliminary budget for all funds to the Board of County Commissioners for the following fiscal year. This budget includes proposed expenditures and the means of financing them.
- b. The County Budget Manager meets with each elected official, department head, and fund manager during September to discuss their budget requests and revenue estimates. Based upon current year budget review, departmental meetings, and goals and objectives, the Budget Manager balances the budget in October.
- c. Prior to November 15, the Budget Manager presents a balanced recommended budget to the Board of County Commissioners outlining new programs, new positions, areas of increases, etc.
- d. On the first Monday in December, the Budget Manager presents the final budget, at which time the Board holds a public meeting which may be continued from day to day until concluded, but not more than five days, in order to receive public input.
- e. On or before December 31, the Board of County Commissioners adopts the final budget by resolution.

3. Budget Basis of Accounting

The County adopts an annual budget on the modified accrual basis of budgeting for the General Fund, Debt Service Funds, Special Revenue Funds, and Capital Project Funds. Budgetary

accounts are integrated in the accounting system in all budgeted governmental funds. The operation of these funds is presented with comparison to budget.

The County is not legally required to budget proprietary funds; therefore, budgetary comparisons are not required for these funds.

The County does not budget all Special Revenue Funds or Debt Service Funds. The Treasurer's Maintenance and Operation Fund is not budgeted pursuant to Revised Code of Washington 84.56.020. If a fund does not anticipate any expenditure in the fiscal period, the County does not budget those funds.

The County's budget is adopted at the fund level except for the General Fund that is adopted at the program level. The Board of County Commissioners may, by resolution, decrease, increase or reappropriate any unexpended allowances during the year.

The Budget Manager may approve, without resolution, transfer appropriations within each fund and within each department of the General Fund.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year (see note 2).

4. Encumbrances

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, contracts and other commitments. Direct vouchers are not encumbered due to the nature of the transactions and existence of other controls that effectively prevent over-expenditure. Encumbrances outstanding at the end of the year are reappropriated in the succeeding year.

ASSETS, LIABILITIES AND FUND EQUITY

1. Cash and Equity in Pooled Investments

The County Treasurer invests all short-term cash surpluses. These investments are classified for reporting purposes as equity in pooled investments rather than investments. Earnings from these investments are returned to the General Fund and are used in financing general operations.

2. Property Taxes

At year-end uncollected property taxes are reported on the balance sheet as Property Tax Receivable. Property tax revenue is recognized when cash is collected.

NCGA Interpretation 3 requires that property taxes should be accrued only when due and expected to be collected within 60 days of the end of the fiscal period. Since January and February tax receipts do not vary materially from year to year and are immaterial, the uncollected taxes for these months were not accrued at December 31, 2000.

Property taxes are levied by the County Assessor and collected by the County Treasurer. The property taxes are levied and become a lien on the first day of the levy year. They may be paid in two equal installments. The first half is due on April 30, or else the total amount becomes delinquent May 1. The balance is due October 31, becoming delinquent November 1. Delinquent taxes bear interest at the rate of one percent per month until paid and are subject to additional penalties of 3 percent and another 8 percent on the total unpaid delinquent balance on June 1 and December 1 respectively. Foreclosure action is commenced on properties when taxes become three years delinquent.

The county is permitted by law to levy up to \$1.80 per \$1,000 of assessed valuation for general governmental services. The County Road Department is permitted by law to levy up to \$2.25 per \$1,000 of assessed valuation. These amounts may be reduced for any of the following reasons:

The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.

Washington State law limits the growth of regular property taxes to 6% per year, after adjustments for new construction. If the assessed valuation increases by more than 6% due to revaluation, the levy rate will be decreased.

Special levies approved by the voters are not subject to the above limitations.

For 2000, the County's Current Expense tax levy was \$1.7927 per \$1,000 on a total assessed valuation of \$13,187,033,175 for a total regular levy of \$23,640,103. The County Road regular tax levy for 2000 was \$1.9977 per \$1,000 on a total assessed valuation of \$8,565,334,225 for a total regular levy of \$17,178,368.

3. Assessments Receivable

Assessments are levied against properties located within sewer utility local improvement districts and are recorded as Assessments Receivable and Contributed Capital when assessment rolls are issued. The proceeds are restricted for payment of revenue bond principal and interest.

Special assessments for road improvement districts are recorded as Assessments Receivable and Deferred Revenue when assessment rolls are issued. Special assessments are recognized as revenue only to the extent those individual installments are considered current assets. The proceeds are restricted for payment of special assessment bond principal and interest.

4. Due From Other Governmental Units

Federal grants and assistance awards made on the basis of entitlement periods are reported as intergovernmental receivables and revenues in the year in which entitlement occurs. Federal reimbursement type grants for the acquisition of fixed assets of proprietary fund types are reported as intergovernmental receivables and contributed capital in the year during which the related expenditure occurs. All other federal reimbursement type grants are reported as intergovernmental receivables and revenues in the year when the related expenditures/expenses are incurred.

5. Inventory

Cost of expendable supplies held for consumption by general and special revenue funds is recorded as expenditure at the time the individual items are purchased. The supplies are not of significant cost or quantity, and are not reflected as inventory. Inventories of proprietary funds are valued using the weighted average costing method.

6. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group rather than in the governmental funds. Fixed assets used in proprietary fund type operations are accounted for in the fund in which they are utilized.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

General Fixed Assets are recorded as expenditures in the fund purchasing the asset and are recorded in the General Fixed Asset Account Group at actual or estimated historical cost. Depreciation is not reported for General Fixed Assets. Public domain (infrastructure) General Fixed Assets consisting of improvements other than buildings, including roads, bridges, curbs and gutters, sidewalks, and drainage systems are not capitalized.

Capital leases are recorded at the present value of future lease payments. The governmental funds liability for capital leases is recorded in the Long-Term Debt Account Group.

Fixed assets of proprietary funds are depreciated. Annual depreciation is recorded as an expense of the fund. Depreciation is computed using the straight-line method over estimated useful lives of 3-50 years.

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions are closed to the appropriate contributed capital account. Net income (loss) is adjusted by the amount of depreciation on fixed assets acquired in this manner and is closed to Retained Earnings.

7. Restricted Assets and Liabilities

These accounts contain resources for construction and debt service. The current portion of related liabilities are shown as Payable from Restricted Assets.

8. Deferred Revenues

Deferred revenues consist of amounts collected before revenue recognition criteria are met, and receivables, which, under the modified accrual basis of accounting, are measurable but not yet available.

9. Compensated Absences/Vacation and Sick Leave Pay

Eligible employees accumulate 9 to 30 days of vacation leave depending upon the employee's length of service, but they may not accumulate more than 360 hours of vacation leave. All outstanding vacation leave is payable upon resignation, retirement, or death. The County accrues vacation leave in accordance with NCGA Statement 4. The accrual is made in each proprietary fund. For governmental funds, the accrual is recorded in the General Long Term Debt Account Group, since it is not currently due and payable at year-end.

Sick Leave accumulates at the rate of 1.25 to 1.5 days per month depending on hire date. Employees may accumulate a maximum of 150 days of sick leave. Sick leave earned prior to January 1, 1984 is payable at 50% at retirement or death. Sick leave earned after January 1, 1984 does not vest at retirement or death. The accrual for vested sick leave is made in each proprietary fund. For governmental funds, the accrual is recorded in the General Long Term Debt Account Group, since vested sick leave is not currently due and payable at year-end.

10. Contributed Capital

Federal and state grants to aid in financing capital assets are recorded in the respective proprietary funds as contributed capital. Assessments, which are levied against properties located within utility local improvement districts, are also recorded as contributed capital when assessment rolls are issued. Donated assets are also recorded as contributed capital.

11. Fund Reserves

Kitsap County records two general types of reserves. One type is to indicate that a portion of fund balance is legally segregated for a specific future use. The second type of reserve is to indicate that a portion of the fund balance is not appropriate for expenditures.

Following are the reserves used by the County and a description of each:

Reserved for Loans/Advances Receivable - An account used to indicate that the long-term portions of loans/advances receivable do not represent available spendable resources although they are a component of assets.

Reserved for Debt Service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long term debt principal and interest amounts maturing in future years.

REVENUES, EXPENDITURES AND EXPENSES

1. Property Taxes - See Assets, Liabilities and Fund Equity
2. Grants and Other Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants for the acquisition of fixed assets in proprietary fund types are recorded as contributed capital. All other federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

3. Interfund Transactions

Charges for services between departments and funds are recorded as operating revenues. Operating subsidies are recorded as operating transfers. Contributions of capital are recorded as residual equity transfers.

4. Unbilled Service Charges

Unbilled but earned service charges are recognized as revenue and included in receivables on proprietary fund balance sheets.

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

OVERVIEW

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present current financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination has not been made in the aggregation of this data.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

DEFICIT FUND BALANCES/RETAINED EARNINGS

The following funds exhibit deficit retained earnings as of December 31, 2000:

<u>FUND</u>	<u>AMOUNT OF DEFICIT</u>
Purchasing	\$ 31,341

The deficit in the Purchasing Fund was due to a lack of proper billing for the inventory resulting in the depletion of inventory without corresponding revenue. The County is reducing the deficit over two year period.

BUDGET APPROPRIATIONS

The County does not budget all special revenue funds. The Treasurer's Maintenance and Operation and the Anti-profiteering Funds are not budgeted pursuant to state statutes. The County did not budget the remaining special revenue funds shown below because no expenditures were anticipated in 2000. A reconciliation of actual results for budgeted and unbudgeted special revenue funds follows:

	Revenues	Expenditures	Fund Balances 31-Dec
Budgeted Funds-Page 9	\$ 73,614,065	\$ 61,754,764	\$ 47,735,279
Non-Budget Funds:			
Human Resources Board	3,132	0	32,404
Treasurer's M & O	89,243	49,149	155,467
Prosecuting Attorney Victim/Witness	0	0	37,514
K - 9 Crime Prevention	250	0	757
Long Lake Management Dist. #2	66	0	1,332
TOTAL - (GAAP BASIS)	\$ 73,706,756	\$ 61,803,913	\$ 47,962,753

The County did not budget the capital project funds shown below because no expenditures were anticipated in 2000. A reconciliation of actual results for budgeted and unbudgeted capital project funds follows:

	Revenues	Expenditures	Balances 31-Dec
Budgeted Funds-Page 10	\$ 1,942,382	\$ 7,744,767	\$ 35,126,998
Non-Budget Funds:			
Kitsap County Tree Planning			59
Recovery Center			7,607
TOTAL - (GAAP BASIS)	\$ 1,942,382	\$ 7,744,767	\$ 35,134,664

Budget Revision

Revisions were made to the original budgets during the year. The following is the list of funds that were affected:

Fund Description	Original Budget	Revision	Revised Budget
General Fund	\$ 65,321,373	\$ 830,538	\$ 66,151,911
Emergency Services	269,731	4,000	273,731
Law Library	61,000	7,000	68,000
KPREP	34,164	638,999	673,163
Special Purpose Path	23,362	60,000	83,362
Community Service	15,000	50,600	65,600
Antiprofitteering Rev	158,471	133,812	292,283
Mental Health	14,917,103	1,492,000	16,409,103
Area Agency on Aging	5,399,815	250,000	5,649,815
JTPA Administration	4,200,000	1,288,000	5,488,000
Jail Construction	0	1,195,000	1,195,000
Workers Comp.	796,892	50,000	846,892
Telecommunications	703,053	60,000	763,053
Total	\$ 91,899,964	\$ 6,059,949	\$ 97,959,913

NOTE 3 - DEPOSITS AND INVESTMENTS

The Kitsap County Treasurer is empowered by the state to act as fiduciary for the County and other taxing districts, which includes the deposit and prudent investment of public funds as legally prescribed by the laws of the State of Washington.

Qualified bank depositories are those specified by the Washington Public Deposit Protection Commission. Investments may be made in the form of U.S. Treasuries, U.S. Agencies, repurchase agreements, and certain other qualified securities. County policy dictates that all investment instruments other than certificates of deposit and the Washington State Investment Pool be transacted on the delivery versus payment basis.

DEPOSITS

Cash and deposits consist of cash and cash equivalents on deposit with the County Treasurer. As of December 31, 2000, the carrying value of these deposits amounted to \$ 4,415,234. All of the deposits are either covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission.

INVESTMENTS

The County Treasurer administers and maintains an investment pool for The County and other jurisdictional governments within the County. County monies are invested by individual funds for the benefit of the respective fund. Remaining County monies are aggregated in a residual account, and invested in the pool for the benefit of the General Fund. The investment is valued at market and report as such as shown below in accordance with GASB 31. The fair values are based on quoted market prices at the end of 2000.

Washington State Statute allows the County Treasurer to invest in obligations of the U.S. Government and agencies, banker's acceptances, certificates of deposits issued with qualified public depositories, repurchase agreements, commercial paper, and other qualified securities.

The County investments are categorized as follows:

- (1) Investments that are insured or registered or for which the securities are held by the County or its agent in the County's name.
- (2) Uninsured and unregistered investments for which the securities are held by the pledging counter party's trust department or agent in the County's name or
- (3) Uninsured and unregistered for which the securities are held by the counter party, its trust department or agent but not in the County's name. The County had no Category 2 or 3 investments in 2000.

Total investments including pooled investments held by the County at December 31, 2000 are detailed as follows:

	Amortized Cost	Fair Value
Washington State Pool	\$ 49,566,424	\$ 49,566,424
U.S. Treasuries	30,437,901	30,436,131
U.S. Agencies	204,684,246	205,343,011
Municipals	1,009,493	1,010,608
Commercial Paper	4,933,297	5,003,182
Certificate of Deposit	7,000,000	7,000,000
TOTAL	\$ 297,631,361	\$ 298,359,356

The County participates in the State of Washington Local Government Investment Pool (LGIP). The pool is overseen by the State Treasurer and an LGIP advisory committee. The LGIP's investments are all classified as category 1 and all deposits are classified as insured and collateralized per the LGIP's annual report as of June 30, 2000. The LGIP is a 2a7-like pool; therefore the fair value of the County's position in the pool is the same as the value of the County's pool shares.

NOTE 4 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance 1/1/00	Additions	Retirements	Transfers & Adjustments	Balance 12/31/00
Land	\$ 19,272,372	\$ 4,260,763	\$ 0	\$ 0	\$ 23,533,135
Buildings	51,053,336	476,283	0	0	51,529,619
Improvements other than buildings	5,374,234	341,349	0	0	5,715,583
Machinery & Equipment	11,028,827	1,410,559	(1,008,230)	(85,517)	11,345,639
Construction in Progress	782,352	979,689	0	(221,006)	1,541,035
Total	\$ 87,511,121	\$ 7,468,643	\$ (1,008,230)	\$ (306,523)	\$ 93,665,011

The following is a summary of proprietary fund type fixed assets at December 31, 2000:

	Enterprise Funds	Internal Service Funds
Land	\$ 1,483,482	\$ 0
Buildings	29,496,375	0
Improvements other than Buildings	45,117,873	0
Machinery & Equipment	6,297,852	21,932,011
Less: Accumulated Depreciation	(31,466,637)	(11,964,440)
Construction in Progress	15,685,201	0
Total	\$ 66,614,146	\$ 9,967,571

The following is a schedule of useful lives for proprietary fund fixed assets:

Useful life

Land	NA
Buildings	45 years
Improvements other than buildings	20–50 years
Machinery and equipment	3-10 years

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in Long-term Debt (in thousands)

	General Long Term Debt			Proprietary		TOTAL
	Other Liabilities	General Obligation Bonds	Special Assessment	General Obligation Bonds	Revenue Bonds	
January 1,2000	\$ 4,347	\$ 53,207	\$ 700	\$ 968	\$ 33,105	\$ 92,327
Additions:						
Bonds Issued	0	20,000	0	0	0	20,000
Notes Issued	0	0	0	0	0	0
Compenated absences	313	0	0	0	0	313
Capital Leases		0	0	0	0	0
Payments:						
Bonds	0	6,180	205	75	1,355	7,815
Capital Leases	137	0	0	0	0	137
Notes Issued	67	0	0	0	0	67
December 31, 2000	\$ 4,456	\$ 67,027	\$ 495	\$ 893	\$ 31,750	\$ 104,621

Long-Term Debt at December 31, 2000 consisted of the following:

General Obligation Bonds

<u>Issued Name</u>	<u>Amount Authorized</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Amount Outstanding</u>
Ltd. G.O. '89	1,350,000	2/28/89	2/1/09	6.2/7.3	0
Ltd. G.O. 90B	4,100,000	8/1/90	8/1/10	5.8/7.0	405,000
Ltd. G.O. '91A	7,175,000	11/1/91	11/1/11	4.6/6.75	665,000
Ltd. G.O. '92A	11,910,000	11/1/92	11/1/12	4.5/10.0	5,415,000
Ltd. G.O. '93 Refunding	8,735,000	5/1/93	11/1/10	2.45/5.6	5,990,000
Ltd. G.O. '96B	14,000,000	7/1/96	7/1/01	4.0/5.0	3,100,000
Ltd. G.O. '96 Refunding	9,875,000	4/1/96	11/1/12	3.6/5.7	9,590,000
Ltd. G.O. '97 Refunding	5,200,000	4/1/97	6/1/04	4.1/4.9	2,275,000
Ltd. G.O. '98	6,000,000	5/15/98	6/1/03	3.9/4.323	5,675,000
Ltd. G.O. '99	5,100,000	2/15/99	12/1/18	4.0/4.9	4,755,000
Ltd. G.O. 1999B	10,680,000	7/15/99	7/1/19	4.25/5.30	10,050,000
Ltd. G.O. 2000	20,000,000	8/15/00	7/1/25	4.3/5.5	20,000,000
Total	\$ 104,125,000				\$ 67,920,000

Special Assessment Bonds

Issued Name	Amount Authorized	Date Issued	Final Maturity	Interest Rate(s)	Amount Outstanding
RID #22, 25, 31	1,039,712	8/1/92	9/1/02	3.75/6.2	40,000
RID #35, 36, 37	359,948	3/1/95	10/1/07	5.4/6.5	25,000
RID #38 '96	381,647	6/1/96	8/1/08	4.4/5.8	105,000
RID #39 '98	547,386	4/1/98	5/1/13	4.2/5.35	325,000
LMD # 1	484,911	4/1/93	4/1/03	3.5/5.8	0
Total	\$ 2,813,604				\$ 495,000

Other Obligations and Liabilities

Issued Name	Amount Authorized	Date Issued	Final Maturity	Amount Outstanding
Compensated Absences				\$ 3,478,825
WA State Public Works Trust Fund	734,670	1986		407,931
Sound Investment Partnership	190,000	1994	2000	0
Pitney Bowes Lease	3,173	1997	2002	1,617
US Bank of Washington	129,931	1996	2000	0
Cisco Systems	245,680	1999	2003	161,656
KCCHA Lease-Housing Authority	733,000	1995	2007	406,000
Total				\$ 4,456,029

The County has established the Road Improvement Guaranty Fund as provided by RCW 36.88.220 to finance any special assessment debt due to uncollectible assessments.

C. In prior years, the County defeased certain outstanding general obligation and sewer revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the General Long-Term Debt Account Group or the Sewer Utility balance sheet.

D. The annual requirements to amortize all debt outstanding as of December 31, 2000, including interest, are as follows:

Years Ending December 31,	General Obligation	Special Assessments	Revenue Bonds	Total
2001	\$ 10,241,185	\$ 66,785	\$ 3,108,963	\$ 13,416,933
2002	7,190,043	64,855	3,096,367	10,351,265
2003	11,994,405	64,855	3,085,118	15,144,378
2004	6,214,700	124,855	3,154,632	9,494,187
2005	5,551,057	95,975	3,135,668	8,782,700
Thereafter	59,862,474	271,825	32,332,620	92,466,919
Total	\$ 101,053,864	\$ 689,150	\$ 47,913,368	\$ 149,656,382

- E. State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the county.
- 1.5% -Without a vote of the people
 - 2.5% -With a vote of the people
 - 5.0% -With a vote of the people, provided the indebtedness in excess of 2.5 percent is for utilities, parks, or open space development.

At December 31, 2000, the debt limits for the county was as follows:

	Without a Vote	With a Vote	
		2.50%	5.00%
Legal Limit	\$ 214,378,022	\$ 357,296,703	\$ 714,593,406
Applicable Outstanding Debt	67,920,000	67,920,000	67,920,000
Margin Available	\$ 146,458,022	\$ 289,376,703	\$ 646,673,406

- F. There are a number of other limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.
- G. On August 15, 2000, the County issued \$20,000,000 in General Obligation Bonds with an average interest rate of 4.9 percent to fund the construction of the new addition to the County Jail.

NOTE 6 - PENSION PLANS

Substantially all County full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems under cost-sharing multiple-employer defined benefit public employee retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained from the following address:

Department of Retirement systems,
Administrative Services Division,
P.O. Box 48380,
Olympia, WA 98504-8380.

The following disclosures are made following GASB Statement 27, Accounting for Pensions by State and Local Government Employers.

Public Employees' Retirement System (PERS) Plans I and II

Plan Description

PERS is a cost sharing multiple employer defined benefit pension plan. Membership in the plan includes elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of the legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; non-certificated employees of school districts; and employees of local government. PERS system includes two plans. Participants, who joined the system by September 30, 1977, are Plan 1 members. Those joining thereafter are enrolled in Plan 2. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan 1 and Plan 2 are vested after completion of five years of eligible service.

Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. If qualified, after reaching age 66 a cost-of-living allowance is granted based on years of service credit and is capped at three percent annually.

Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service, with an allowance of 2 percent per year of service of the average final compensation. Plan 2 retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at three percent annually.

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employers' contribution rates needed to fully amortized the total costs of the plan. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 are set by the director of the Department of Retirement Systems based on recommendations by the Office of the State Actuary to continue to fully fund the plan. All employers are required to contribute at the level established by the state law. The methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2000, were:

	PERS Plan 1	PERS Plan 2
Employer	4.41%*	4.41%*
Employee	6.00%	1.85%

*The employer rates do not include the employer administrative expense fee currently set at 0.19%. Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31 were:

	PERS Plan 1	PERS Plan 2
2000	\$ 265,998	\$ 1,484,944
1999	\$ 411,655	\$ 1,914,595
1998	\$ 495,815	\$ 2,168,139

Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost sharing multiple employer defined benefit pension plan. Membership in the plan includes all fulltime, fully compensated, local law enforcement officers and fire fighters. LEOFF is comprised solely of non-state employees. The LEOFF system includes two plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining thereafter are enrolled in Plan 2. Retirement benefits are financed from employee and employer contributions, investment earnings, and state contributions. Retirement benefits in both Plan 1 and Plan 2 are vested after completion of five years of eligible service.

Plan 1 members are eligible to retire with five years of service at age 50. The benefit per year of service is as follows, with a cost-of-living allowance granted, capped at 3 percent annually:

Term of Service	Percent of Final Average
20 or more years	2.00%
10 but less than 20 years	1.50%
5 but less than 10 years	1.00%

Plan 2 members are eligible to retire at age 50 with 20 years of service, or at age 55 with five years of service. Retirement benefits before age 55 are actuarially reduced. The benefit is 2 percent of average salary per year of service. The average salary is based on the highest five year period. There is no cap

on years of service credit and a cost-of living allowance is granted, capped at three percent annually.

Funding Policy

Plan 1 employer and employee contribution rates are established by statute at 6 percent. State contribution rates for Plan 1 are set by the Pension Funding Council to fully amortize the total costs of the plan. Employer, employee, and the state contribution rates for Plan 2 are set by the director of the Department of Retirement systems based on recommendations by the Office of the State Actuary to continue to fully fund the plan. All employers are required to contribute at the level required by the state law. The methods used to determine the contribution rates are established under state statute in accordance with chapter 41.26 and 41.45 RCW.

The required contribution rates expressed as percentage of current year covered payroll, as of December 31, 2000, were:

	LEOFF Plan 1	LEOFF Plan 2
Employer	6.00%*	3.52%*
Employee	6.00%	5.87%

*The employer rates do not include the employer administrative expense fee currently set at 0.21%.

Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31 were:

	LEOFF Plan 1	LEOFF Plan 2
2000	\$ 13,991	\$ 200,270
1999	\$ 30,621	\$ 197,469
1998	\$ 38,184	\$ 197,465

NOTE 7 POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 6, the County provides certain medical insurance benefits for retired public safety employees. Substantially the entire County's LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. There are 35 participants eligible to receive these benefits. In 2000, expenditures of \$235,749 were recognized for post employment health care.

NOTE 8 DEFERRED COMPENSATION

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County (without being restricted to the provisions of benefits under the plan), subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair value of the deferred account for each participant.

It is the opinion of the County legal counsel that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The investment carrying value of the plans are as follows:

<u>Investment Company</u>	<u>Fair Value</u>
PEBSCO	\$ 14,019,330.00
AetnaLife Insurance & Annuity Company	3,567,981.00
Hartford	374,524.00
Total	<u>\$ 17,961,835.00</u>

NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS.

The County maintains four enterprise funds that provide sewer, solid waste, public assembly facility, golf recreation and surface-water management services. Segment information for the year ended December 31, 2000 is as follows:

	Sanitary Sewer	Solid Waste	Village Greens Golf Course	Surface Water Utility	Total
Operating revenues	\$ 9,112,551	\$ 2,886,179	\$ 64,951	\$ 4,403,643	\$ 16,467,324
Depreciation expense	2,531,955	62,046	10,701	196,837	2,801,539
Operating income/(loss)	706,846	322,767	54,250	822,038	1,905,901
Net income	356,759	1,551,260	54,250	1,565,628	3,527,897
Current capital contributions	1,591,304	0	0	0	1,591,304
Fixed asset additions	7,734,184	148,232	0	502,983	8,385,399
Net working capital	21,943,592	16,942,775	201,200	7,168,801	46,256,368
Total assets	88,919,208	18,607,591	685,703	10,077,234	118,289,736
Bonds payable	32,642,641	0	0	0	32,642,641
Total Equity	\$ 54,446,745	\$ 18,343,550	\$ 685,703	\$ 9,568,103	\$ 83,044,101

NOTE 10 - RISK MANAGEMENT

The Risk Management Division was formed to protect the County against the financial consequences of catastrophic accidental losses and to preserve County assets. The Risk Management Program is funded through the Workers' Compensation Operating Fund and the Self-Insurance Operating Fund, both of which are Internal Service Funds. Risk Management funds the workers' compensation program through inter-fund assessments based on occupational codes and employee hours worked. The assessment rates are approved annually by Board resolution.

The Workers' Compensation fund provides revenue to operate the County's program of self-insurance as allowed by State statute. The Risk Management Program sets reserves based on actuarial studies of loss history. As of December 31, 2000, the County's estimated total undiscounted outstanding liability for the workers' compensation program is approximately \$1,115,000. This program is funded in at less than 60% confidence level. The County is increasing the funding level to 80% through increased assessments to the County's departments.

Eberle Vivian Self-insurance Administrators, an independent adjusting firm, administer the Kitsap County workers' compensation claims.

The Self-Insurance Operating Fund is funded by assessments to all County funds based on an allocation formula that includes each department's exposures and loss history. As of December 31, 2000, the County's estimated total outstanding liability is \$2,332,000. This exposure is currently funded at the 90% confidence level.

The Self-Insurance program provides claims management for liability, first party property, errors and omissions, employee dishonesty and volunteer medical and liability claims, as well as the purchase of insurance, setting actuarially determined claims reserves, loss control services, safety compliance, contract review and participation in the Washington Counties Risk Pool (WCRP).

RCW 48.62 authorizes the governing body of any governmental entities to form together or join a pool for the joint purchasing of insurance and/or self-insuring to the same extent that they may individually purchase insurance or self-insure. The Washington Counties Risk Pool was formed on August 18, 1988, when several counties including Kitsap County signed

an inter-local agreement pursuant to RCW 39.34. WCRP currently has twenty-five member counties who jointly purchase insurance and self-insure.

Member counties make an annual contribution to fund the pool. Members may elect deductible amounts ranging from \$5,000 to \$250,000 per occurrence. Kitsap County currently has a \$100,000 per occurrence deductible. The WCRP is responsible for the excess of claim over the \$100,000 deductible. WCRP acquires reinsurance from unrelated underwriters for all occurrences above \$100,000 to policy limits. The reinsurance policy follows the form of the WCRP policy and provides coverage on an occurrence basis.

Because WCRP is a cooperative program, there is joint liability among the participating members. Member counties contract to remain in the pool for a minimum of five years and must give one-year notice before terminating their membership. The inter-local agreement is renewed automatically each year until terminated. Even after termination, a member county is still responsible for contributions to the pool for any unresolved, unreported and in-process claims for the period that it was a signatory to the inter-local agreement.

A board of directors that is comprised of one designated representative from each participating county governs the WCRP. An executive committee is elected at the annual meeting, and is responsible for conducting the business affairs of the pool.

Kitsap County notifies the WCRP of every liability claim filed against the County. WCRP and Kitsap Risk Management jointly manage personal injury claims and assign an independent adjuster to all bodily injury claims. Kitsap County manages minor property damage claims in-house.

NOTE 11 - INTERFUND TRANSACTIONS AND BALANCES

1) Interfund Loan Receivable/Payable.

Interfund Loan is created as a result of a cash or asset transfer from one fund to the other resulting in a subsequent promise of repayment. Interfund loans do not affect the fund equity.

2) Advances To/From Other Funds.

	Advance To	Advance From
General Funds	\$ 200,000	\$ 0
CDBG Entitlement Fund	0	100,000
Veterans Relief	0	40,000
HOME Entitlement	0	30,000
JTPA Administration	0	30,000
Total	\$ 200,000	\$ 200,000

3) Equity Transfers.

Interfund operating transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. Interfund equity transfers occurring between individual funds during the year ended December 31, 2000 are as follows:

	Equity Transfers	
	In	Out
Sewer Utility	\$ 180,744	\$ 0
Sewer Construction		51,899
Silver Ridge ULID #7 Const.		128,845
	\$ 180,744	\$ 180,744

4) Due From Other Funds/Due To Other Funds.

Due From and Due to Other Funds are created from interfund transactions, which usually involve the exchange of goods or services in a normal business relationship. The following are the current interfund balances at December 31, 2000.

Funds	Due From Other Funds	Due to Other Funds
General Fund	\$ 828,343	\$ 139,394
Special Revenue Funds		
Road Department	311,063	621,712
County Road Construction	0	214,429
CENCOM	3,320	45,095
Emergency Management		5,135
Special Purpose Path	1,591	0
KPREP		2,000
Human Resources Board		2,237
WESTNET		2,550
SIU Revenue	2,550	2,316
Family Court Services	2,584	45
Pooling Fees	0	116
Recovery Center	184,276	25,089
CDBG Entitlement Fund	5,794	7,277
Home Entitlement	0	5,966
Mental Health	1,118	15,121
Developmental Disabilities	1,119	3,705
Substance Abuse	0	221,581
Commute Trip Reduction	0	6,414
Area Agency on Aging	0	25,904
JTPA Administration	0	13,245
Kitsap/Regional Coordinating Council	0	793
Capital Project Funds:		
1991 LTGO Bond Prog Constr.	0	1,608
1999B LTGO Bond Prject	0	6,389
Parks Capital Improvement	1,608	27,270
Enterprise Funds:		
Solid Waste	19,515	50,002
Sewer Utility	29,943	589,156
Sewer Construction	321,846	0
Solid Waste Capital Improvement	0	26,704
Surface/Storm Water Mgmt Program	12,548	250,041
SSWM Program Capital Fund	0	486
Internal Service Funds:		
Equipment Rental	552,501	144,143
Worker's Compensation	0	10,817
Purchasing	0	7,103
Self-Insurance	627	2,308
Telecommunication	54,157	9,161
Information Services	0	19,109
Agency Fund	169,918	0
TOTALS	\$ 2,504,421	\$ 2,504,421

5) Operating Transfers.

Interfund operating transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. Operating transfers occurring between individual funds during the year ended December 31, 2000 are as follows:

	Operating Transfers	
	In	Out
General Fund	\$ 450,644	\$ 1,246,606
County Roads		2,905,830
County Roads construction	2,665,698	
Cencom Operations	1,724,385	
Emergency Services	163,511	
Auditor's Doc. Preservation		91,630
Conservation Futures Tax		894,449
Real Estate Excise Tax		2,409,973
Kitsap County Stadium		22,698
Cumulative Reserve		73,304
Antiprofitteering Revolving		119,300
911 Enhancement		1,454,798
Recovery Center	655,537	
Jail & Juvenile Sales Tax		750,000
Mental Health	7,500	
Substance Abuse Treatment	18,564	728,916
Commute Trip Reduction	22,110	
KC GO Bond RED 89 - Silvr Ctr	67,308	
KC GO Bond RED 90B - Off Bldg	219,323	
KC GO Bond RED 91A - Rec Fac	363,235	
KC GO Bond RED 92A - Various	604,959	
KC GO Refunding Bond 93	659,224	
Juvenile Services Bonds		75,000
KC GO Refunding Bond 96	506,731	
LTGO Bond Fund '98	424,087	
LTGO Bond Fund '99	392,477	
LTGO Bond Fund '99B	1,001,360	
LTGO Bond Fund '97	791,748	
Model Toxic Control Act fund		220,656
Juvenile Services Facility		60,000
Jail Construction	750,000	
Solid Waste		648,102
Sewer Utility		2,874,469
Sewer Revenue Bond 96	1,787,915	
Sewer Revenue Bond 99	852,345	
Sewer Repair & Replacement	60,000	
Sewer GO Bds 79 CK	125,943	
Solid Waste Planning Reserve	75,000	
Solid Waste Capital Imp.	306,000	
Landfill Post Closure Res.	209,895	
Surface/Stormwater Mgmt Prog		925,000
SSWM Program Capital Fund	925,000	
Equipment Rental & Revolving		3,756
Information Services		326,012
Total Transfers	\$ 15,830,499	\$ 15,830,499

NOTE 12 - LEASES

To account for financing leases and lease purchases in governmental funds, the county charges payments made or due during the fiscal period as debt service. The present value of payments due in future periods is shown as a liability in the general long-term debt account group and the cost of the asset is recorded in the general fixed asset account group.

In the proprietary funds, capital leases are recorded as assets and as long-term liabilities at the present value of the future lease payments when the asset is received. The fund records lease payments as reductions of the long-term liability and as interest expense over the life of the lease. The fund also records depreciation expense to amortize the assets over the lease term or over the life of the asset.

The following is the County's capital lease obligations as of December 31, 2000:

Minimum Capital Lease Payments

	Long-term Debt Account Group	Proprietary Funds
2001	\$ 59,192	\$ 54,695
2002	58,894	54,695
2003	58,000	54,695
Thereafter	232,000	9,116
Total Minimum Lease Payments	408,086	173,201
Less Interest	(469)	(11,545)
Principal	<u>\$ 407,617</u>	<u>\$ 161,656</u>

NOTE 13 - CONTRIBUTED CAPITAL

Changes to contributed capital during 2000 are as follows:

Enterprise Funds

Source	Sanitary Sewer	Solid Waste	Village Green Golf Course	Surface Water Utility
Customers & Developers	\$ 523,964	\$ 0	\$ 0	\$ 0
Government	1,067,339	0	0	0
Less: Amortization of Cap. Grants	(2,216,671)	(40,244)	0	0
Total Changes	(625,368)	(40,244)	0	0
Contributed Capital January 1	40,621,524	293,469	110,360	0
Contributed Capital December 31	<u>\$ 39,996,156</u>	<u>\$ 253,225</u>	<u>\$ 110,360</u>	<u>\$ 0</u>

Internal Service Funds

Source	Equip. Rental and Revolving	Workers Compensation	Purchasing	Self Insurance	Telecommunications	Data Processing
Government	\$ 63,074	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,035
Total Charges	63,074	0	0	0	0	49,035
Contributed Capital January 1	2,464,058	0	54,149	2,759	380,821	1,276,748
Contributed Capital December 31	<u>\$ 2,527,132</u>	<u>\$ 0</u>	<u>\$ 54,149</u>	<u>\$ 2,759</u>	<u>\$ 380,821</u>	<u>\$ 1,325,783</u>

NOTE 14 - CONTINGENT LIABILITIES

There are several lawsuits in which the County is involved. The County Attorney estimates that the potential claims against the County, which may not be covered by insurance resulting from such litigation, would not materially effect the financial statements of the County.

NOTE 15 – PRIOR PERIOD ADJUSTMENT**Sanitary Sewer Fund**

Interest on special assessments that should not have been recorded was recorded last year. We are reversing the entry. We are also adjusting for the difference in the physical count and reconciliation of the equipment record from our old accounting system and the new JD Edwards system.