

## NOTES TO FINANCIAL STATEMENTS

June 30, 2000

## NOTE 11 - DUE TO/FROM OTHER FUNDS

The interfund receivables and payables as of June 30, 2000 that resulted from various interfund transactions were primarily receiving and paying in character. Interest charged for interfund advances is the average monthly yield on investments in the local government investment pool.

Name of Fund With Interfund Transaction	Due From Other Funds	Due to Other Funds
General Fund	\$ 10,846,459	\$ 4,583,151
Special Revenue Fund	310,089	1,104,461
Enterprise Fund	791,109	4,635,330
Internal Service Fund	119,534	328,903
Component Units	66,572	1,406,612
<b>Total Due To/Due From Per Balance Sheet</b>	<b>12,133,763</b>	<b>12,058,457</b>
Six-Month Year End Differential Component Units		75,306
	<b>\$ 12,133,763</b>	<b>\$ 12,133,763</b>

## NOTE 12 – LEASES

**Operating Leases** The Housing Authority was not obligated under any leases required to be accounted for as operating leases at June 30, 2000.

## NOTE 13 - RISK MANAGEMENT

The Kitsap County Consolidated Housing Authority is a member of the Housing Authority Risk Retention Pool (HARRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities 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 or 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. The pool was formed on March 1, 1987 when housing authorities 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. Most Washington Housing Authorities have joined the pool, along with other Housing Authorities in Oregon, California and Nevada.

The pool allows members to establish a plan of self insurance, jointly purchase insurance coverage and to provide such related services as risk management and loss control. Coverage for Errors and Omissions liability is on a "claims made basis." All other coverage is on an "occurrence" basis. The pool provides the following forms coverage for its members: General Liability, Property, Errors & Omissions, Fidelity and Automobile Liability. The Pool self-insures the

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2000**

**NOTE 13 - RISK MANAGEMENT (continued)**

first \$300,000 per occurrence of their General Liability, Errors & Omissions and Property exposures and purchases \$1,700,000 in reinsurance. The Auto Liability program self-insures up to \$3,000,000 per claim. Members make an annual contribution based upon an actuarial study to fund the pool. Since the pool is a cooperative effort, any claims falling within HARRP's self-insured retention will be paid from the pooled funds contributed by all the members.

The Housing Authority has acquired coverage through HARRP to cover most normal hazards. Property and casualty insurance coverage is \$59.5 million, with a deductible of \$1,000 per occurrence. Coverage for general liability is \$3.0 million per occurrence with no deductible. The Housing Authority also maintains errors & omissions coverage for \$3.0 million per occurrence with a 10% deductible, and fidelity & crime coverage for \$100,000 with a \$1,000 deductible. There have been no reductions in insurance coverage in the past.

The Housing Authority has also acquired separate insurance coverage from other carriers for the component units. Coverage

**NOTE 14 – PAYMENT IN LIEU OF TAXES**

Payment in Lieu of Taxes (PILOT) are cash payments made by the all funds (except the Component Units) to other governments in lieu of payment real estate taxes and cash payments made by all funds to the local fire district in lieu of real estate taxes. Total PILOT reported on the financial statements was \$63,364.

**NOTE 15 – CONTINGENCIES**

**Claims and Judgments** The Housing Authority participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Housing Authority may be required to reimburse the grantor government. As of June 30, 2000, significant amounts of grant expenditures have not been audited, but the Housing Authority believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Housing Authority.

**Disallowed Expenditures** Amounts received or receivable under federal grants-in-aid programs are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already received, may constitute a liability of the Housing Authority. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the Housing Authority expects such amounts, if any, to be immaterial.