

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1998**

**NOTE 3 – CASH AND CASH EQUIVALENTS, INVESTMENTS**

**Cash and Cash Equivalents** The Housing Authority pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. It is the Housing Authority's policy to invest all temporary cash surpluses, which are classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds. The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The Housing Authority's deposits are generally covered by Federal Depository Insurance and investments made in pursuant to requirements of Washington State law in Chapter 39.58 RCW.

**Investments** Investments substantially represent equity in pooled investments and consist of deposits with qualified public depositories, obligations of the U. S. Treasury and agencies, banker's acceptances, commercial paper, repurchases agreements and reverse repurchase agreements. Certain investments may meet the criteria of cash and cash equivalents, but are treated as investments by the Housing Authority because of their intended long-term use. All investments are insured or registered or are securities held by the Housing Authority or by the Authority's agent with respect to credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements and Reverse Repurchase Agreements)". All transactions are executed with authorized security dealers and financial institutions on a delivery-versus-payment basis. According to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and For External Investments Pools", U. S. Government treasury and agency securities with maturities exceeding three months at time of purchase, are reported at fair value on the balance sheets and the net increase or decrease in fair value of those investments is reported as part of investment income.

For purposes of cash flows and classification on the financial statements, the Housing Authority considers all highly liquid debt instruments with an original maturity of three months or less be cash equivalents. The exception would be instruments residing within the Washington State Investment Pool which are highly liquid, but also which are treated as short or long term investments because of investment policy, intent, and actual use. Cash equivalents are instruments readily convertible to known amounts of cash.

Cash and cash equivalents included in the financial statements of the Housing Authority as of June 30, 1998 consists of:

<b>Asset Classification Per Financial Statements</b>	<b>June 30, 1998 Entity Total</b>	<b>Enterprise Funds Total</b>	<b>Component Units Total</b>	<b>Total</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Unrestricted	\$ 1,024,075	\$ 298,231	\$ -	\$ 298,231
Restricted	3,726,342	122,166	15,209	137,375
	<b>\$ 4,750,417</b>	<b>\$ 420,397</b>	<b>\$ 15,209</b>	<b>\$ 435,606</b>