



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
DECEMBER 31, 2003

SKAGIT COUNTY WASHINGTON

SKAGIT COUNTY WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2003

Norma Brummett, Skagit County Auditor

David Cunningham Danny Weinberg
Chief Deputy Auditor Chief Accountant

Sue Carol Brown Crystal Burress
Tina Duhaime Jean Irwin
Lenka Kaliban Marie Nelson
Carolyn Vandervegt Casey Holloran

SKAGIT COUNTY WASHINGTON COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2003

TABLE OF CONTENTS

INTRODUCTORY SECTION

<u>Table of Contents</u>	<u>i</u>
<u>Letter of Transmittal</u>	<u>v</u>
<u>Certificate of Achievement for Excellence in Financial Reporting</u>	<u>xi</u>
<u>List of Elected Officials</u>	<u>xii</u>
<u>Organizational Chart</u>	<u>xiii</u>

FINANCIAL SECTION

<u>Independent Auditor's Opinion</u>	<u>1</u>
<u>Management's Discussion and Analysis</u>	<u>2</u>

BASIC FINANCIAL STATEMENTS

<u>Description of Basic Financial Statements</u>	<u>15</u>
<u>Statement of Net Assets</u>	<u>16</u>
<u>Statements of Activities</u>	<u>17</u>
<u>Balance Sheet - Governmental Funds</u>	<u>18</u>
<u>Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets</u>	<u>19</u>
<u>Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</u>	<u>20</u>
<u>Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances Governmental Funds to the Statement of Activities</u>	<u>22</u>
<u>Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund</u>	<u>23</u>
<u>Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Other Major Funds</u>	<u>32</u>
<u>Statement of Net Assets - Proprietary Funds</u>	<u>34</u>
<u>Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds</u>	<u>35</u>
<u>Statement of Cash Flows - Proprietary Funds</u>	<u>36</u>
<u>Statement of Fiduciary Net Assets - Fiduciary Funds</u>	<u>38</u>
<u>Notes to Financial Statements</u>	<u>39</u>

TABLE OF CONTENTS

NONMAJOR GOVERNMENTAL FUNDS

<u>Combining Balance Sheet Nonmajor Governmental Funds</u>	<u>63</u>
<u>Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds</u>	<u>64</u>
<u>Description of Nonmajor Special Revenue Funds</u>	<u>65</u>
<u>Combining Balance Sheet - Nonmajor Special Revenue Funds</u>	<u>67</u>
<u>Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds</u>	<u>78</u>
<u>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue Funds</u>	<u>89</u>
<u>Description of Nonmajor Debt Service Funds</u>	<u>130</u>
<u>Combining Balance Sheet - Nonmajor Debt Service Funds</u>	<u>131</u>
<u>Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Debt Service Funds</u>	<u>132</u>
<u>Description of Nonmajor Capital Project Funds</u>	<u>133</u>
<u>Combining Balance Sheet - Nonmajor Capital Project Funds</u>	<u>134</u>
<u>Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Capital Project Funds</u>	<u>135</u>
<u>Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Capital Project Funds</u>	<u>136</u>

NONMAJOR ENTERPRISE FUNDS

<u>Description of Nonmajor Enterprise Funds</u>	<u>141</u>
---	------------

INTERNAL SERVICE FUNDS

<u>Description of Internal Service Funds</u>	<u>143</u>
<u>Combining Statement of Net Assets - Internal Service Funds</u>	<u>144</u>
<u>Combining Statement of Revenues, Expenses and Changes in Funds Net Assets - Internal Service Funds</u>	<u>145</u>
<u>Combining Statement of Cash Flows - Internal Service Funds</u>	<u>146</u>

AGENCY FUNDS

<u>Description of Agency Funds</u>	<u>147</u>
<u>Combining Balance Sheet - Agency Funds</u>	<u>148</u>
<u>Combining Statement of Changes in Assets and Liabilities - Agency Funds</u>	<u>151</u>

CAPITAL ASSETS

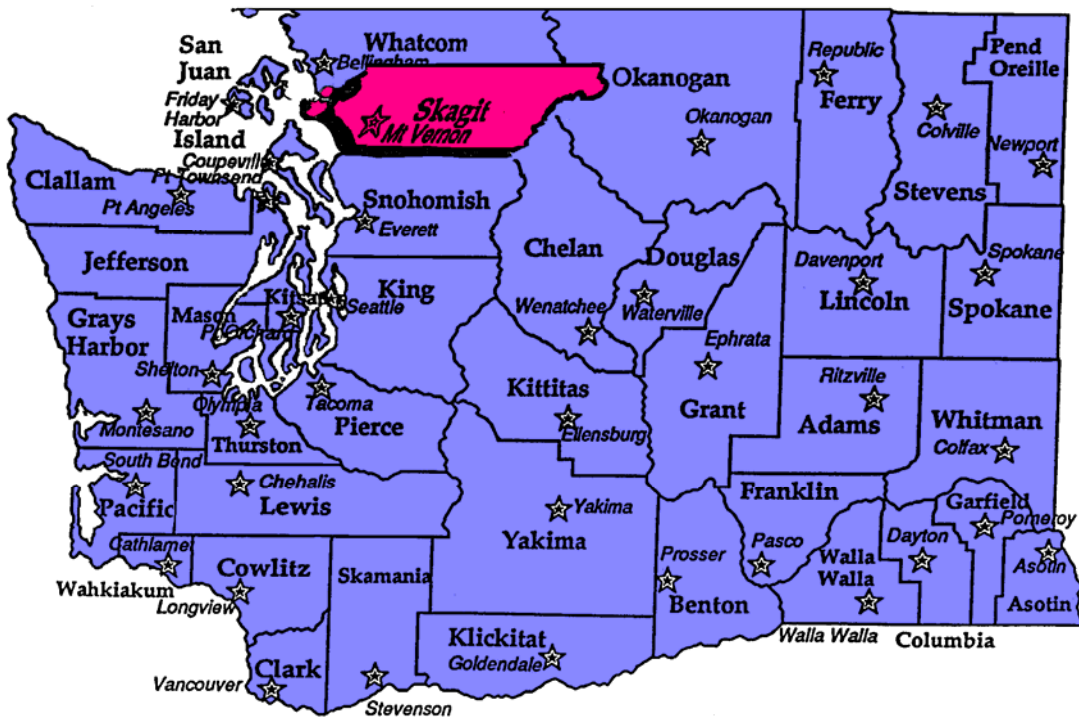
<u>Description of Capital Asset Schedules</u>	<u>161</u>
<u>Schedule by Function and Activity - Governmental Fund Capital Assets</u>	<u>162</u>
<u>Schedule of Changes by Function and Activity -</u> <u> Governmental Fund Capital Assets</u>	<u>163</u>
<u>Schedule by Source - Governmental Fund Capital Assets</u>	<u>164</u>

STATISTICAL SECTION

<u>Government-Wide Expense by Function</u>	<u>165</u>
<u>Government-Wide Revenues by Function</u>	<u>166</u>
<u>General Government Expenditures by Function</u>	<u>167</u>
<u>General Government Revenues by Source</u>	<u>168</u>
<u>Assessed and Estimated Value of Taxable Property</u>	<u>169</u>
<u>Property Tax Rates - Direct and Overlapping</u>	<u>170</u>
<u>Property Tax Levies and Collections</u>	<u>171</u>
<u>Special Assessment Billings and Collections</u>	<u>172</u>
<u>Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita</u>	<u>173</u>
<u>Limitations of Indebtedness</u>	<u>174</u>
<u>Direct and Overlapping Debt - General Obligation Bonds</u>	<u>175</u>
<u>Ratio of Annual Debt Service Expenditures for General Bonded Debt to</u> <u> Total Governmental Expenditures</u>	<u>176</u>
<u>Demographic Statistics</u>	<u>177</u>
<u>Construction and Property Value</u>	<u>178</u>
<u>Principal Taxpayers</u>	<u>179</u>
<u>Principal Employers</u>	<u>180</u>
<u>Miscellaneous Statistical Report</u>	<u>181</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Introduction



Norma Brummett

Auditor

David Cunningham

Chief Deputy

SKAGIT COUNTY AUDITOR



July 30, 2004

To the Honorable Board of Commissioners and Citizens of Skagit County:

We hereby submit the Comprehensive Annual Financial Report (CAFR) of Skagit County for the fiscal year ended December 31, 2003, in accordance with the provisions of Chapter 36.22 of the Revised Code of Washington. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the Office of the Washington State Auditor.

The annual report is presented in compliance with the reporting model as required by the Governmental Accounting Standards Board (GASB) Statement 34. The report includes government-wide financial statements based on full accrual accounting with capital assets, infrastructure and long-term debt reporting. The fund financial statements are presented using the modified accrual method.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management, Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Skagit County's MD&A can be found immediately following the report of the State Auditor.

This annual report consists of managements representations concerning the finances of the County. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Skagit County. The County has established a comprehensive internal control framework to provide a reasonable basis for making these representations. Management of the County has established internal controls that are designed to both protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the presentation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the data presented is accurate in all material respects and disclosures

The Comprehensive Annual Financial report is developed to provide meaningful financial information to legislative bodies, creditors, investors and citizens. It is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and a presentation of the County's organizational structure and elected officials. The financial section includes the independent auditor's report, the management discussion and

analysis, government-wide financial statements, fund financial statements and combining and individual fund financial statements and schedules.. The statistical section presents various financial and demographic information generally presented on a multi-year basis.

The Office of the Washington State Auditor conducts an annual audit of the financial statements of Skagit County as required by state law. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2003, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the overall financial statement presentation. The auditor concluded , based upon the audit, that there was a reasonable basis for rendering an unqualified opinion the Skagit County's financial statements for the fiscal year ended December 31, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The auditor's examination is conducted in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller of the United States and the provisions of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. Information related to this single audit act, including the schedule of expenditures of federal awards and state/local financial assistance, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations, will be issued in a separate Single Audit Report.

Profile of Skagit County

Skagit County, a first-class county, was incorporated on November 28, 1883, under the Revised Code of Washington 36.04.390. The County operates under a commissioner form of government. Locally elected officials include the County Assessor, Auditor, Clerk, Prosecuting Attorney, Sheriff, Treasurer, three Superior Court Judges, two District Court Judges as well as the three member Board of County Commissioners. These elected officials govern the County and establish policies on the basis of the County's needs and preferences. The Commissioners act as the legislative body and appoint a County chief administrative officer. The County provides the following services to its constituents: Sheriff, road construction and maintenance, solid waste management, permits and planning, parks and recreation, judicial administration, public health, social services and general administrative services.

As required by GAAP, the financial statements present Skagit County, the primary government and its discretely presented component unit, the Skagit County Emergency Medical Services Commission (EMS.) GASB Statement 14 establishes the standards for defining and reporting on the financial reporting entity and applies to the primary government as well as to separately issued financial statements of governmental component units. The Skagit County Emergency Medical Services Commission was effectively established on April 1, 2003 by ordinance of the Board of County Commissioners. The EMS was established pursuant to the Revised Code of Washington 35.21.730 and 36.01.095. The purpose of the commission is to provide efficient and effective emergency medical and related services throughout Skagit County in compliance with

state law. Skagit County is funding the EMS with an excess property tax levy approved by the voters through 2006. The Board of County Commissioners appoints the members of the EMS board and has final approval on the EMS operating budget.

Skagit County is located between Whatcom and Snohomish Counties in the northwestern part of the State. Interstate 5 travels through the county. This location has led to an atmosphere of discovery' within the last few years. There has been an increase in individuals seeking housing within the County. The location is good for commuting to the more urbanized areas to the south and north.

The Pacific Northwest region is experiencing an increase in population. Between 1994 and 2003, the County has experienced a 17.3% increase in population, according to information provided by Washington State Employment Security Department. Along with the population increase, housing units have proportionally increased.

Skagit County remains a pristine, beautiful place to live and enjoy the outdoors. The County has beautiful natural water areas that include freshwater lakes, streams, rivers and saltwater beaches. Backpacking, hiking and camping in the beautiful natural parks, as well as the annual Tulip Festival, continue to bring tourists to this area.

The total land area of Skagit County in square miles is 1,735. Of that, 93,495 acres are devoted to farmland, 156,085 acres are devoted to parkland (national, state and county) and 364,582 acres are National Forest Land. This is one factor in population density which is 61.5 persons per square mile.

The annual budget for Skagit County serves as the basis for the County's financial planning and control and is adopted in accordance with the provisions of the Revised Code of Washington (RCW) Chapter 36.40. Each County department and separate fund are required to submit requests for appropriations to the County Auditor's Office on the second Monday in August. A compilation of the requests is submitted to the Board of County Commissioners on the first Tuesday in September. The Commissioners schedule a budget hearing ,which must begin between the first Monday in October and the first Monday in December. The hearing may be continued from day to day for no more than five days. At the conclusion of the hearing, the Commissioners adopt the budget.

The annual appropriated budget is adopted at the department level within each fund. For management purposes, expenditures are further segregated by "object class" of expenditure. "Object class" refers to a segmentation of expenditures into five categories. These categories are salaries and wages, personnel benefits, supplies, other services and charges, and capital expenditures. Expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. All appropriations lapse thirty days after the close of each fiscal year. All expenditures incurred prior to year-end, but not paid until this thirty-day period are considered expenditures against the budget for the prior year and are reported as accounts payable.

Budget status reports are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, revenues and expenditures can be monitored at fund, department, division, activity, or object class level.

Economic Condition

Skagit County's economic base includes: agriculture, food processing, lumber and wood products, oil refining, tourism, and marine related industries. Included within the marine related industries are fishing, fish processing, ship and boat building and repair. Exports within the agricultural area have continued to be strong. The County has a high percentage of employment concentrated in industries that are seasonal by nature. The County's unemployment rate remains higher than the State average, in part, because of the seasonality effect. The rate for 2003 is 7.8% up from 7.5% in 2002. However, historically, the rate has hovered as high as 9.6% as recently as 1994.

Property and sales tax revenues have increased 77.5% from 1994 to the present, and this at a time when the property tax levies have been limited to a 1% increase limitation factor for the past couple of years. This suggests a confident consumer spending base. This trend is also suggested in the increase in the number of building permits issued which reverses the opposite downward movement begun in 1999.

Skagit County benefits from its proximity to the larger economies and population bases in the counties immediately to its south. The Boeing Corporation and Microsoft appear to be poised for a resurgence in business activity. The County's housing market is expected to benefit from this positive turn as are the County's general sales activities.

Long- term Financial Planning

Many departments such as the Sheriff Department, County Prosecutor, Public Defender, County Clerk and the different court offices which comprise the Law and Justice System in Skagit County are understaffed. This was not completely due to an increase in crime in the County, rather an increase in the requirements imposed by the State. To compound the issues in Law and Justice, the County Jail which was built in the 1970s has been overcrowded in recent years. When the structure was built, it was only supposed to house around 85 inmates. The average daily population of the existing building is close to 200 inmates, which could cause significant problems in the near future. We now find ourselves in a position where we must find alternative housing to protect our citizens. In November, 2003, we asked the taxpayers of the County to approve a one-tenth of one percent increase in sales tax, which would be dedicated to staffing as well as infrastructure needs. This tax failed on the November ballot, however we are still faced with the same issues. We have dedicated an additional \$500,000 toward Law and Justice Departments for the 2004 fiscal year. To accommodate this action, many Public Service departments such as the Health Department, Parks and Recreation, and Senior Services will realize reductions

In recent years, health benefit costs have been spiraling out of control. Increases have been realized in double-digit proportions. In an effort to control these increases, employees including Department Heads and Elected Officials will be required to pay five percent (5%) of all employee health benefits in the future. This has been a difficult decision, but with the recent increases in the cost of benefits, the County must find alternatives in order to maintain the same level of benefits in the future.

Financial Policies

Skagit County has established fiscal policies as guidelines for its budgetary process and they are, in part:

1. The budget shall be balanced within available resources. In addition to annual fiscal objectives, efforts need to be made to consider future long-term service needs.
2. “Banked capacity” of \$832,519 for the General fund and \$862,825 for the Road Fund shall be preserved for emergency situations (i.e. flood or earthquake relief), and shall not be directed toward county operations.
3. Where programs are dependent upon the continued availability of grant support, departments need to ensure the sustainability of the grant source and the implications of grant funds being reduced or eliminated.
4. A minimum reserve balance of 10% shall be maintained for all operating funds.
5. Revenues collected in excess of the minimum reserve shall be held for one-time, special purpose needs that fulfill strategic objectives of the county.
6. Departments with programs that are primarily funded with permit and service fees shall analyze these fees during the course of the year to ensure that all costs are being captured within the fee structures established and shall recommend adjustments as appropriate.

Major Initiatives

The County purchased an office building which will provide office space for several Skagit County departments, including Public Works and Planning & Permit Center. The purchase was funded by the issuance of general obligation bonds which were also used to defease existing debt for the Skagit County Solid Waste Fund representing a decrease in the effective interest rate payable by the taxpayers of Skagit County. By purchasing this property the County will significantly reduce General Fund expense by minimizing leased office space and providing long-term taxpayer value via property purchase and capital appreciation. Additional advantages of the proposed new building are improved flood plain elevation and location of critical County departments and improved parking for employees and the public. Relocating several departments out of downtown Mount Vernon will reduce parking needs on the County campus, which will relieve demand on downtown merchant parking. Moving Public Works and Planning and Permit Center will free up additional space for Youth and Family Service, the Sheriff's Department and the Coroner and alleviate crowding.

Skagit County Dike District #3 and Skagit County Public Works Department recently were awarded a grant of \$902,270 from the Salmon Program administered by the Salmon Recovery Funding Board (SRFB). The funds will be utilized to relocate 2,500 feet of levee. Salmon habitat being restored by this project includes 22 acres of tidal backwater wetland and channel habitats. This section of levee is the site of previous failures and during the 1990 floods, levee sections upstream were threatening to overtop. By partnering with the SRFB on a salmon restoration project, multiple benefits will be provided with an efficient use of public funds. Funding for the Salmon Program comes from funds administered by the National Marine Fisheries Service. Skagit County will leverage local funding totaling \$865,000 with SRFB grant monies to implement the project. Total estimated project cost is \$1,767,270. SRFB is the state's administrator of the grant program.

Skagit County has scored a top ten ranking in the nation's first Digital Counties Survey. This strong showing reflects Skagit County's expertise with information technology and dedication to take public services online. The Skagit County web site is designed around the citizens' ease of access and not on county departmental structure. The site is the focal point of the County's vision for digital government and is the center of county information and resources. It is designed around a services-forward approach that places the needs of constituents first and foremost. Moving public service to the internet allows government to be more responsive to the needs of the public. This has the added benefit of increasing the County's efficiencies while reducing operational costs. Skagit County was one of two counties in the Pacific Northwest to receive a top ten ranking

A collaborative effort of the County, cities, towns, tribes and special purpose districts produced one of the nation's first multi-jurisdictional Natural Hazards Mitigation Plan. These plans are now required to receive federal disaster relief funding from the federal government. The plan was made possible with grant funding from the Washington State Military Department and the Emergency Management Department of Homeland Security with the Federal Emergency Management Agency. In addition local jurisdictions, Indian tribes, and special purpose districts provided staff time and resources to help complete the plan.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to Skagit County for its Comprehensive Annual report for the fiscal year ended December 31, 2002. Skagit County has received this prestigious award for thirteen out of the last fifteen years and for the last seven consecutive years. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

Preparation of this report could not have been accomplished without the professional, efficient and dedicated work of the entire staff of the Auditor's Office. In addition, acknowledgement is made for the invaluable contributions of the Treasurer's Office, the Public Works accounting division and the Budget Office.

We would also like to express our appreciation for the professional efforts of our local State Auditor's Office team and the direction and advice provided by them and to the Board of County Commissioners for their efforts in working for the betterment of the County.

Respectfully submitted,



Norma Brummett
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Skagit County,
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



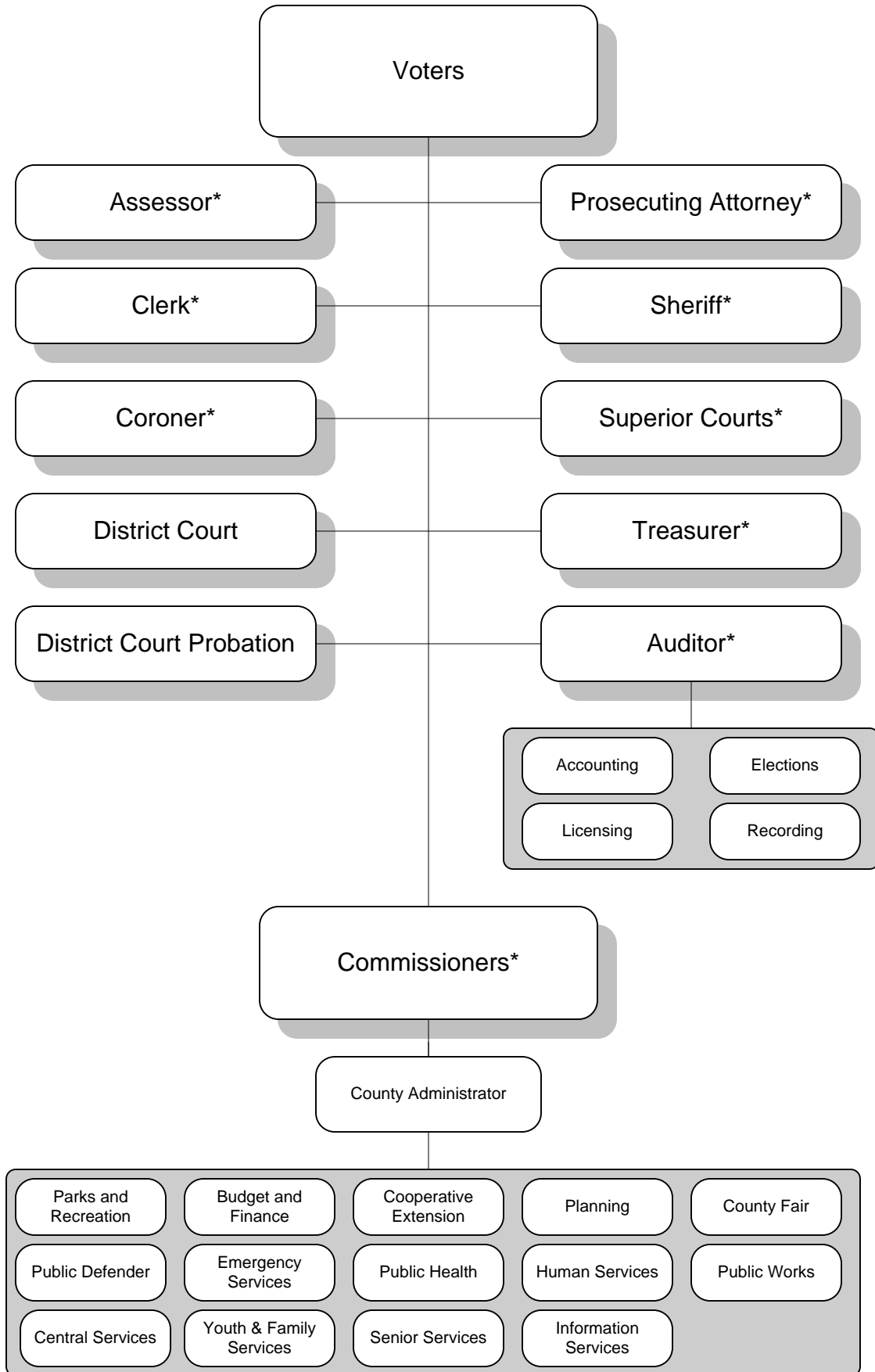
President

Executive Director

SKAGIT COUNTY, WASHINGTON ELECTED OFFICIALS

	TERM EXPIRES
COUNTY COMMISSIONERS	
DISTRICT NUMBER 1 DON MUNKS	DECEMBER 2004
DISTRICT NUMBER 2 KENNETH DAHLSTEDT.....	DECEMBER 2004
DISTRICT NUMBER 3 TED ANDERSON.....	DECEMBER 2006
SUPERIOR COURT JUDGES	
SUSAN COOK	DECEMBER 2004
MICHAEL RICKERT	DECEMBER 2004
JOHN MEYER.....	DECEMBER 2004
DISTRICT COURT JUDGES	
STEVE J. SKELTON.....	DECEMBER 2006
DAVID SVAREN.....	DECEMBER 2006
ASSESSOR	
MARK LEANDER.....	DECEMBER 2006
AUDITOR	
NORMA BRUMMETT	DECEMBER 2006
CLERK	
NANCY SCOTT	DECEMBER 2006
CORONER	
BRUCE BACON.....	DECEMBER 2006
PROSECUTING ATTORNEY	
THOMAS SEGUINE.....	DECEMBER 2006
SHERIFF	
RICK GRIMSTEAD	DECEMBER 2006
TREASURER	
KATIE JUNGQUIST	DECEMBER 2006

Skagit County Organization Chart



* Elected official(s)

Financial Section





Washington State Auditor
Brian Sonntag

(360) 902-0370
FAX (360) 753-0646
TDD Relay 1-800-833-6388
<http://www.sao.wa.gov>

Legislative Building
PO Box 40021
Olympia, Washington 98504-0021

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Skagit County, Washington, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our financial audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Skagit County, Washington, as of December 31, 2003 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, during the year ended December 31, 2003 the County has implemented Governmental Accounting Standard's Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments. The Management's Discussion and Analysis, budgetary comparison information, and risk pool information at Note VII, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information listed as combining financial statements and supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements and supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR



MANAGEMENT'S DISCUSSION AND ANALYSIS

Skagit County's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and in the financial statements and notes to the financial statements (which immediately follow this discussion).

The implementation of the new financial reporting requirements under GASB Statement #34 (Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments) makes the County's 2003 Comprehensive Annual Financial Report significantly different than those of previous years. New features include this Management's Discussion and Analysis, the Government-wide Statement of Net Assets, the Government-wide Statement of Activities, the concept of major fund reporting, and the reporting of infrastructure capital assets and long-term debt liabilities in the governmental activities. These concepts are explained throughout this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The total assets of Skagit County exceeded its liabilities at December 31, 2003 by over \$443 million dollars. Net assets invested in capital assets (net of depreciation and related debt) account for 90% of this amount, with a value of over \$400 million. Of the remaining net assets, \$24 million was restricted for specific projects or programs and \$19 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- As of December 31, 2003, Skagit County's governmental activities reported combined ending net assets of over \$441 million. Of that amount, over \$404 million was invested in capital assets, almost \$24 million was legally restricted for specific projects or programs, and \$13 million was available for spending at the government's discretion.
- Fund balance for the General Fund was \$8.8 million dollars at December 31, 2003.
- Fund balance for the County Road fund was \$10.2 million dollars at December 31, 2003.
- The County issued \$2.52 million in general obligation bonds to purchase a new facility as included as part of the County's Capital Facilities Plan and \$2.82 million in general obligation bonds to refund existing debt in the Solid Waste Fund.
- Skagit County's total long-term debt at December 31, 2003 was \$18.4 million, with a remaining capacity for non-voted debt at \$137 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Skagit County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

There are two government-wide financial statements designed to provide readers with a broad overview of Skagit County's finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of Skagit County that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Skagit County include a

full range of local government services provided to the public, such as law enforcement and public safety; the superior, juvenile, and district court systems; legal prosecution and indigent defense; jails and corrections; road construction and maintenance; community planning and development; parks and open space preservation; and care and welfare of the disadvantaged and mentally ill. In addition, other general government services are provided, such as elections, property assessment, tax collection, and the issuance of licenses. The business-type activities of Skagit County include Solid Waste and Drainage Utility.

The statement of net assets presents information on all of Skagit County's assets and liabilities, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, this is just one indicator of the financial health of the County. Other indicators include the condition of the County's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the County.

The statement of activities presents information showing how the government's net assets changed during 2003. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2003, and earned but unused vacation leave, will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2003.

The financial statements present information on a "Component Unit". The Emergency Medical Services Commission was established in April of 2003 by the Board of Skagit County Commissioners pursuant to the Revised Code of Washington 35.21.730 and 36.01.095. The component unit is not covered in this discussion. Additional information concerning the component unit may be found in Note I of the Notes to the Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Skagit County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Skagit County can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. Governmental Funds are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, the County Road Fund, and the Distressed County Public Facility Fund, all of which are considered to be major funds, based on criteria established by GASB Statement #34. (GASB Statement #34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as

appropriate, and 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category.) Data from the remaining governmental funds are combined into a single, aggregated presentation. The governmental fund financial statements can be found immediately following the government-wide financial statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements, outside of the basic financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements in order to facilitate this comparison.

The County maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level, except for the General Fund, which is adopted on a department level. Capital outlays are approved on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General Fund, the County Road Fund, and the Distressed County Public Facility Fund to demonstrate compliance with the budget.

Proprietary Funds

There are two types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Solid Waste and Drainage Utility activities. Internal Service Funds (the second type of proprietary funds) accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its vehicle fleet, medical and unemployment insurance, computer equipment replacement reserves, and various other administrative services. The revenues and expenses of the internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column.

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Assets to the business-type column on the Government-Wide Statement of Net Assets, you will notice that the total net assets agree, and therefore need no reconciliation. In comparing the total assets and total liabilities between the two statements, you will notice slightly different amounts. This is because the "internal balances" line on the government-wide statement combines the "due from other funds" (assets) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

Individual fund data for each of the non-major proprietary funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Skagit County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Skagit County has one type of fiduciary fund: Agency Funds (which are clearing accounts for assets held by Skagit County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong). The Statement of Fiduciary Net Assets can be found following the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Skagit County's net assets total \$443,867,334 at December 31, 2003. The following table reflects the condensed Government-Wide Statement of Net Assets. Since this is the initial period of Skagit County reporting on a government-wide basis, as required by the implementation of GASB Statement #34 reporting standards, there is no audited previous year comparable data available.

Skagit County's Net Assets

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$53,814,420	\$6,857,145	\$60,671,565
Capital Assets and Construction in Progress (Net of Depreciation)	407,563,599	3,948,911	411,512,510
Total Assets	\$461,378,019	\$10,806,056	\$472,184,075
Long-Term Liabilities	\$14,597,209	\$7,979,376	\$22,576,585
Other Liabilities	4,898,732	841,424	5,740,156
Total Liabilities	\$19,495,941	\$8,820,800	\$28,316,741
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$404,523,601	(\$3,948,367)	\$400,575,234
Restricted	23,912,628	0	23,912,628
Unrestricted	13,445,849	5,933,623	19,379,472
Total Net Assets	\$441,882,078	\$1,985,256	\$443,867,334

Skagit County's total assets are over \$472 million as of December 31, 2003. Of this amount, over \$411.5 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Historically, infrastructure (roads, bridges, drainage systems, etc.) has not been included in capital asset reporting for governmental activities. GASB Statement #34 requires that all capital assets, including infrastructure, be reported. Out of \$407.6 million in capital assets reported at December 31, 2003 for Governmental Activities, \$357 million (88%) is accounted for by infrastructure acquisitions and construction in progress (including the right-of-way land associated with these projects).

Of the remaining County assets, approximately \$46 million were accounted for in cash, cash equivalents, and investments, \$8.6 million in accounts receivable, \$5.4 million in inventories and prepayments, and \$690,000 spread among miscellaneous assets.

At December 31, 2003, the County had outstanding liabilities of \$28.3 million, with slightly over \$22.5 million in long term liabilities. Of the long term liabilities, nearly \$1.3 million was due within a year, with the remainder due over an extended period of time. Refer to the notes to the financial statements (Note V.) for a more in depth discussion of long term debt.

Included in *other liabilities* in the table are nearly \$3.3 million in accounts payable, \$1.8 million in accrued liabilities, \$350,000 in claims and judgments, \$280,000 payable to other governments, and \$15,000 in custodial accounts.

The largest portion of the County's net assets (90%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The County's capital assets are used to provide services to citizens. Consequently, investments in capital are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 5% of the County's net assets are subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government). The remaining balance of \$19.4 million (unrestricted net assets), represents the amount that may be used to meet the County's ongoing obligations.

At December 31, 2003, Skagit County reports positive balances in all three categories of net assets, for the government as a whole, as well as for governmental activities. Business-type activities report a negative balance in capital assets and a positive balance in unrestricted assets, with no restricted assets. The negative balance in capital assets is the result of the closure and demolition of the incinerator in 1994 and 2000 respectively in the Solid Waste Fund with the underlying debt remaining as a liability of the fund.

Statement of Changes in Net Assets

The County's total net assets increased by \$8.33 million in 2003. The increase was split among governmental activities (\$6.77 million) and business-type activities (\$1.56 million). Key elements in changes in net assets are shown in the following table:

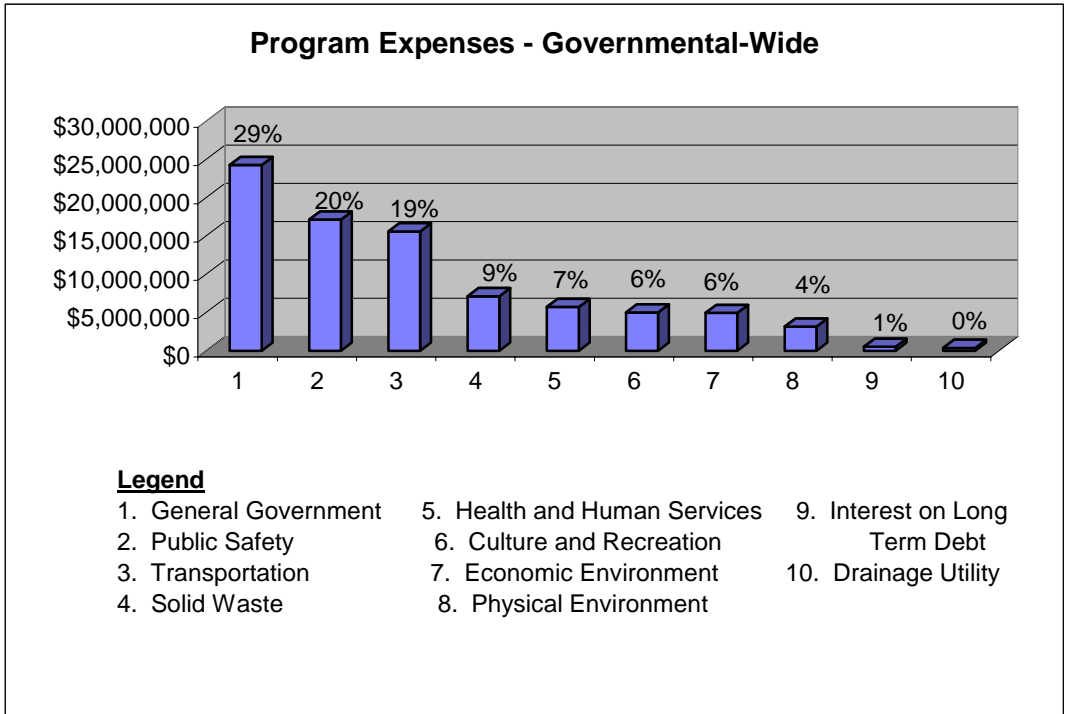
Skagit County Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:			
Program Revenues			
Charges for Services	\$15,415,985	8,851,374	\$ 24,267,359
Operating Grants and Contributions	\$14,447,434	154,314	\$ 14,601,748
Capital Grants and Contributions	\$9,242,276	0	\$ 9,242,276
General Revenues:			
Taxes	\$38,497,885	0	\$38,497,885
Interest Earnings on Investments	1,330,705	60,784	1,391,489
Gain/(Loss) on Sale of Assets	469,053	0	469,053
Special Item	3,667,067	0	3,667,067
Total Revenues	<u>\$83,070,405</u>	<u>\$9,066,472</u>	<u>\$92,136,877</u>
Program Expenses:			
General Government	\$24,267,759	0	\$24,267,759
Public Safety	\$17,143,366	0	\$17,143,366
Physical Environment	\$3,138,267	0	\$3,138,267
Transportation	\$15,574,415	0	\$15,574,415
Economic Environment	\$4,932,106	0	\$4,932,106
Health and Human Services	\$5,732,219	0	\$5,732,219
Culture and Recreation	\$4,991,191	0	\$4,991,191
Solid Waste	0	\$7,132,390	\$7,132,390
Drainage Utility	0	\$374,143	\$374,143
Interest on Long Term Debt	519,350	0	\$519,350
Total Expenses Before Transfers	<u>\$76,298,673</u>	<u>\$7,506,533</u>	<u>\$83,805,206</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	\$6,771,732	\$1,559,939	\$8,331,671
Transfers	1,184	(1,184)	0
Change in Net Assets	\$6,772,916	\$1,558,755	\$8,331,671
Net Assets as of January 1 - Restated	<u>\$435,109,162</u>	<u>\$426,498</u>	<u>\$435,535,660</u>
Net Assets as of December 31	<u>\$441,882,078</u>	<u>\$1,985,253</u>	<u>\$443,867,331</u>

Total revenues for Skagit County were \$92.1 million in 2003. Governmental activities provided over \$83 million (90%), while business-type activities added just over \$9 million. Within governmental activities, tax revenue accounted for 46% of total revenue sources, with grants and contributions accounting for 28.5%. The remaining 25.5% of revenue was provided by charges for services, interest income, a special item, and gain on the sale of assets.

Of the \$9 million in business-type activities program revenues and interest earnings, 97.6% was provided by charges for services, with the remaining amount provided by grants, contributions, and interest income.

Expenses for the year totaled \$83.8 million. Governmental Activities accounted for just over \$76 million (91%), with the largest program expenses in the areas of general government, public safety, and transportation, respectively. These three programs accounted for 75% of total governmental expenses. Of the \$7.5 million in business-type expenses, 95% are associated with the solid waste program. Following is a graph, which illustrates by program where funds were spent in 2003.

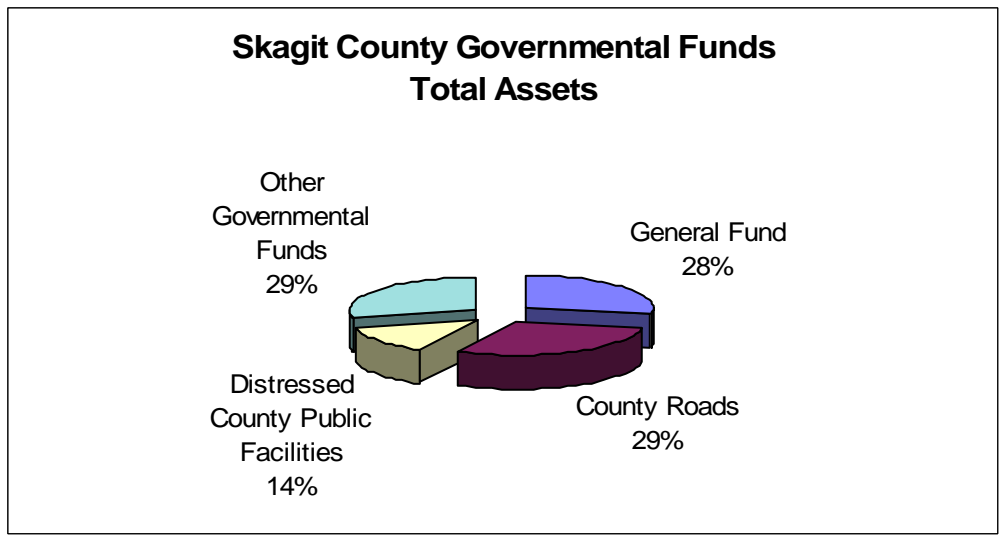


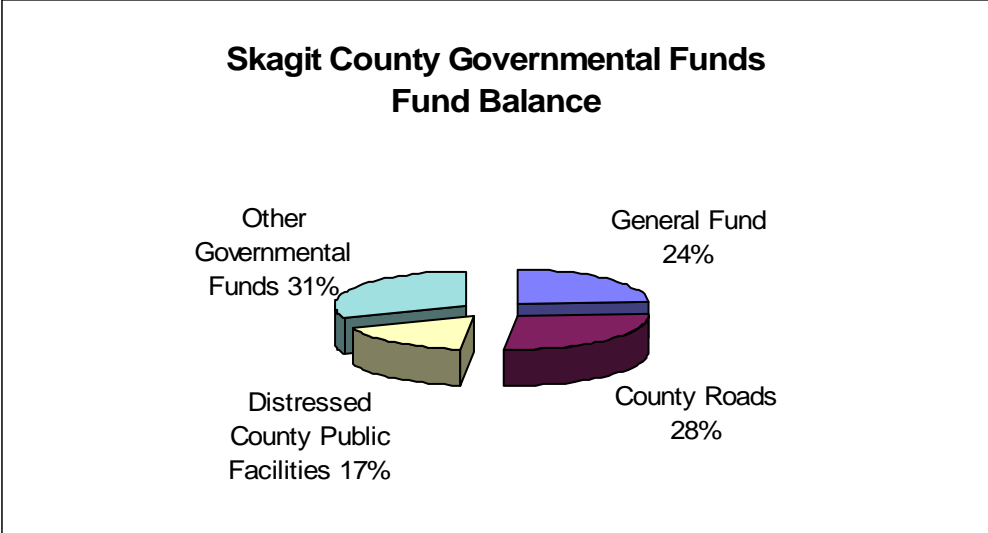
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Skagit County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following are financial analyses of the County's governmental and proprietary funds.

Governmental Funds Balance Sheet Analysis

The General Fund, County Road, and Distressed County Public Facility fund are the County's major funds in 2003. Together these funds account for 71% of total governmental fund assets and 69% of total governmental fund balance.



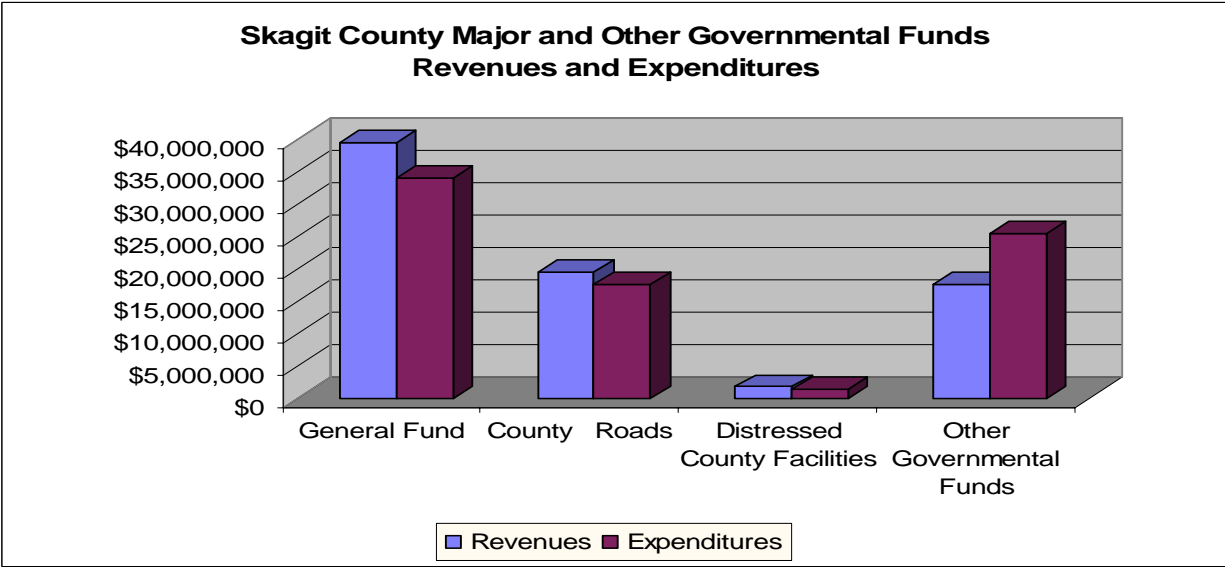


The focus of Skagit County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of December 31, 2003, the county's governmental funds reported combined fund balances of \$37 million. Of this total amount, over \$35.8 million (97%) is unreserved and available for spending within the designated funds. Reserved fund balance of \$1.17 million is not available for new spending because it has already been committed to prepaid expenses, loans and debt service.

The General Fund is the chief operating fund of Skagit County. On December 31, 2003, unreserved fund balance of the General Fund was \$8.5 million, while total fund balance reached \$8.9 million. Total assets in the General Fund amounted to \$13 million, accounting for 28% of total governmental fund assets.

Governmental Funds Revenue/Expenditure Analysis

The following chart shows the revenue and expenditure amounts for the three major governmental funds and for all other governmental funds.



The revenue indicators in the chart do not include one-time only financing sources, such as proceeds from new debt or the sale of assets. The General Fund and the County Road fund account for 75% of all governmental fund revenue and 66% of all expenditures. The Distressed County Public Facility is considered a major fund by the merits of its total assets.

The net change in fund balance for the General Fund in 2003 was a positive \$243,000. This is after a \$625,000 transfer to create the Central Services fund and a \$100,000 transfer to create the Water Quality fund. The Distressed County Public Facility fund had a net decrease in fund balance of \$200,000, due to the schedule of projects. Governmental funds had an overall positive net change in fund balance of \$3.6 million for 2003.

Enterprise Funds Net Assets Analysis

Both of the enterprise funds of Skagit County, Solid Waste and the Drainage Utility, are considered major funds for 2003. The following table reflects the Proprietary Funds Statement of Net Assets as of December 31, 2003.

Skagit County's Enterprise Funds Net Assets

	Business-Type Activities-Enterprise Funds		
	Solid Waste	Drainage Utility	Total
Current and Other Assets	\$5,038,676	\$2,205,165	\$7,243,841
Capital Assets and Construction in Progress (Net of Depreciation)	\$804,712	\$3,172,747	\$3,977,459
Total Assets	\$5,843,388	\$5,377,912	\$11,221,300
Long-Term Liabilities	\$7,212,702	\$6,674	\$7,219,376
Other Liabilities	\$1,950,412	\$66,256	\$2,016,668
Total Liabilities	\$9,163,114	\$72,930	\$9,236,044
Net Assets:			
Invested in Capital Assets, Net of Related Debt	(\$7,121,114)	\$3,172,747	(\$3,948,367)
Restricted	0	0	0
Unrestricted	3,801,388	2,132,235	5,933,623
Total Net Assets	(\$3,319,726)	\$5,304,982	\$1,985,256

As of December 31, 2003, the County's enterprise funds reported combined net assets of nearly \$2 million, made up of a deficit of \$3.3 million in the Solid Waste fund and a positive \$5.3 million in the Drainage Utility. The deficit in Solid Waste is due to the closure and demolition of the incinerator in 1994 and 2000 respectively, with the underlying debt remaining as a liability of the fund. The combined funds have \$5.9 million unrestricted and available in accordance with the needs of the programs.

Enterprise Funds Revenue/Expenditure Analysis

Revenues from the Solid Waste fund contributed 89% of the total revenues for enterprise funds in 2003. Following is a table, which gives a condensed look at revenues, expenses, and net change in fund balance for the enterprise funds.

Skagit County's Enterprise Funds Revenues and Expenses

	Business - Type Activities - Enterprise Funds		
	Solid Waste	Drainage Utility	Total
<u>Revenues</u>			
Charges for Services	\$7,884,405	\$965,973	\$8,850,378
Intergovernmental	154,314	0	154,314
Interest Revenue	37,375	23,409	60,784
Miscellaneous Revenue	996	0	996
Total Operating Revenues	<u>\$8,077,090</u>	<u>\$989,382</u>	<u>\$9,066,472</u>
<u>Expenditures</u>			
Personal Services	\$1,279,218	\$185,759	\$1,464,977
Contractual Services	4,355,293	0	4,355,293
Other Supplies and Expenses	1,042,791	122,660	1,165,451
Depreciation	63,350	65,724	129,074
Gain (Loss) on Disposition of Capital Assets	0	0	0
Interest Expense	391,738	0	391,738
Total Operating Expenditures	<u>\$7,132,390</u>	<u>\$374,143</u>	<u>\$7,506,533</u>
Income (Loss) Before Transfers	\$944,700	\$615,239	\$1,559,939
Interfund Transfers	(395)	(789)	(1,184)
Change in Net Assets	\$944,305	\$614,450	\$1,558,755
Total Net Assets - Beginning	(4,264,033)	4,690,531	426,498
Total Net Assets - Ending	<u>(\$3,319,728)</u>	<u>\$5,304,982</u>	<u>\$1,985,253</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The following table shows the changes between the original and the final General Fund budget as of December 31, 2003.

Skagit County's General Fund Changes in Budget As of December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<i>Revenues</i>				
Taxes	\$22,532,983	\$22,555,663	\$23,375,897	\$820,234
Licenses & Permits	974,000	974,000	1,058,925	84,925
Intergovernmental Revenue	6,606,750	6,954,282	6,537,617	(416,665)
Charges for Goods and Services	4,812,640	5,054,463	5,706,052	651,589
Fines and Forfeits	1,227,700	1,502,700	1,559,796	57,096
Interest Revenue	1,651,550	1,051,550	956,140	(96,410)
Miscellaneous Revenues	474,088	484,866	408,051	(76,815)
Total Revenues	\$38,279,711	\$38,577,524	\$39,602,478	\$1,024,954
<i>Expenditures</i>				
General Government Services	\$17,503,651	\$18,118,992	\$17,219,623	\$899,369
Security of Persons and Property	12,523,267	12,886,320	12,800,222	86,098
Utilities and Environment	434,237	1,051,171	813,090	238,081
Economic Environment	2,575,607	2,579,407	2,287,635	291,772
Mental/Physical Health	202,596	243,409	227,055	16,354
Culture and Recreation	450,345	459,123	448,592	10,531
Capitalized Expenditures	453,677	555,777	332,743	223,034
Total Expenditures	\$34,143,380	\$35,894,199	\$34,128,960	\$1,765,239
Excess (Deficiency) Revenues over Expenditures	\$4,136,331	\$2,683,325	\$5,473,518	\$2,790,193
<i>Other Financing Sources (Uses)</i>				
Proceeds of General Long-Term Debt	\$0	\$369,000	\$327,915	(\$41,085)
Fixed Asset Dispositions	0	0	842	842
Operating Transfers In	15,000	15,000	13,945	(1,055)
Operating Transfers Out	(4,558,794)	(5,610,466)	(5,572,857)	37,609
Total Other Financing Sources (Uses)	(\$4,543,794)	(\$5,226,466)	(\$5,230,155)	(\$3,689)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(\$407,463)	(\$2,543,141)	\$243,363	\$2,786,504
Fund Balance, January 1	\$6,780,657	\$6,780,657	\$8,649,991	\$1,869,334
Fund Balance, December 31	\$6,373,194	\$4,237,516	\$8,893,354	\$4,655,838

Budgeted expenditure increases outpaced revenue increases by over \$1.45 million in 2003. Budgeted revenues increased by \$.3 million from the original budget while budgeted expenditures increased by \$1.75 million.

The largest change in the revenue budget was in interest revenues. The decrease of \$.6 million was due to the continuing low interest rate.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Skagit County's total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 200, amounts to over \$400 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, development rights, buildings, improvements, machinery and equipment, infrastructure, and construction in progress on buildings and improvements. Major capital asset events during the current fiscal year included the following:

- In July of 2003, Skagit County purchased one building and auctioned another in an effort to combine the location of departments and create efficiencies in operations and convenience for the public.
- During 2003 Skagit County purchased development rights on 670 acres of farmland through the Farmland Legacy Program.

Additional information on Skagit County's capital assets can be found in note IV.E of the Notes to the Financial Statements.

Long-Term Debt

At December 31, 2003, Skagit County had total bonded debt outstanding of almost \$18.4. Of that, \$10.4 million is classified as governmental activity and nearly \$8 million is classified as business type activity. All is backed by the full faith and credit of the County.

Skagit County's total bonded debt had a net decrease of \$1.4 million during 2003. Significant debt activity in 2003 included the issuance of bonds in the amount of \$2.5 million for the purchase and renovation of a building and the issuance of bonds in the amount of \$2.8 million to refund existing debt in the Solid Waste Fund. The County's remaining capacity for non-voted debt at December 31, 2003 was approximately \$137 million. Additional information on the County's long-term debt can be found in Note V of the Notes to the Financial Statements.

ECONOMIC FACTORS

There have been a series of voter initiatives over the last several years, as well as State of Washington and Federal legal changes that continue to have an impact on future finances of the County. A listing of conditions and decisions that may significantly affect the future financial condition of the County follows:

- In November 1999, the voters in Washington approved Initiative 695, which eliminated the annual motor vehicle excise tax and replaced it with a \$30 annual fee on motor vehicles. Although this initiative was later ruled unconstitutional by the courts, the Legislature moved to enact the \$30 annual fee in special session. As a result, a portion of funding the County receives from the State for 2000 through 2002 was reduced by approximately \$2.7 million. The County received partial funding of approximately \$1.7 million over the same time period.

- Voters also approved Initiative 747, which capped property tax growth each year at a maximum of 1%, plus any additions for new construction. I-747 was required to be fully implemented beginning with 2002.
- In October of 2003, Skagit County was the victim of a flood which was a federally declared disaster. Aside from damage to private property and residences, the flood caused damage to several County Park facilities, as well as road and bridge infrastructure.
- In April of 2003, the voters approved a 1/10th of 1% increase in sales tax to fund emergency communication systems and facilities.
- In June 2004, the County and the Sheriff's Guild settled a labor agreement that had expired December 31, 2001. The contract includes cost of living adjustments that total 8.5% from 2001 through 2004. The financial impact of this is approximately \$.5 million.

Requests for Information

This financial report is designed to provide a general overview of Skagit County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to either of the following:

Gary Rowe, County Administrator
Skagit County Commissioner's Office
700 South Second Street
Mount Vernon, WA 98273
360-336-9300

Accounting Department
Skagit County Auditor's Office
PO Box 1306
Mount Vernon, WA 98273
360-336-9420

Basic Financial Statements



Basic Financial Statements

The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to be “liftable” from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution to users requiring less detailed information than is contained in the full CAFR. Basic Financial Statements include:

Government-wide Financial Statements

- (1) **Government-wide Statement of Net Assets** – presents information on all County governmental and business-type assets and liabilities, with the difference reported as net assets.
- (2) **Government-wide Statement of Activities** – presents information on all County governmental and business-type revenues and expenses, with the difference reported as change in net assets.

Fund Financial Statements

- (3) **Balance Sheet – Governmental Funds** – presents the balance sheets for major funds and aggregated amounts for all other governmental funds.
- (4) **Reconciliation of the Balance Sheet to the Government-wide Statement of Net Assets.**
- (5) **Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds** - presents information for each major fund and aggregated information for all other governmental funds.
- (6) **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities.**
- (7) **Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual** – presents budget information, along with actual results, on separate statements for each major fund which has a legally adopted budget. Departmental information is included for the General fund, in accordance with the County’s legally adopted budget
- (8) **Statement of Net Assets – Proprietary Funds** – presents information on all assets and liabilities, with the difference reported as change in net assets for the major enterprise fund and aggregated amounts for all other enterprise funds as well as a separate column of information for internal service funds
- (9) **Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds** – presents information for each major fund and aggregated information for all other governmental funds. Major and non-major enterprise funds and internal service funds.
- (10) **Statement of Cash Flows** – presents information on the sources and uses of cash for the major fund and aggregated information for all other enterprise funds and internal service funds.
- (11) **Statement of Fiduciary Net Assets** - presents information on agency fund assets and liabilities, with the difference reported as net assets.
- (12) **Notes to Financial Statements** – presents disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented with them.

SKAGIT COUNTY, WASHINGTON

Statement of Net Assets

December 31, 2003

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
ASSETS				
Cash/Cash Equivalents	\$18,126,201	\$1,228,633	\$19,354,834	\$1,306,718
Investments	21,314,276	5,318,495	26,632,771	100,000
Receivables	2,697,799	609,321	3,307,120	578,982
Due From Other Governments	5,230,615	61,721	5,292,336	0
Internal Balances	414,592	(414,592)	0	0
Inventories/Prepayments	5,367,069	25,019	5,392,088	0
Deferred Charges	0	28,548	28,548	0
Restricted Assets:				
Restricted for Debt Service:				
Cash/Cash Equivalents	40,480	0	40,480	0
Investments	623,388	0	623,388	0
Capital Assets (Net of Depreciation)	407,563,599	3,518,198	411,081,797	691,383
Construction in Progress	0	430,713	430,713	0
Total Assets	\$461,378,019	\$10,806,056	\$472,184,075	\$2,677,083
LIABILITIES				
<u>Liabilities</u>				
Accounts Payable and Other Current Liabilities	\$2,873,546	\$773,203	\$3,646,749	\$30,404
Accrued Liabilities	1,745,274	68,221	1,813,495	155,899
Due to Other Governments	279,912	0	279,912	5,399
Long Term Liabilities:				
Other Due Within One Year	509,912	760,000	1,269,912	0
Other Due In More Than One Year	14,087,297	7,219,376	21,306,673	0
Total Liabilities	\$19,495,941	\$8,820,800	\$28,316,741	\$191,702
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	\$404,523,601	(\$3,948,367)	\$400,575,234	\$691,383
Restricted for:				
General Government	3,321,110	0	3,321,110	0
Public Safety	993,162	0	993,162	542,863
Physical Environment	1,471,762	0	1,471,762	0
Transportation	10,528,490	0	10,528,490	0
Economic Environment	6,679,566	0	6,679,566	0
Health & Human Services	254,670	0	254,670	0
Debt Service	663,868	0	663,868	0
Unrestricted (Deficit)	13,445,849	5,933,623	19,379,472	1,251,133
Total Net Assets	\$441,882,078	\$1,985,256	\$443,867,334	\$2,485,379

SKAGIT COUNTY, WASHINGTON

Statement of Activities

December 31, 2003

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Unit
	Expenses	Primary Government			Governmental Activities	Business-Type Activities	Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Primary Government:								
Governmental Activities:								
General Government	\$24,267,759	\$6,600,790	\$4,037,992	\$415,375	(\$13,213,602)	\$0	(\$13,213,602)	\$0
Public Safety	17,143,366	1,176,767	3,008,177	0	(12,958,422)	0	(12,958,422)	0
Physical Environment	3,138,267	347,186	1,370,317	0	(1,420,764)	0	(1,420,764)	0
Transportation	15,574,415	2,062,133	136,909	8,757,468	(4,617,905)	0	(4,617,905)	0
Economic Environment	4,932,713	2,188,125	793,262	0	(1,951,326)	0	(1,951,326)	0
Health and Human Services	5,732,219	718,319	3,729,701	0	(1,284,199)	0	(1,284,199)	0
Culture and Recreation	4,991,191	2,322,665	1,371,076	69,433	(1,228,017)	0	(1,228,017)	0
Interest on Long Term Debt	518,743	0	0	0	(518,743)	0	(518,743)	0
Total Governmental Activities	<u>\$76,298,673</u>	<u>\$15,415,985</u>	<u>\$14,447,434</u>	<u>\$9,242,276</u>	<u>(\$37,192,978)</u>	<u>\$0</u>	<u>(\$37,192,978)</u>	<u>\$0</u>
Business-Type Activities								
Solid Waste	\$7,132,390	\$7,885,401	\$154,314	\$0	\$0	\$907,325	\$907,325	\$0
Drainage Utility	374,143	965,973	0	0	0	591,830	591,830	0
Total Business-Type Activities	<u>7,506,533</u>	<u>8,851,374</u>	<u>154,314</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,499,155</u>	<u>\$1,499,155</u>	<u>\$0</u>
Total Primary Government	<u>\$ 83,805,206</u>	<u>\$ 24,267,359</u>	<u>\$ 14,601,748</u>	<u>\$ 9,242,276</u>	<u>\$ (37,192,978)</u>	<u>\$ 1,499,155</u>	<u>\$ (35,693,823)</u>	<u>\$0</u>
Component Unit								
Emergency Medical Services Commission	\$ 2,873,164	\$ 2,296,553	\$ 1,062,322	\$0	\$0	\$0	\$0	\$ 485,711
Total Component Unit	<u>\$ 2,873,164</u>	<u>\$ 2,296,553</u>	<u>\$ 1,062,322</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 485,711</u>
General Revenues								
Taxes								
Property					\$26,274,851	\$0	\$26,274,851	\$0
Sales					8,972,722	0	8,972,722	0
Other					3,250,312	0	3,250,312	0
Interest and Investment earnings					1,330,705	60,784	1,391,489	0
Gain/(Loss) on Sales of Capital Assets					469,053	0	469,053	0
Special Item					3,667,067	0	3,667,067	0
Transfers					1,184	(1,184)	0	0
Total General Revenues and Transfers					<u>\$43,965,894</u>	<u>\$59,600</u>	<u>\$44,025,494</u>	<u>\$0</u>
Change in Net Assets					<u>\$6,772,916</u>	<u>\$1,558,755</u>	<u>\$8,331,671</u>	<u>\$ 485,711</u>
Net Assets as of January 1					434,916,080	426,498	435,342,578	1,999,668
Prior Period Adjustment					193,082	0	193,082	0
Net Assets as of January 1, restated					<u>\$435,109,162</u>	<u>\$426,498</u>	<u>\$435,535,660</u>	<u>\$1,999,668</u>
Net Assets as of December 31					<u>\$441,882,078</u>	<u>\$1,985,255</u>	<u>\$443,867,331</u>	<u>\$2,485,379</u>

See accompanying notes to the financial statements.

SKAGIT COUNTY, WASHINGTON

Balance Sheet Governmental Funds December 31, 2003

	Major Funds				Total
	General Fund	County Roads	Distressed County Public Facilities	Other Governmental Funds	
ASSETS					
Cash/Cash Equivalents	\$7,574,085	\$1,964,606	\$325,313	\$6,088,028	\$15,952,032
Investments	0	7,531,124	6,000,000	6,009,232	19,540,356
Taxes Receivable	696,271	446,734	0	145,146	1,288,151
Accounts Receivable	1,227,587	11,643	0	2,576	1,241,806
Interest Receivable	71,789	0	0	0	71,789
Due From Other Funds	2,124,505	347,292	0	39,535	2,511,332
Due From Other Governmental	836,856	3,350,680	0	1,043,079	5,230,615
Interfund Loans Receivable	275,630	0	0	0	275,630
Inventories/Prepayments	241,547	65,203	0	162,978	469,728
Total Assets	\$13,048,267	\$13,717,284	\$6,325,313	\$13,490,574	\$46,581,438
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts/Vouchers Payable	\$734,580	\$888,604	\$304	\$739,791	\$2,363,279
Due To Other Funds	255,810	1,881,005	0	261,899	2,398,714
Due To Other Governmental	169,955	0	0	109,957	279,912
Accrued Wages Payable	836,077	209,028	0	303,440	1,348,545
Accrued Employee Benefits	225,960	53,726	0	78,734	358,420
Custodial Accounts	8,673	6,640	0	3	15,316
Deferred Revenue	1,923,858	446,734	0	145,146	2,515,738
Long-Term Interfund Loans P.	0	0	0	275,630	275,630
Total Liabilities	\$4,154,913	\$3,485,737	\$304	\$1,914,600	\$9,555,554
<u>Fund Balance</u>					
Reserved for:					
Prepaid Items	\$106,406	\$27,905	\$0	\$24,796	\$159,107
Reserved for Loans Receivable	275,630	0	0	0	275,630
Debt Service	0	0	0	663,868	663,868
Reserved for Petty Cash	23,555	0	0	48,600	72,155
Unreserved, Undesignated, Reported in:					
General Fund	8,487,764	0	0	0	8,487,764
Special Revenue Funds	0	10,203,642	0	7,348,038	17,551,680
Capital Project Funds	0	0	6,325,009	3,490,672	9,815,681
Total Fund Balances	\$8,893,354	\$10,231,547	\$6,325,009	\$11,575,974	\$37,025,884
Total Liabilities and Fund Balances	\$13,048,267	\$13,717,284	\$6,325,313	\$13,490,574	\$46,581,438

Skagit County, Washington
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
For the Year Ended December 31,2003

Total fund balances as shown on the Governmental Fund Balance Sheet	\$37,025,883
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount reflects the initial investment in capital assets net of depreciation at 12/31/2003. (This amount does not include internal service fund capital assets, which are included as a reconciling item in a note found below.)	401,571,988
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,609,229
Internal Service Funds are used to charge the costs of services to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets.	14,545,056
Long-term liabilities that are not due and payable in the current period and are not reported in the funds.	(13,870,078)
Total net assets as reported on the Statement of Net Assets:	\$441,882,078

SKAGIT COUNTY, WASHINGTON
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2003

	Major Funds		
	General Fund	County Roads	Distressed County Facilities
Revenues			
Property Taxes	\$14,764,510	\$8,500,926	\$0
Sales and Use Taxes	7,125,068	0	1,630,391
Other Taxes	1,486,320	197,939	0
Licenses and Permits	1,058,925	340	0
Intergovernmental	6,537,617	8,757,466	0
Charges for Services	5,706,052	1,994,219	0
Fines and Forfeits	1,559,796	0	0
Interest Earnings	956,140	81,859	89,130
Donations	0	500	0
Other Revenues	408,051	67,574	48,426
Total Revenues	<u>\$39,602,479</u>	<u>\$19,600,823</u>	<u>\$1,767,947</u>
Expenditures			
Current:			
General Governmental Services	\$17,219,623	\$4,171,159	\$0
Public Safety	12,800,222	0	0
Physical Environment	813,090	0	0
Transportation	0	13,281,000	0
Economic Environment	2,287,635	0	1,342,577
Health and Human Services	227,055	0	0
Culture and Recreation	448,592	0	0
Debt Service:			
Principal	0	0	0
Interest	0	0	0
Capital Outlay	332,743	90,606	0
Total Expenditures	<u>\$34,128,960</u>	<u>\$17,542,765</u>	<u>\$1,342,577</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$5,473,519</u>	<u>\$2,058,058</u>	<u>\$425,370</u>
Other Financing Sources (Uses)			
Proceeds of General Long-Term Debt	\$327,915	\$0	\$0
Proceeds of General Fixed Assets	842	1,350,000	0
Operating Transfers In	13,945	0	0
Operating Transfers Out	(5,572,857)	(2,165,952)	(625,609)
Total Other Financing Source (Uses)	<u>(\$5,230,155)</u>	<u>(\$815,952)</u>	<u>(\$625,609)</u>
Net Change in Fund Balance	\$243,363	\$1,242,106	(\$200,239)
Fund Balance-January 1	8,649,991	8,989,441	6,525,248
Fund Balance-December 31	<u><u>\$8,893,354</u></u>	<u><u>\$10,231,547</u></u>	<u><u>\$6,325,009</u></u>

SKAGIT COUNTY, WASHINGTON
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2003

	Other Governmental Funds	Total
Revenues		
Property Taxes	\$2,960,454	\$26,225,890
Sales and Use Taxes	217,263	8,972,722
Other Taxes	1,566,053	3,250,312
Licenses and Permits	246,232	1,305,497
Intergovernmental	7,911,724	23,206,807
Charges for Services	3,289,088	10,989,359
Fines and Forfeits	352,776	1,912,572
Interest Earnings	110,088	1,237,217
Donations	482,403	482,903
Other Revenues	478,550	1,002,601
Total Revenues	<u>\$17,614,631</u>	<u>\$78,585,880</u>
Expenditures		
Current:		
General Governmental Services	\$611,569	\$22,002,351
Public Safety	4,242,406	17,042,628
Physical Environment	2,334,951	3,148,041
Transportation	48,240	13,329,240
Economic Environment	1,296,807	4,927,019
Health and Human Services	5,497,239	5,724,294
Culture and Recreation	4,530,302	4,978,894
Debt Service:		
Principal	795,158	795,158
Interest	518,743	518,743
Capital Outlay	5,616,765	6,040,114
Total Expenditures	<u>\$25,492,180</u>	<u>\$78,506,482</u>
Excess (Deficit) Revenues Over Expenditures	<u>(\$7,877,549)</u>	<u>\$79,398</u>
Other Financing Sources (Uses)		
Proceeds of General Long-Term Debt	\$2,496,432	\$2,824,347
Proceeds of General Fixed Assets	0	1,350,842
Operating Transfers In	8,057,344	8,071,289
Operating Transfers Out	(330,688)	(8,695,106)
Total Other Financing Source (Uses)	<u>\$10,223,088</u>	<u>\$3,551,372</u>
Net Change in Fund Balance	\$2,345,539	\$3,630,769
Fund Balance-January 1	9,230,430	33,395,110
Fund Balance-December 31	<u>\$11,575,973</u>	<u>\$37,025,883</u>

Skagit County, Washington
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2003

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance:	\$3,630,769
Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. In the tatement of Activities, the cost of those assets is capitalized and depreciated over the period of the assest's useful life. When capital assets are disposed of, the difference between the original cost and depreciation and the proceeds are booked as again or (loss) on the sale. This entry takes into account the differences in how capital assets are treated between the Statement of Activities and the governmental fund statements.	1,394,226
Internal Service Fund expenses are allocated to other funds. The net expense of certain internal service fund activities is reported with governmental activities on the Statement of Activities	3,511,237
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This entry is the net effect of these differences in the treatment of long-term debt issuance and payments.	(2,029,186)
Governmental funds report revenue in the current period for revenues deferred in prior periods since they were not available financing sources at the time. Government-wide statements record revenues at the time they are earned. This amount accounts for the change in deferred revenues during 2003.	348,405
Some expenses reported in the statement of activities do not require the use of current financial resources and, accordingly, are not reported as expenditures in governmental funds.	(82,535)
Change in net assets as reflected in the Statement of Activities	\$6,772,916

SKAGIT COUNTY, WASHINGTON

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$22,532,983	\$22,555,663	\$23,375,897	\$820,234
Licenses & Permits	974,000	974,000	1,058,925	84,925
Intergovernmental Revenue	6,606,750	6,954,282	6,537,617	(416,665)
Charges for Goods and Services	4,812,640	5,054,463	5,706,052	651,589
Fines and Forfeits	1,227,700	1,502,700	1,559,796	57,096
Interest Revenue	1,651,550	1,051,550	956,140	(95,410)
Miscellaneous Revenues	474,088	484,866	408,051	(76,815)
TOTAL REVENUES	\$38,279,711	\$38,577,524	\$39,602,478	\$1,024,954
EXPENDITURES:				
General Government Services	\$17,503,651	\$18,118,992	\$17,219,623	\$899,369
Security of Persons and Property	12,523,267	12,886,320	12,800,222	86,098
Utilities and Environment	434,237	1,051,171	813,090	238,081
Economic Environment	2,575,607	2,579,407	2,287,635	291,772
Mental/Physical Health	202,596	243,409	227,055	16,354
Culture and Recreation	450,345	459,123	448,592	10,531
Capitalized Expenditures	453,677	555,777	332,743	223,034
TOTAL EXPENDITURES	\$34,143,380	\$35,894,199	\$34,128,960	\$1,765,239
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$4,136,331	\$2,683,325	\$5,473,518	\$2,790,193
OTHER FINANCING SOURCES (USES):				
Proceeds of General Long-Term Debt	\$0	\$369,000	\$327,915	(\$41,085)
Fixed Asset Dispositions	0	0	842	842
Operating Transfers In	15,000	15,000	13,945	(1,055)
Operating Transfers Out	(4,558,794)	(5,610,466)	(5,572,857)	37,609
TOTAL OTHER FINANCING SOURCES (USES)	(\$4,543,794)	(\$5,226,466)	(\$5,230,155)	(\$3,689)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$407,463)	(\$2,543,141)	\$243,363	\$2,786,504
FUND BALANCES:				
Fund Balance, January 1	\$6,780,657	\$6,780,657	\$8,649,991	\$1,869,334
FUND BALANCE, DECEMBER 31	\$6,373,194	\$4,237,516	\$8,893,354	\$4,655,838

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON
General Fund
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
General Property Taxes	\$14,764,983	\$14,787,663	\$14,764,510	(\$23,153)
Timber Harvest Taxes	255,000	255,000	131,330	(123,670)
Retail Sales and Use Taxes	6,325,000	6,325,000	7,125,068	800,068
Business Taxes	90,000	90,000	88,009	(1,991)
Excise Taxes	188,000	188,000	229,305	41,305
Penalties and Interest on Delinquent Taxes	910,000	910,000	1,037,676	127,676
Total Taxes	\$22,532,983	\$22,555,663	\$23,375,898	\$820,235
Business Licenses and Permits	\$0	\$0	\$1,622	\$1,622
Non-Business Licenses and Permits	974,000	974,000	1,057,303	83,303
Total Licenses and Permits	\$974,000	\$974,000	\$1,058,925	\$84,925
Federal Entitlements, Impact Payments and in-Lieu Taxes	\$462,598	\$462,598	\$348,419	(\$114,179)
Federal Grants	1,218,378	1,340,929	1,296,973	(43,956)
State Grants	1,466,308	1,686,289	1,491,698	(194,591)
State Shared Revenues	1,202,000	1,202,000	1,147,005	(54,995)
State Entitlements, Impact Payments and in-Lieu Taxes	728,000	728,000	792,642	64,642
Intergovernmental Service Revenues	1,529,466	1,534,466	1,460,880	(73,586)
Total Intergovernmental Revenues	\$6,606,750	\$6,954,282	\$6,537,617	(\$416,665)
General Government	\$1,790,340	\$1,901,840	\$1,922,379	\$20,539
Security of Persons and Property	536,000	666,323	552,147	(114,176)
Utilities and Environment	11,190	11,190	0	(11,190)
Economic Environment	661,150	661,150	858,812	197,662
Mental and Physical Health	31,500	31,500	37,491	5,991
Culture and Recreation	650	650	282	(368)
Interfund/Interdepartmental-Sales and Service Charges	1,781,810	1,781,810	2,334,941	553,131
Total Charges for Goods and Services	\$4,812,640	\$5,054,463	\$5,706,052	\$651,589
Superior Court-Felony/Misdemeanor Penalties	\$57,000	\$57,000	\$54,182	(\$2,818)
Civil Penalties	5,700	5,700	9,301	3,601
Civil Infraction Penalties	772,000	1,002,000	1,003,010	1,010
Civil Parking Infraction Penalties	5,000	5,000	2,205	(2,795)
Criminal Traffic Misdemeanor Fines	285,000	330,000	368,301	38,301
Criminal Non-Traffic Fines	70,500	70,500	80,474	9,974
Criminal Costs	20,500	20,500	23,499	2,999
Non-Court Fines/Forfeits	12,000	12,000	18,824	6,824
Total Fines and Forfeits	\$1,227,700	\$1,502,700	\$1,559,796	\$57,096
Interest Earnings	\$1,651,550	\$1,051,550	\$956,140	(\$95,410)
Rents, Leases and Concessions	\$190,814	\$190,814	\$178,749	(\$12,065)
Insurance, Premiums and Recovery	0	0	0	0
Contributions and Donations from Private Sources	93,064	103,842	107,720	3,878
Agency Type Deposits	90,250	90,250	0	(90,250)
Other	99,960	99,960	121,582	21,622
Total Miscellaneous Revenues	\$2,125,638	\$1,536,416	\$1,364,191	(\$172,225)
Total Revenues	\$38,279,711	\$38,577,524	\$39,602,479	\$1,024,955

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

Statement of Expenditures - Budget (GAAP Basis) and Actual For the Year Ended December 31, 2003

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
General Governmental Services				
Assessor				
Salaries and Wages	\$980,867	\$982,115	\$982,615	(\$500)
Personnel Benefits	251,440	259,953	258,410	1,543
Supplies	23,800	23,800	24,540	(740)
Other Services and Charges	35,300	35,300	29,373	5,927
Interfund Payments for Services	9,005	9,005	9,005	0
Total Assessor	\$1,300,412	\$1,310,173	\$1,303,943	\$6,230
Auditor				
Salaries and Wages	\$651,383	\$652,631	\$647,377	\$5,254
Personnel Benefits	174,297	174,410	171,105	3,305
Supplies	24,300	24,300	20,336	3,964
Other Services and Charges	50,050	50,050	42,620	7,430
Total Auditor	\$900,030	\$901,391	\$881,438	\$19,953
Board of Equalization				
Salaries and Wages	\$32,000	\$32,000	\$24,030	\$7,970
Personnel Benefits	2,610	2,610	2,157	453
Supplies	500	500	439	61
Other Services and Charges	900	900	537	363
Total Board of Equalization	\$36,010	\$36,010	\$27,163	\$8,847
Clerk of Courts				
Salaries and Wages	\$546,501	\$600,047	\$604,713	(\$4,666)
Personnel Benefits	165,200	172,742	165,400	7,342
Supplies	16,500	22,246	29,951	(7,705)
Other Services and Charges	22,425	22,425	16,946	5,479
Capital Outlays	0	0	0	0
Total Clerk of Courts	\$750,626	\$817,460	\$817,010	\$450
Commissioners				
Salaries and Wages	\$284,212	\$288,712	\$288,938	(\$226)
Personnel Benefits	56,246	56,651	57,387	(736)
Supplies	4,000	4,000	4,068	(68)
Other Services and Charges	43,900	43,900	32,274	11,626
Total Commissioners	\$388,358	\$393,263	\$382,667	\$10,596
Administrative Services				
Salaries and Wages	\$1,745,196	\$1,819,161	\$1,676,853	\$142,308
Personnel Benefits	389,870	426,548	399,344	27,204
Supplies	621,500	679,529	580,351	99,178
Other Services and Charges	1,255,261	1,268,761	1,129,329	139,432
Capital Outlays	0	0	0	0
Interfund Payments for Service	4,006	4,006	4,006	0
Total Administrative Services	\$4,015,833	\$4,198,005	\$3,789,883	\$408,122

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

Statement of Expenditures - Budget (GAAP Basis) and Actual For the Year Ended December 31, 2003

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
District Court				
Salaries and Wages	\$800,213	\$826,387	\$822,719	\$3,668
Personnel Benefits	183,496	195,940	198,868	(2,928)
Supplies	18,500	18,500	21,731	(3,231)
Other Services and Charges	67,000	82,000	83,876	(1,876)
Capital Outlays	0	0	0	0
Total District Court	\$1,069,209	\$1,122,827	\$1,127,194	(\$4,367)
Indigent Defense Services				
Salaries and Wages	\$848,453	\$904,599	\$895,581	\$9,018
Personnel Benefits	193,574	202,828	205,278	(2,450)
Supplies	13,350	13,350	14,891	(1,541)
Other Services and Charges	143,600	143,600	133,012	10,588
Capital Outlays	0	0	0	0
Indigent Defense Services Total	\$1,198,977	\$1,264,377	\$1,248,762	\$15,615
General Maintenance				
Salaries and Wages	\$369,645	\$372,645	\$369,541	\$3,104
Personnel Benefits	124,302	124,302	121,055	3,247
Supplies	84,500	84,500	86,105	(1,605)
Other Services and Charges	742,011	739,011	582,571	156,440
Capital Outlays	0	0	0	0
Interfund Payments for Services	1,068	1,068	1,068	0
Total General Maintenance	\$1,321,526	\$1,321,526	\$1,160,340	\$161,186
Prosecuting Attorney				
Salaries and Wages	\$1,640,097	\$1,682,193	\$1,667,074	\$15,119
Personnel Benefits	419,110	427,885	413,695	14,190
Supplies	59,680	72,607	70,371	2,236
Other Services and Charges	406,639	708,712	722,014	(13,302)
Interfund Payments for Services	500	500	504	(4)
Total Prosecuting Attorney	\$2,526,026	\$2,891,897	\$2,873,658	\$18,239
Superior Courts				
Salaries and Wages	\$672,772	\$672,772	\$648,060	\$24,712
Personnel Benefits	115,889	116,189	122,760	(6,571)
Supplies	14,500	14,500	6,566	7,934
Other Services and Charges	367,100	371,100	287,499	83,601
Total Superior Courts	\$1,170,261	\$1,174,561	\$1,064,885	\$109,676
Treasurer				
Salaries and Wages	\$429,100	\$430,348	\$409,216	\$21,132
Personnel Benefits	110,734	111,427	107,945	3,482
Supplies	20,000	20,000	17,032	2,968
Other Services and Charges	73,650	73,650	66,755	6,895
Capital Outlays	0	0	0	0
Total Treasurer	\$633,484	\$635,425	\$600,948	\$34,477

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

Statement of Expenditures - Budget (GAAP Basis) and Actual For the Year Ended December 31, 2003

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
Non Departmental				
Salaries and Wages	\$158,394	\$158,394	\$138,682	\$19,712
Personnel Benefits	30,745	32,276	35,009	(2,733)
Supplies	6,000	6,000	2,424	3,576
Other Services and Charges	937,285	740,880	630,216	110,664
Intergovernmental/Interfund Services and Taxes	263,200	266,748	312,703	(45,955)
Interfund Payments for Services	374,023	374,023	388,715	(14,692)
Total Non Departmental	\$1,769,647	\$1,578,321	\$1,507,749	\$70,572
Records Management				
Salaries and Wages	\$106,102	\$106,102	\$106,313	(\$211)
Personnel Benefits	26,255	26,255	24,122	2,133
Supplies	4,250	4,250	1,639	2,611
Other Services and Charges	26,500	26,500	16,506	9,994
Capital Outlays	0	0	0	0
Total Records Management	\$163,107	\$163,107	\$148,580	\$14,527
Water Quality Relief Program				
Other Services and Charges	\$0	\$7,500	\$2,007	\$5,493
Total Water Quality Relief Program	\$0	\$7,500	\$2,007	\$5,493
Assigned Council				
Salaries and Wages	\$72,197	\$88,492	\$80,895	\$7,597
Personnel Benefits	24,048	25,539	25,779	(240)
Supplies	2,600	4,652	3,946	706
Other Services and Charges	91,200	114,366	108,686	5,680
Total Assigned Council	\$190,045	\$233,049	\$219,306	\$13,743
Mediation Services				
Salaries and Wages	\$53,729	\$53,729	\$52,172	\$1,557
Personnel Benefits	8,620	8,620	5,878	2,742
Supplies	1,200	1,200	3,169	(1,969)
Other Services and Charges	6,551	6,551	2,873	3,678
Total Mediation Services	\$70,100	\$70,100	\$64,092	\$6,008
Total General Governmental Services	\$17,503,651	\$18,118,992	\$17,219,625	\$899,367
Security of Persons and Property				
Civil Service Commission				
Salaries and Wages	\$15,836	\$18,586	\$19,473	(\$887)
Personnel Benefits	1,276	1,526	1,633	(107)
Supplies	1,650	1,650	546	1,104
Other Services and Charges	400	400	198	202
Civil Service Commission Total	\$19,162	\$22,162	\$21,850	\$312
Jail Maintenance				
Salaries and Wages	\$49,651	\$49,651	\$49,201	\$450
Personnel Benefits	14,185	14,685	14,874	(189)
Supplies	23,000	23,000	26,931	(3,931)
Other Services and Charges	211,482	211,482	179,340	32,142
Total Jail Maintenance	\$298,318	\$298,818	\$270,346	\$28,472

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

Statement of Expenditures - Budget (GAAP Basis) and Actual For the Year Ended December 31, 2003

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
District Court Probation				
Salaries and Wages	\$196,855	\$196,855	\$202,341	(\$5,486)
Personnel Benefits	55,603	55,603	51,840	3,763
Supplies	5,800	5,800	4,084	1,716
Other Services and Charges	5,950	5,950	4,688	1,262
Capital Outlays	0	0	0	0
Total District Court Probation	\$264,208	\$264,208	\$262,953	\$1,255
Juvenile Probation				
Salaries and Wages	\$2,087,871	\$2,101,663	\$2,127,729	(\$26,066)
Personnel Benefits	538,777	563,161	565,340	(2,179)
Supplies	68,495	77,053	84,029	(6,976)
Other Services and Charges	522,266	599,198	512,692	86,506
Capital Outlays	0	0	0	0
Interfund Payments for Services	8,550	8,550	8,100	450
Total Juvenile Probation	\$3,225,959	\$3,349,625	\$3,297,890	\$51,735
Sheriff				
Salaries and Wages	\$5,533,723	\$5,551,382	\$5,442,517	\$108,865
Personnel Benefits	1,531,305	1,665,016	1,683,334	(18,318)
Supplies	257,255	278,483	338,058	(59,575)
Other Services and Charges	486,150	549,439	585,178	(35,739)
Intergovernmental/Interfund Services and Taxes	421,004	421,004	422,694	(1,690)
Capital Outlays	29,500	29,500	0	29,500
Interfund Payments for Services	456,683	456,683	475,401	(18,718)
Total Sheriff	\$8,715,620	\$8,951,507	\$8,947,182	\$4,325
Total Security of Persons and Property	\$12,523,267	\$12,886,320	\$12,800,221	\$86,099
Utilities and Environment				
Sheriff				
Salaries and Wages	\$16,059	\$31,934	\$32,493	(\$559)
Personnel Benefits	3,830	6,720	7,203	(483)
Supplies	4,250	4,250	2,294	1,956
Other Services and Charges	72,000	72,000	72,093	(93)
Interfund Payments for Services	5,247	5,247	5,248	(1)
Total Sheriff	\$101,386	\$120,151	\$119,331	\$820
Noxious Weed Control				
Salaries and Wages	\$68,024	\$68,024	\$66,945	\$1,079
Personnel Benefits	16,590	19,479	19,599	(120)
Supplies	775	15,775	13,062	2,713
Other Services and Charges	5,150	5,150	5,154	(4)
Interfund Payments for Service	3,045	3,045	3,183	(138)
Total Noxious Weed Control	\$93,584	\$111,473	\$107,943	\$3,530

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

**Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
Water Quality Relief Program				
Salaries and Wages	\$85,176	\$85,176	\$39,835	\$45,341
Personnel Benefits	21,950	21,950	8,796	13,154
Supplies	7,025	7,025	12,204	(5,179)
Other Services and Charges	97,000	676,700	507,624	169,076
Interfund Payments for Services	13,000	13,000	4,261	8,739
Total Water Quality Relief Program	\$224,151	\$803,851	\$572,720	\$231,131
Pest/Nuisance Control Services				
Salaries and Wages	\$8,000	\$8,000	\$7,891	\$109
Personnel Benefits	989	1,539	1,368	171
Supplies	1,133	1,133	1,575	(442)
Other Services and Charges	4,178	4,178	2,021	2,157
Interfund Payments for Services	846	846	240	606
Total Pest/Nuisance Control Services	\$15,146	\$15,696	\$13,095	\$2,601
Total Utilities and Environment	\$434,267	\$1,051,171	\$813,089	\$238,082
Economic Environment				
Boundary Review Board				
Salaries and Wages	\$40,696	\$40,696	\$39,380	\$1,316
Personnel Benefits	7,437	7,437	7,382	55
Supplies	150	150	108	42
Other Services and Charges	6,000	6,000	4,814	1,186
Total Boundary Review Board	\$54,283	\$54,283	\$51,684	\$2,599
Hearing Examiner				
Salaries and Wages	\$17,912	\$17,912	\$17,909	\$3
Personnel Benefits	3,133	3,133	3,173	(40)
Supplies	400	400	305	95
Other Services and Charges	49,300	49,300	45,935	3,365
Total Hearing Examiner	\$70,745	\$70,745	\$67,322	\$3,423
Planning and Community Development				
Salaries and Wages	\$1,547,976	\$1,547,976	\$1,501,184	\$46,792
Personnel Benefits	368,987	372,787	372,669	118
Supplies	20,502	20,502	35,438	(14,936)
Other Services and Charges	477,999	477,999	224,222	253,777
Interfund Payments for Services	35,115	35,115	35,116	(1)
Total Planning and Community Development	\$2,450,579	\$2,454,379	\$2,168,629	\$285,750
Total Economic Environment	\$2,575,607	\$2,579,407	\$2,287,635	\$291,772

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

**Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<u>Mental and Physical Health</u>				
Coroner				
Salaries and Wages	\$72,834	\$73,914	\$72,757	\$1,157
Personnel Benefits	19,696	37,929	38,146	(217)
Supplies	4,600	4,600	3,504	1,096
Other Services and Charges	87,550	109,050	97,484	11,566
Interfund Payments for Services	3,916	3,916	6,964	(3,048)
Total Coroner	\$188,596	\$229,409	\$218,855	\$10,554
District Court				
Other Services and Charges	\$14,000	\$14,000	\$8,200	\$5,800
Total District Court	\$14,000	\$14,000	\$8,200	\$5,800
Total Mental and Physical Health	\$202,596	\$243,409	\$227,055	\$16,354
<u>Culture and Recreation</u>				
Cooperative Extension				
Salaries and Wages	\$144,164	\$144,164	\$129,271	\$14,893
Personnel Benefits	36,077	36,077	31,304	4,773
Supplies	4,500	7,000	8,151	(1,151)
Other Services and Charges	89,837	93,115	101,200	(8,085)
Total Cooperative Extension	\$274,578	\$280,356	\$269,926	\$10,430
Historical Museum				
Salaries and Wages	\$139,990	\$142,990	\$146,076	(\$3,086)
Personnel Benefits	34,574	34,574	31,387	3,187
Supplies	0	0	0	0
Interfund Payments for Services	1,203	1,203	1,203	0
Total Historical Museum	\$175,767	\$178,767	\$178,666	\$101
Total Culture and Recreation	\$450,345	\$459,123	\$448,592	\$10,531
<u>Other Expenditures/Expenses</u>				
Administrative Services				
Supplies	\$10,000	\$10,000	\$32,478	(\$22,478)
Other Services and Charges	7,500	7,500	61,637	(54,137)
Capital Outlays	427,427	427,427	133,526	293,901
Total Administrative Services	\$444,927	\$444,927	\$227,641	\$217,286
District Court				
Capital Outlays	\$8,750	\$8,750	\$0	\$8,750
Total District Court	\$8,750	\$8,750	\$0	\$8,750
Noxious Weeds				
Capital Outlays	\$0	\$18,100	\$18,248	(\$148)
Total Noxious Weeds	\$0	\$18,100	\$18,248	(\$148)

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

GENERAL FUND

**Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
Sheriff				
Capital Outlays	\$0	\$0	\$2,854	(\$2,854)
Total Sheriff	\$0	\$0	\$2,854	(\$2,854)
Water Quality				
Capital Outlays	\$0	\$84,000	\$84,000	\$0
Total Water Quality	\$0	\$84,000	\$84,000	\$0
Total Other Expenditures	\$453,677	\$555,777	\$332,743	\$223,034
GRAND TOTAL EXPENDITURES	\$34,143,410	\$35,894,199	\$34,128,960	\$1,765,239

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON

County Roads

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
Revenues				
General Property Taxes	\$8,346,000	\$8,346,000	\$8,500,926	\$154,926
Timber Harvest Taxes	300,000	300,000	165,735	(134,265)
Excise Taxes	35,000	35,000	32,204	(2,796)
Total Taxes	<u>\$8,681,000</u>	<u>\$8,681,000</u>	<u>\$8,698,865</u>	<u>\$17,865</u>
Licenses and Permits	\$0	\$0	\$340	\$340
Intergovernmental	9,132,515	9,132,515	8,757,466	(375,049)
Charges for Services	2,736,698	2,736,698	1,994,219	(742,479)
Interest Earnings	80,500	80,500	81,859	1,359
Donations	0	0	500	500
Other Revenues	808,149	808,149	67,574	(740,575)
Total Revenues	<u>\$21,438,862</u>	<u>\$21,438,862</u>	<u>\$19,600,823</u>	<u>(\$1,820,174)</u>
Expenditures				
General Governmental Services	\$6,520,126	\$6,520,126	\$4,171,159	\$2,348,967
Transportation	15,777,595	15,777,595	13,281,000	2,496,595
Capital Outlay	639,000	1,989,000	90,606	1,898,394
Total Expenditures	<u>\$22,936,721</u>	<u>\$24,286,721</u>	<u>\$17,542,765</u>	<u>\$6,743,956</u>
Excess (Deficit) Revenues Over Expenditures	<u>(\$1,497,859)</u>	<u>(\$2,847,859)</u>	<u>\$2,058,058</u>	<u>\$4,923,782</u>
Other Financing Sources (Uses)				
Proceeds of General Fixed Assets	\$1,100,000	\$1,100,000	\$1,350,000	\$250,000
Operating Transfers Out	(445,309)	(445,309)	(2,165,952)	(1,720,643)
Total Other Financing Source (Uses)	<u>\$654,691</u>	<u>\$654,691</u>	<u>(\$815,952)</u>	<u>(\$1,470,643)</u>
Net Change in Fund Balance	(\$843,168)	(\$2,193,168)	\$1,242,106	\$3,453,139
Fund Balance-January 1	4,443,652	4,443,652	8,989,441	4,545,789
Fund Balance-December 31	<u>\$3,600,484</u>	<u>\$2,250,484</u>	<u>\$10,231,547</u>	<u>\$7,998,928</u>

SKAGIT COUNTY, WASHINGTON
Distressed County Facilities
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
Revenues				
Sales and Use Taxes	\$1,500,000	\$1,500,000	\$1,630,391	\$130,391
Interest Earnings	150,000	150,000	89,130	(60,870)
Other Revenues	0	48,426	48,426	0
Total Revenues	<u>\$1,650,000</u>	<u>\$1,698,426</u>	<u>\$1,767,947</u>	<u>\$69,521</u>
Expenditures				
Economic Environment	\$6,142,087	\$5,698,750	\$1,342,577	\$4,356,173
Total Expenditures	<u>\$6,142,087</u>	<u>\$5,698,750</u>	<u>\$1,342,577</u>	<u>\$4,356,173</u>
Excess (Deficit) Revenues Over Expenditures	<u>(\$4,492,087)</u>	<u>(\$4,000,324)</u>	<u>\$425,370</u>	<u>\$4,425,694</u>
Other Financing Sources (Uses)				
Operating Transfers Out	(\$625,929)	(\$625,929)	(\$625,609)	\$320
Total Other Financing Source (Uses)	<u>(\$625,929)</u>	<u>(\$625,929)</u>	<u>(\$625,609)</u>	<u>\$320</u>
Net Change in Fund Balance	(\$5,118,016)	(\$4,626,253)	(\$200,239)	\$4,426,014
Fund Balance-January 1	7,402,539	7,402,539	6,525,248	(877,291)
Fund Balance-December 31	<u>\$2,284,523</u>	<u>\$2,776,286</u>	<u>\$6,325,009</u>	<u>\$3,548,723</u>

SKAGIT COUNTY, WASHINGTON

Statement of Net Assets

Proprietary Funds

December 31, 2003

	<u>Business-Type Activities-Enterprise Funds</u>			<u>Governmental</u>
	<u>Solid</u>	<u>Drainage</u>	<u>Total</u>	<u>Internal</u>
	<u>Waste</u>	<u>Utility</u>		<u>Service</u>
				<u>Funds</u>
ASSETS				
<u>Current Assets</u>				
Cash/Cash Equivalents	\$970,906	\$257,727	\$1,228,633	\$2,214,649
Investments	3,407,801	1,910,694	5,318,495	2,397,308
Accounts Receivable	574,332	34,989	609,321	2,565
Due From Other Funds	652	0	652	637,362
Due from Other Governmental Units	61,721	0	61,721	0
Inventories/Prepayments	23,264	1,755	25,019	4,897,341
Total Current Assets	<u>\$5,038,676</u>	<u>\$2,205,165</u>	<u>\$7,243,841</u>	<u>\$10,149,225</u>
<u>Noncurrent Assets</u>				
Long-Term Interfund Loans Receivable	\$0		\$0	\$0
Capital Assets	0		0	0
Land	446,252	20,261	466,513	0
Buildings	1,825,299	0	1,825,299	180,888
Improvements Other Than Buildings	59,918	2,966,179	3,026,097	0
Machinery and Equipment	586,178	5,969	592,147	12,421,703
Less Accumulated Depreciation	(2,141,483)	(250,375)	(2,391,858)	(6,610,978)
Construction In Progress	0	430,713	430,713	0
Unamortised Issuance Costs	28,548		28,548	0
Total Noncurrent Assets	<u>\$804,712</u>	<u>\$3,172,747</u>	<u>\$3,977,459</u>	<u>\$5,991,613</u>
Total Assets	<u>\$5,843,388</u>	<u>\$5,377,912</u>	<u>\$11,221,300</u>	<u>\$16,140,838</u>
LIABILITIES AND FUND EQUITY				
<u>Current Liabilities</u>				
Accounts/Vouchers Payable	\$728,998	\$12,448	\$741,446	\$1,172,400
Due to other Funds	376,572	38,672	415,244	335,388
Interest Payable	26,630	0	26,630	0
Accrued Wages Payable	40,890	12,265	53,155	30,529
Accrued Employee Benefits	12,195	2,871	15,066	7,780
Accrued Taxes Payable	5,127	0	5,127	7
Bonds Payable	760,000	0	760,000	0
Total Current Liabilities	<u>\$1,950,412</u>	<u>\$66,256</u>	<u>\$2,016,668</u>	<u>\$1,546,104</u>
<u>Noncurrent Liabilities</u>				
Compensated Absences	\$46,876	\$6,674	\$53,550	\$49,678
Notes and Loans Payable	7,165,826	0	7,165,826	0
Total Noncurrent Liabilities	<u>\$7,212,702</u>	<u>\$6,674</u>	<u>\$7,219,376</u>	<u>\$49,678</u>
Total Liabilities	<u>\$9,163,114</u>	<u>\$72,930</u>	<u>\$9,236,044</u>	<u>\$1,595,782</u>
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	(\$7,121,114)	\$3,172,747	(\$3,948,367)	\$5,991,613
Unrestricted	3,801,388	2,132,235	5,933,623	8,553,443
Total Net Assets	<u>(\$3,319,726)</u>	<u>\$5,304,982</u>	<u>\$1,985,256</u>	<u>\$14,545,056</u>

SKAGIT COUNTY, WASHINGTON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year December 31, 2003

	<u>Business - Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Solid</u>	<u>Drainage</u>	<u>Total</u>	<u>Activities</u>
<u>Operating Revenues</u>	<u>Waste</u>	<u>Utility</u>		<u>Internal</u>
				<u>Services</u>
Charges for Services	\$7,884,405	\$965,973	\$8,850,378	\$4,469,644
Other Operating Revenue	0	0	0	4,694,391
Total Operating Revenues	<u>\$7,884,405</u>	<u>\$965,973</u>	<u>\$8,850,378</u>	<u>\$9,164,035</u>
<u>Operating Expenditures</u>				
Personal Services	\$1,279,218	\$185,759	\$1,464,977	\$959,670
Contractual services	4,355,293	0	4,355,293	1,247,701
Other Supplies and Expenses	1,042,791	122,660	1,165,451	2,268,881
Depreciation	63,350	65,724	129,074	676,520
Payment to Claimants	0	0	0	4,957,384
Total Operating Expenditures	<u>\$6,740,652</u>	<u>\$374,143</u>	<u>\$7,114,795</u>	<u>\$10,110,156</u>
Operating Income (Loss)	<u>\$1,143,753</u>	<u>\$591,830</u>	<u>\$1,735,583</u>	<u>(\$946,121)</u>
<u>Non-Operating Revenue (Expenses)</u>				
Intergovernmental	\$154,314	\$0	\$154,314	\$0
Interest Revenue	37,375	23,409	60,784	31,791
Miscellaneous Revenue	996	0	996	129,539
Gain (Loss) on Disposition of Capital Asset	0	0	0	8,324
Interest Expense	(391,738)	0	(391,738)	0
Miscellaneous Expense	0	0	0	(55,433)
Total Non-Operating Revenue (Expenses)	<u>(\$199,053)</u>	<u>\$23,409</u>	<u>(\$175,644)</u>	<u>\$114,221</u>
Income (Loss) before Contributions and Transfers	\$944,700	\$615,239	\$1,559,939	(\$831,900)
Capital Contributions	0	0	0	51,069
Transfers In	0	0	0	625,000
Transfers Out	(395)	(789)	(1,184)	0
Special Item	0	0	0	3,667,067
Change in Net Assets	<u>\$944,305</u>	<u>\$614,450</u>	<u>\$1,558,755</u>	<u>\$3,511,236</u>
Net Assets as of January 1 - Restated for Changes in Accounting Principle	(4,264,033)	4,690,531	426,498	10,840,740
Prior Period Adjustment	0	0	0	193,082
Net Assets as of January 1, restated	<u>(4,264,033)</u>	<u>4,690,531</u>	<u>426,498</u>	<u>11,033,822</u>
Net Assets as of December 31	<u>(\$3,319,726)</u>	<u>\$5,304,982</u>	<u>\$1,985,255</u>	<u>\$14,545,058</u>

SKAGIT COUNTY, WASHINGTON
Statement of Cash Flows
Proprietary Funds
For the Year December 31, 2003

	<u>Business - Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Solid</u>	<u>Drainage</u>		<u>Internal</u>
	<u>Waste</u>	<u>Utility</u>	<u>Total</u>	<u>Services</u>
Cash Flows From Operating Activities:				
Receipts from Customers	\$8,029,607	\$962,732	\$8,992,339	\$12,773
Receipts from Interfund Services Provided	0	0	0	4,812,231
Miscellaneous Receipts	0	0	0	4,694,392
Payments to Employees	(1,230,503)	(177,883)	(1,408,386)	(859,743)
Payments to Suppliers	(4,784,617)	(86,112)	(4,870,729)	(7,695,040)
Payments for Interfund Services Used	(517,723)	(41,954)	(559,677)	(214,389)
Net cash provided (used) by operating activities	<u>\$1,496,764</u>	<u>\$656,783</u>	<u>\$2,153,547</u>	<u>\$750,224</u>
Cash Flows From Noncapital Financing Activities:				
Operating Grants Received	\$182,048	\$0	\$182,048	\$0
Transfers from Other Funds	0	0	0	625,000
Transfers to Other Funds	(395)	(789)	(1,184)	0
Miscellaneous Receipts	996	0	996	74,106
Net cash provided (used) by noncapital financing activities	<u>\$182,649</u>	<u>(\$789)</u>	<u>\$181,860</u>	<u>\$699,106</u>
Cash Flows From Capital And Related Financing Activities				
Advance Refunding of Capital Debt	\$2,806,271	\$0	\$2,806,271	\$0
Purchases of capital assets	0	(468,346)	(468,346)	(972,952)
Proceeds from sale of capital assets	0	0	0	59,850
Principal Paid on Capital Debt	(3,476,196)	0	(3,476,196)	0
Interest Paid on Capital Debt	(430,635)	0	(430,635)	0
Net cash provided (used) by capital and related financing activities	<u>(\$1,100,560)</u>	<u>(\$468,346)</u>	<u>(\$1,568,906)</u>	<u>(\$913,102)</u>
Cash Flows From Investing Activities:				
Interest Earnings	\$37,375	\$23,409	\$60,784	\$31,791
Net Cash Provided by Investing Activities	<u>\$37,375</u>	<u>\$23,409</u>	<u>\$60,784</u>	<u>\$31,791</u>
Net Increase in Cash & Cash Equivalents	\$616,228	\$211,057	\$827,285	\$568,019
Balances as of January 1	<u>3,762,479</u>	<u>1,957,364</u>	<u>5,719,843</u>	<u>4,043,938</u>
Balances as of December 31	<u>\$4,378,707</u>	<u>\$2,168,421</u>	<u>\$6,547,128</u>	<u>\$4,611,957</u>

SKAGIT COUNTY, WASHINGTON
Statement of Cash Flows
Proprietary Funds
For the Year December 31, 2003

	Business - Type Activities - Enterprise Funds			Governmental
	Solid Waste	Drainage Utility	Total	Activities Internal Services
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Operating Income/(Loss)	<u>\$1,143,753</u>	<u>\$591,830</u>	<u>\$1,735,583</u>	<u>(\$946,121)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	\$63,350	\$65,724	\$129,074	\$676,520
Changes in assets and liabilities:				
Receivables, net	145,202	(3,243)	141,959	355,359
Prepayments	(647)	4,480	3,833	50,503
Inventories	0	0	0	(66,931)
Accounts and other payables	<u>145,106</u>	<u>(2,008)</u>	<u>143,098</u>	<u>680,894</u>
Net Cash Provided by Operating Activities	<u>\$1,496,764</u>	<u>\$656,783</u>	<u>\$2,153,547</u>	<u>\$750,224</u>
Non Cash investing, capital and Financing activities				
Contribution of capital assets	\$0	\$0	\$0	\$51,069

SKAGIT COUNTY, WASHINGTON
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31,2003

ASSETS	Agency Funds
Cash	\$28,560,807
Investments	153,613,259
Taxes receivable	3,421,132
Deposits	45,000
TOTAL ASSETS	\$185,640,198
LIABILITIES	
Warrants payable	\$10,904,736
Custodial accounts	174,735,471
TOTAL LIABILITIES	\$185,640,198
NET ASSETS	\$0

See accompanying notes to the financial statements

SKAGIT COUNTY, WASHINGTON
Notes to the Financial Statements
For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Skagit County have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The chart of accounts conforms to the Budgeting, Accounting, and Reporting Systems (BARS) prescribed by the office of the State Auditor, to promote uniformity among the cities and counties of Washington resulting in better comparability. The significant accounting policies are described below.

A. Reporting Entity

Skagit County, a first-class county, was incorporated on November 28, 1883, under the Revised Code of Washington 36.04.390. The County operates under a commissioner form of government and provides the following services to its constituents: Sheriff, road construction and maintenance, solid waste management, permits and planning, parks and recreation, judicial administration, public health, social services and general administrative services. As required by GAAP, the financial statements present Skagit County, the primary government and its discretely presented component unit, the Skagit County Emergency Medical Services Commission (EMS.)

The GASB Statement 14 establishes the standards for defining and reporting on the financial reporting entity and applies to the primary government as well as to separately issued financial statements of governmental component units. The Statement defines the reporting entity as consisting of the primary government and organizations for which the primary government is financially accountable. Fiscal accountability is defined as a situation in which the primary government has substantive authority to appoint a voting majority of a components governing board and it is either able to impose its will or there is a potential for the component to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

Discretely Presented Component Unit

The Skagit County Emergency Medical Services Commission was effectively established on April 1, 2003 by ordinance of the Board of County Commissioners. The EMS was established pursuant to the Revised Code of Washington 35.21.730 and 36.01.095. The purpose of the commission is to provide efficient and effective emergency medical and related services throughout Skagit County in compliance with state law. Skagit County is funding the EMS with an excess property tax levy approved by the voters through 2006. The Board of County Commissioners appoints the members of the EMS board and has final approval on the EMS operating budget. More information concerning the EMS Commission, including complete financial statements can be obtained at the EMS offices in Mt. Vernon, Washington.

B. Government-Wide and Fund Financial Statements

Government wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate from business-type activities, which rely to a significant extent on fees and charges for support. The component unit is reported separately from the county.

The statement of activities demonstrates the degree to which the 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. Additionally, the County allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities.

Program revenue includes a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. b) Grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are presented using the flow of “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 30 days of the end of the fiscal period. Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Other revenues such as sales based taxes, licenses, fines and fees are not considered susceptible for accrual since they are not generally measurable until received. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Skagit County reports the following major governmental funds:

- The General Fund is the County’s primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- The County Road Fund accounts for the design, construction, and maintenance of County roads.
- The Distressed County Public Facilities Fund accounts for the collection of the 0.04% sales and use tax authorized by RCW 82.14.370 and the Board of County Commissioners and the expenditure for the purposes of financing and construction of public facilities.

Skagit County reports two major proprietary funds:

- The Solid Waste Fund accounts for the cost of providing solid waste services to the residents of the County.
- The Drainage Utility Fund accounts for the collection of fees, charges and related revenues and to pay for the costs related to drainage utility facilities.

Additionally, the County reports the following fund types:

- Internal Services Funds account for equipment rental, central support, liability insurance, self-insurance and technology services provided to other departments or agencies of the government, or to other governments on a cost reimbursement basis.
- Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agency capacity.

Private sector standards of accounting and financial reports issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance on the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The County has elected not to apply subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include a) charges to customers or applicants for goods, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments.

Internally, dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste Fund and the Drainage Utility Fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of personal services, contractual services, other supplies and expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents

Only cash in checking accounts and petty cash are recorded as cash on the financial statements. All demand deposits are recorded as investments. In the preparation of the statement of cash flows, cash and cash equivalents include not only "cash on hand", but cash with fiscal agent and cash in demand deposits with maturity of three months or less. (See Note IV) All deposits are stated at cost.

It is the County's policy to invest all cash surpluses. As of December 31, 2003, the Treasurer was holding \$43,274,765 in short-term residual investments of surplus cash. (See Note IV.) This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is credited to the General Fund, except where prohibited by statute or bond covenant.

2. Investments at Cost — See Note IV.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances between governmental funds and proprietary funds have been eliminated and were not included in the government-wide statement of net assets.

Taxes Receivable consists of property taxes and related interest and penalties accumulated from the previous years. All real property taxes are secured by liens on the corresponding property.

Accounts Receivable consists of amounts owed from private individuals for goods or services. The significant sources are time payments on the courts assessments. All receivables have been recorded net of estimated uncollectible amounts. Uncollectible court-related receivables are estimated to be 69%.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

Interest Receivable consists of amounts earned on investments at the end of the year and fair value changes in accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, are included.

4. Inventories and Prepayments

Inventory in the Governmental Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when items are purchased. All inventories are valued by the first-in first-out method.

Inventories in the Equipment Rental and Revolving Fund are valued at average weighted cost method. Inventories are valued by the first-in first-out method.

Prepayments made for services that will benefit future periods are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Infrastructure assets are long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems and the Ferry system.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the government fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Infrastructure, buildings, improvements, equipment and vehicles are depreciated using the straight-line method. Estimated useful lives are as follows:

Buildings – 6 to 40 years
Improvements – 15 to 40 years
Furniture and Equipment – 5 to 20 years
Information Technology Equipment – 3 to 20 years
Vehicles – 4 to 21 years
Infrastructure – 20 to 50 years

6. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The non-current portion for governmental funds is not reported in the governmental fund statements and represents a reconciling item between the fund and government-wide presentations.

County employees receive vacation and sick leave monthly at rates established by County resolution or union contract. At termination of employment, employees with required length of service may receive cash payment for all accumulated vacation leave up to a maximum of 30 days. The payment is based upon current wages at termination. Accumulated sick leave is not paid at termination of employment.

7. Long-Term Obligations — See Note V.

8. Fund Equity

Fund equity is recognized as fund balance in governmental fund types, and as net assets in proprietary fund types. Certain fund equity may be reserved for a specific future use, or to denote unavailability for current operations. Designations of fund balance represent tentative management plans that are subject to change. Unless otherwise noted, fund balances and retained earnings (deficits) are unreserved and undesignated.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance — total governmental funds and nets assets — governmental activities reported in the government-wide statement of net assets. One element of that reconciliation explains, "Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds." The details of this reconciliation are as follows:

Unavailable Deferred Revenue	\$2,515,738
Interest Receivable	<u>93,488</u>
Net Adjustment to Increase Total Governmental Funds to Arrive at Net Assets Governmental Activities	<u>\$2,609,229</u>

Another element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this reconciliation are as follows:

Bonds Payable	\$10,395,000
Minus: Issuance Discount	(47,997)
Revolving Fund Debt	2,173,622
Compensated Absences	<u>1,349,453</u>
Net Adjustment to Reduce - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	<u>\$13,870,078</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Net Assets

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances — total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. When capital assets are disposed of, the difference between original cost minus depreciation, and the proceeds is booked as a gain or (loss) on the sale. The details of this difference are as follows:

Capital Outlay	\$18,970,241
Depreciation Expense	(16,694,226)
Disposition of Capital Assets (Net Book Value)	<u>(881,789)</u>
Net Adjustment to Increase Net Changes in Fund Balance - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$1,394,226</u>

Another element of that reconciliation states “the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Issuance of General Obligation Bonds	\$ 2,520,000
Issuance of Revolving Fund Debt	238,017
Revolving Fund Debt Liability Incurred Prior To Receipt of Proceeds.	73,249
Less: Discount on Bond Issue	<u>(6,922)</u>
Principal Payments:	
General Obligation Debt	(405,000)
Revolving Fund Debt	<u>(390,158)</u>
Net Adjustment to Decrease Net Changes in Fund Balances Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$2,029,186</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Scope of Budget

The annual budget for Skagit County is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting System (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles.

The annual appropriated budget is adopted at the department level within each fund. For management purposes, expenditures are further segregated by “object class” of expenditure. “Object class” refers to a segmentation of expenditures into five categories. These categories are salaries and wages, personnel benefits, supplies, other services and charges, and capital expenditures. Expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. All appropriations lapse thirty days after the close of each fiscal year. All expenditures incurred prior to year-end, but not paid until this thirty-day period are considered expenditures against the budget for the prior year and are reported as accounts payable.

Budget status reports are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, revenues and expenditures can be monitored at fund, department, division, activity, or object class level.

2. Procedures for Adopting the Original Budget

Skagit County adheres to the statutory provisions established by Revised Code of Washington (RCW) 36.40. Significant procedures in the budget process include the following:

- a) On or before the second Monday in July, County officials are requested to prepare estimates of revenues and expenditures for the next fiscal year.
- b) On or before the second Monday in August, each County official submits detailed estimates of probable revenues and expenditures to the County Auditor for the ensuing year.
- c) On or before the first Tuesday in September, the County Auditor submits the County's compiled Preliminary Annual Budget to the Board of County Commissioners.
- d) The Commissioners conduct public meetings/hearings on the proposed budget from September through October.
- e) The Commissioners make adjustments to the proposed budget and adopt, by resolution, a final balanced budget no later than December 31.
- f) Upon adoption, the final budget is available to the public.

3. Amending the Budget

The following processes are the only methods by which a budget can be modified.

Budget revisions in the form of supplemental appropriation resolutions are approved by the Board of County Commissioners in the legally prescribed manner during public meetings throughout the year. Any proposed revisions which alter the total appropriation of any fund are published in the County's legal newspaper once per week for two consecutive weeks before the public hearing to enable taxpayer input. Supplemental appropriations are required because of several factors. These include the awarding of State and Federal grants during the year, the release of contingency funds for expenditure in specific programs, and enhanced revenues, which provide funding for, expanded program requirements. After conducting the aforementioned public hearing, the County Commissioners may amend the budgeted appropriations by adoption of a Supplemental Budget resolution. Management has no authority to amend the budget in any other manner.

When the County Commissioners determine that it is in the best interest of the County to increase or decrease the appropriation for a particular object class without altering the total budget of any fund, it may do so by resolution approved by a simple majority during a public meeting. These budget modifications are called budget line item changes. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year, including budget amendments and budget line item changes.

B. Deficit Fund Equity

The following funds exhibit deficit fund balances as of December 31, 2003:

The **Best Place Fund** deficit was \$63,251 at December 31, 2003. The County's participation in this program concluded in 2004 and the fund closed.

The **Lake Management District No. 1 Fund** deficit was \$87,763 at December 31, 2003. Operating assessments being collected from property owners in the District will resolve this deficit over the next four years.

The **Lake Management District No. 2 Fund** deficit was \$44,227 at December 31, 2003. Operating assessments being collected from property owners in the District will resolve this deficit over the next six years.

The **Lake Management District No. 3** Fund deficit was \$47,768 at December 31, 2003. Operating assessments being collected from property owners in the District will resolve deficit issues the District will experience over the next eight years.

The **Solid Waste Fund** deficit is \$3,319,726 at December 31, 2003, and is a result of the closure of the incinerator and its demolition in the previous fiscal year. The Resource Recovery Facility changed its operations from incinerating to long-hauling solid waste in May of 1994. The Solid Waste Fund's long-hauling of solid waste realized net operating income of \$1,143,753 for the fiscal year ended December 31, 2003.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Skagit County Treasurer is empowered by the State to act as the treasurer not only for the County but also for special purpose districts located in the County. In this role, the Treasurer is empowered and it is the County's policy to deposit and invest all temporary cash surpluses. At the end of the year, the carrying amount of the government and agency deposits was \$26,625,314 and the bank balance was \$5,993,718 all of which was covered by federal depository insurance or collateralized with securities which are either held by the County or by the County's agent in the County's name. This amount is classified on the balance sheet as cash, cash equivalents, and deposits in various funds. The FDIC (federal depository insurance corporation) insures all deposits of the County up to \$100,000 and the Washington Public Deposit Protection Commission for amounts over \$100,000.

Investments

As required by Washington State law, all investments of Skagit County and applicable Agency's funds are obligations of the United States Government, the State Treasurer's Investment Pool, commercial paper or deposits with Washington State banks and savings and loans institutions.

Skagit County's and applicable Agency's investments are categorized to give an indication of the risk assumed at year-end. Descriptions of the categories are:

- 1) Category 1- Insured or registered in the name of the governmental entity or held by the entity or by its agent in the entity's name;
- 2) Category 2-Uninsured and unregistered, with securities held by the counter-party's trust department or by its agent in the entity's name.
- 3) Category 3-Uninsured and unregistered, with securities held by the counter-party, its trust department, or its agent, but not held in the entity's name.

	<u>1</u>	<u>CATEGORIES 2</u>	<u>FAIR VALUE</u>
U.S. Gov't Securities	\$35,581,148	\$0	\$36,076,111
Bankers' Acceptances	3,095,950	0	3,100,814
Commercial Paper	0	10,000,245	10,001,823
Registered Warrants	296,519	0	296,519
Subtotal	<u>\$38,973,617</u>	<u>\$10,000,245</u>	<u>\$49,475,267</u>
Investment in State Treasurer's Investment Pool			\$148,518,528
TOTAL INVESTMENTS	<u><u>\$38,973,617</u></u>	<u><u>\$10,000,245</u></u>	<u><u>\$197,993,795</u></u>

U.S. Government securities and commercial paper are stated at fair value. All other investments are stated at amortized cost which approximates fair value. The fair value of the County's position in the State Treasurer's Investment Pool is the same as the value of the pool shares. Authority to manage the Skagit County Investment Program derives from RCW 36.29.020. Regulatory oversight is provided by the County Finance Committee comprised of the Treasurer as Chair, the Auditor as Secretary, and the County Commissioners Chair. The State Treasurer's Investment Pool was created by the Washington State Legislature in 1986 and is overseen by the State Treasurer. The State Finance Committee administers the pool and is advised by the local Government Investment Pool Advisory committee comprised of twelve members selected from the active pool participants. The pool is operated in a manner consistent with the SEC Rule 2a7. Management intends to hold the time deposits and securities until maturity.

Gains or losses on investments sold or exchanged are recognized at the time the transactions are completed.

B. Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed at the end of each month.

PROPERTY TAX CALENDAR

January 1	Taxes are levied and become an enforceable lien against properties.
February 15	Collection of current year's taxes authorized
April 30	First of two installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied, offset by deferred revenue. Property tax revenue is recognized when the revenue becomes available. During the year, property tax revenues are recognized when cash is collected. Collections are distributed at the end of each month. Property taxes are levied and attach as a lien on property as of January 1. Anticipated refunds of taxes are recorded as reductions of revenue when they are measurable and their validity seems certain. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The County may levy up to \$1.80 per \$1,000 of assessed valuation for general governmental services, subject to the following limitations.

- A) Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction. If the assessed valuation increases by more than 1 percent due to re-valuation, the levy rate will be decreased.
- B) 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 percent limit.
- C) The County may voluntarily levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.

The following identifies the tax rates levied collection in 2003:

	LEVY IN DOLLARS ASSESSED PER THOUSAND	TOTAL VALUE	LEVY
2002			
County	\$1.8409	\$8,600,516,207	\$15,832,689
Roads	1.9845	4,420,537,713	8,772,557
Conservation Futures	.0597	8,600,516,207	513,451
2003			
County	\$1.8141	\$9,109,187,252	\$16,521,752
Roads	1.9560	4,709,757,229	9,212,285
Conservation Futures	.0588	9,109,187,252	535,620

The County tax rate reported is comprised of a levy for general governmental services and special revenue assessments.

The County is also authorized to levy taxes in unincorporated areas for road construction and maintenance, subject to the same limitations as the levy for general government services.

The Conservation Futures tax rate is a non-voter approved excess levy for the purpose of acquiring future development rights for preservation purposes.

C. Receivables

Receivables as of year-end for the County's individual major funds, non-major, internal service and agency funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Taxes	Accounts	Due from Other Governments	Interest & Penalties	Total
General Fund	\$696,271	\$1,227,587	\$836,856	\$71,789	\$2,832,503
County Roads	446,734	11,643	3,350,680	0	3,809,057
Distressed County NonMajor	0	0	0	0	0
Governmental	145,146	2,576	1,043,079	0	1,190,801
Solid Waste	0	574,332	61,721	0	636,053
Drainage Utility	34,989	0	0	0	34,989
Internal Service	0	2,565	0	0	2,565
Agency	3,421,118	0	0	0	3,421,118
Total Receivables	\$4,744,258	\$1,818,703	\$5,292,336	\$71,789	\$11,927,086

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes Receivable (General Fund)	\$696,271	
Property Taxes Receivable (Road Fund)	446,734	
Property Taxes Receivable (Other Governmental Funds)	145,146	
Revenue earned but not yet available	1,227,587	
Grants received prior to meeting all eligibility requirements		207,642
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$2,515,738</u>	<u>\$207,642</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2003 is as follows:

Due To/From other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	County Roads	\$1,551,819
	Non-Major Gov't Fund	189,424
	Solid Waste Fund	147,896
	Drainage Utility Fund	22,167
	Internal Services Funds	213,199
		<hr/>
		\$2,124,505
County Roads	General Fund	\$648
	Non-Major Gov't Fund	51,783
	Solid Waste Fund	164,692
	Drainage Utility Fund	16,505
	Internal Services Funds	113,664
		<hr/>
		\$347,292
Non-Major Gov't Fund	General Fund	\$2,823
	County Roads	4,512
	Non-Major Gov't Fund	3,360
	Solid Waste Fund	23,041
	Internal Services Funds	5,799
		<hr/>
		\$39,535
Solid Waste Fund	General Fund	\$378
	County Roads	129
	Non-Major Gov't Fund	145
		<hr/>
		\$652
Internal Services Funds	General Fund	\$251,960
	County Roads	324,545
	Non-Major Gov't Fund	17,187
	Solid Waste Fund	40,943
	Internal Services Funds	2,726
		<hr/>
		\$637,362
		<hr/>
Total		<u>\$3,149,346</u>

These interfund transactions usually involve the exchange of goods and services in a normal business relationship.

Interfund loans receivable/payable:

Borrowing Fund	Lending Fund	Balance 1/1/03	New Loans	Repay	Balance 12/31/03
Lake Management No.2	General Fund	\$51,859	\$2,720	\$14,000	\$40,579
Best Place	General Fund	199,444	200,556	300,000	100,000
Lake Management No. 3	General Fund	88,941	0	50,000	38,941
Lake Management No. 1	General Fund	0	126,110	30,000	96,110
	TOTAL	\$340,244	\$329,386	\$394,000	\$275,630

Interfund loans receivable and payable are created as a result of a cash or property transfer resulting in a subsequent promise of repayment.

Interfund transfers:

Transfer Out	Transfer In				Total
	General Fund	County Roads	Non-Major Gov	Internal Service	
General Fund	\$0	\$0	\$4,947,857	\$625,000	\$5,572,856
County Roads	2,762	0	2,163,190	0	2,165,952
Non-Major Gov	10,000	0	946,297	0	956,297
Solid Waste	395	0	0	0	395
Drainage Utility	789	0	0	0	789
Total	\$13,945	\$0	\$8,057,344	\$625,000	\$8,696,289

Interfund operating transfers represent subsidies and contributions provided to operating funds and capital project funds. The purpose of the general fund transfers is to subsidize capital project activities and debt service. Operating transfers out on non-major governmental funds generally represents debt service and capital project funding.

E. Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$13,212,574	\$89,978	\$0	\$13,302,552
Development rights	2,891,651	1,163,290	0	4,054,941
Total capital assets not being depreciated	<u>\$16,104,225</u>	<u>\$1,253,268</u>	<u>\$0</u>	<u>\$17,357,493</u>
Capital assets, being depreciated				
Buildings	\$35,513,278	\$3,512,176	\$1,543,337	\$37,482,117
Improvements	3,693,037	297,022	0	3,990,058
Machinery and equipment	16,679,880	1,590,791	808,355	17,462,315
Infrastructure	446,639,946	13,535,684	0	460,175,630
Total capital assets being depreciated	<u>\$502,526,141</u>	<u>\$18,935,673</u>	<u>\$2,351,692</u>	<u>\$519,110,120</u>
Less accumulated depreciation for:				
Buildings	\$12,631,158	\$875,122	\$698,050	\$12,808,230
Improvements	2,195,180	145,831	0	2,341,011
Machinery and equipment	10,543,480	1,090,841	715,058	10,919,262
Infrastructure	87,576,559	15,258,952	0	102,835,511
Total accumulated depreciation	<u>\$112,946,377</u>	<u>\$17,370,746</u>	<u>\$1,413,108</u>	<u>\$128,904,014</u>
Total capital assets, being depreciated net	<u>\$389,579,764</u>	<u>\$1,564,927</u>	<u>\$938,584</u>	<u>\$390,206,106</u>
Governmental activities capital assets net	<u>\$405,683,989</u>	<u>\$2,818,195</u>	<u>\$938,584</u>	<u>\$407,563,599</u>

Depreciation expenses were charged to functions as follows:

General Governmental Services	1,207,961
Public Safety	138,540
Physical Environment	598
Transportation	15,311,596
Economic Environment	7,266
Mental and Physical Health	6,085
Culture and Recreation	<u>22,180</u>

In addition depreciation on capital assets held by the County's Internal Services Funds is charged to various functions based upon their usage of the assets 676,520

Total governmental activities depreciation expense 17,370,746

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities				
Capital assets, not being depreciated				
Land	\$457,527	\$8,986	\$0	\$466,513
Construction in progress	<u>508,921</u>	<u>126,336</u>	<u>204,544</u>	<u>430,713</u>
Total capital assets, not being depreciated	<u>\$966,448</u>	<u>\$135,322</u>	<u>\$204,544</u>	<u>\$897,226</u>
Capital assets, being depreciated				
Buildings	\$1,825,299	\$0	\$0	\$1,825,299
Improvements	2,488,530	537,567	0	3,026,097
Machinery and equipment	<u>592,147</u>	<u>0</u>	<u>0</u>	<u>592,147</u>
Total capital assets being depreciated	<u>\$4,905,976</u>	<u>\$537,567</u>	<u>\$0</u>	<u>\$5,443,543</u>
Less accumulated depreciation for:				
Buildings	\$1,661,292	\$18,964	0	\$1,680,256
Improvements	202,933	69,121	0	272,054
Machinery and equipment	<u>398,560</u>	<u>40,988</u>	<u>0</u>	<u>439,548</u>
Total accumulated depreciation	<u>\$2,262,785</u>	<u>\$129,073</u>	<u>\$0</u>	<u>\$2,391,858</u>
Total capital assets, being depreciated net	<u>\$2,643,191</u>	<u>\$408,494</u>	<u>\$0</u>	<u>\$3,051,685</u>
Business type activities, capital assets net	<u><u>\$3,609,639</u></u>	<u><u>\$543,816</u></u>	<u><u>\$204,544</u></u>	<u><u>\$3,948,911</u></u>

Depreciation expenses were charged to functions as follows:

Solid Waste	\$63,350
Drainage Utility	<u>65,723</u>

Total Business type activities depreciation expense \$129,073

V. LONG-TERM DEBT

Skagit County's long-term debt consists of general obligation bonds, liability for compensated absences and loans.

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are reported in the proprietary fund if re-payment is expected to occur from proprietary revenues. All other long-term indebtedness of the County is reported in the governmental column of the government-wide statement of net assets. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 20-23 year serial bonds with equal or increasing amounts of principal maturing each year.

In the instance of proprietary fund debt, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are amortized over the term of the related debt. Governmental funds recognize bond premiums, discounts and issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether withheld or not from proceeds are reported as debt service expenditures.

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% - no vote required

2.5% - vote required

5.0% - vote required, with the provision that the voted debt is utilized for utilities, parks or open space development.

The accompanying Limitation of Indebtedness computation discloses the County's legal debt margin as of December 31, 2003.

**SCHEDULE OF LEGAL LIMIT OF DEBT MARGIN
FOR THE YEAR ENDED DECEMBER 31, 2003**

Purpose of Indebtedness	Remaining Capacity
General Government (no vote required)	\$137,289,185
General Government (vote required)-2.5%	\$96,352,947

A. General Obligation Bonds

The \$5,365,000 1996 Bonds were issued to provide funds for general County purposes, and are scheduled to mature December 1, 2015. The Bonds maturing on or after December 1, 2007 are subject to redemption at the option of the County in whole or in part at any time on or after December 1, 2006. Principal and interest payments are made annually on December 1. Interest rates range from 3.90% to 5.25%. This issue is being serviced through the Solid Waste Proprietary Fund. Principal payments of \$35,000 and interest payments of \$263,725 were made in 2003.

Amount
Outstanding
\$ 5,205,000

The \$875,000 1997 Bonds were issued for the purpose of acquiring an office building and renovating an adjacent building owned by the County, for use by non-profit agencies as a family resource center. The County has entered into lease purchase agreements with non-profit social service agencies that have the mission of serving families in Skagit County. Repayment will be made from these lease purchase agreements. Principal payments are made annually on June 1 with interest being paid on June 1 and December 1. The interest rate ranges from

\$650,000

4.10% in 1999 to 5.20% in 2013. The bonds are scheduled to mature on June 1, 2013 and are serviced through the County's Debt Service Fund. . Principal payments of \$50,000 and interest payments of \$33,070 were made in 2003.

In 2000, Limited Tax General Obligation Bonds in the amount of \$8,000,000 were issued for the purpose of funding grants to communities within the County to construct economic development public facility projects that further the goals of promoting ongoing operations of business, expansion of existing businesses, attracting and assisting new businesses. Repayment will be made from the imposition of a Distressed County Sales and Use Tax deducted from the tax otherwise required to be collected by the State. The Bonds are scheduled to mature from December 1, 2001 through December 1, 2022. The Bonds sold at interest rates yielding 4.80% in 2001 to 5.625% in 2022. The bonds of this issue, maturing on and prior to December 1, 2009, are not subject to redemption prior to their stated maturities. The Bonds maturing on or after December 1, 2010 are subject to redemption at the County's option. The Bonds are serviced through the County's Debt Service Fund. Principal payments are made annually on December 1 and interest payments are made on June 1 and December 1. Principal payments of \$225,000 and interest payments of \$400,609 were made in 2003.

\$7,355,000

In 2003, Limited Tax General Obligation and Refunding Bonds in the amount of \$5,340,000 were issued:

i) The County's purpose was to use \$2,520,000 of the proceeds to pay the costs of acquiring and renovating a building to house the County's Public Works, Planning and Administration Departments. This portion of the 2003 issue will be serviced through the County's Debt Service Fund and payment will be made by the General Fund and the Public Works Fund. Principal payments are made annually on December 1 and interest is paid on June 1 and December 1. The interest rate ranges from 2.00% in 2003 to 4.10% in 2017. Principal payments of \$130,000 and interest payments of \$48,260 were made in 2003.

\$2,390,000

ii) The County's purpose was to use \$2,820,000 of the proceeds to refund the callable maturities of its outstanding 1993 Limited Tax General Obligation Refunding Bonds. The 1993 Bonds were issued to refund the callable portion of the County's 1987 Limited Tax General Obligation Bonds. The 1987 Bonds were issued to pay a part of the costs of construction of a solid waste incinerator. The refunding bond will be serviced through the Solid Waste Proprietary Fund. Principal payments are made annually on December 1 and interest is paid on June 1 and December 1. The interest rate ranges from 2.00% in 2003 to 2.30% in 2007. Principal payments of \$40,000 and interest payments of \$35,036 were made in 2003.

\$2,780,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 435,000	\$ 498,067	\$760,000	\$319,563
2005	450,000	481,217	775,000	303,540
2006	465,000	463,747	790,000	287,060
2007	485,000	445,028	625,000	270,112
2008	505,000	424,844	525,000	254,563
2009-2013	2,890,000	1,766,290	3,055,000	861,045
2014-2018	2,970,000	1,058,398	1,455,000	115,145
2019-2022	2,195,000	315,000	0	0
Totals	\$10,395,000	\$5,452,591	\$7,985,000	\$2,411,028

B. Refunded Debt

The County issued \$2,820,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the 1993 Limited Tax General Obligation Refunding Bonds. As a result the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Assets. This advance refunding was undertaken to reduce total debt service payments over the next 5 years by \$211,979. This issue resulted in an economic gain from a present value perspective of \$226,417.

C. Revolving Fund Loans

The loans were acquired for the purposes of creating local loan fund programs to provide loans to landowners to make improvements to their personal property in order to correct on-site sewage and poor farm practice problems impacting water quality in Skagit County. Repayment of these loans will be made from the proceeds of the local loan fund programs.

	<u>Amount Outstanding</u>
The County's 1994 State Revolving Fund Loan with the State of Washington Department of Ecology was closed in 1998 in the total amount of \$546,440. The interest rate is 3.50%. Principal payments of \$349,270 and interest payments of \$11,890 were made in 2003. The loan was prepaid resulting in an economic gain from a present value perspective of \$22,009.	\$0
The County entered into a loan agreement in 1997 with the State of Washington, Water Pollution Control Revolving Fund, Department of Ecology. The project title is Skagit County Water Quality Improvement Fund Project, Local Loan Fund. The interest rate is 3.50%. The loan closed in early 2000 in the total amount of \$354,615. Principal payments of \$23,120 and interest payments of \$10,451 were made in 2003.	\$281,201
The County entered into an additional loan agreement in 1997 with the State of Washington, Water Pollution Control Revolving Fund, Department of Ecology. The project title is Skagit County Clean Water District –Edison Subarea. The Department of Ecology has reconciled all costs of various State and Federal grant and loan funds and reduced the loan amount to \$346,479 and closed the loan in 2000. Principal payments of \$17,768 were made in 2003. The loan is interest free.	\$275,406
The County entered into a loan agreement in 2000 with the State of Washington Water Pollution Control Revolving Fund, Department of Ecology. The project title is Water Quality Improvement Fund Project. The total revised loan amount is \$1,575,000, the interest rate is 1.5%, and the term is 20 years. As of year end, the County is liable on the agreement in the amount of \$1,560,915 with loan repayment to commence no later than the revised repayment commencement date of August 31 2004. There have been no payments made in 2003.	\$1,560,915
The County entered into a second loan agreement in 2000 with the State of Washington Water Pollution Control Revolving Fund, Department of Ecology. The project title is Edison Subsurface Effluent Disposal Field. The original loan amount was revised from \$40,000 to \$56,100 in 2002 with loan repayment to commence no later than six months after the loan closure date in 2004, with a zero interest rate and a twenty year term. As of year end, the County is liable on the agreement in the amount of \$56,100. There have been no payments made in 2003.	\$56,100

Annual debt service requirements to maturity for revolving fund loans are as follows:

Year Ending		
December 31	Principal	Interest
2004	\$ 77,746	\$21,341
2005	115,414	31,422
2006	117,342	29,493
2007	119,319	27,519
2008	121,341	25,495
2009-2013	638,845	95,340
2014-2018	515,783	50,551
2019-2022	467,832	18,544
Totals	\$2,173,622	\$299,705

D. Changes in Long-Term Liabilities

During the year ended December 31, 2003, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>New Issue</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$8,280,000	\$2,520,000	\$405,000	\$10,395,000	\$435,000
Less Deferred Amount For Issuance Discounts/Premiums	(43,909)	(6,922)	(2,834)	(47,997)	(2,834)
Total Bonds Payable	\$8,236,091	\$2,513,078	\$402,166	\$10,347,003	\$432,166
Revolving Fund Loans	2,325,763	238,017	390,158	2,173,622	77,746
Claims and Judgments Payable	206,945	502,265	31,757	677,453	0
Compensated Absences	1,313,393	85,738	0	1,399,131	0
Long term Liabilities	<u>\$12,082,192</u>	<u>\$3,339,098</u>	<u>\$824,081</u>	<u>\$14,597,209</u>	<u>\$509,912</u>
Business –Type Activities					
Bonds Payable					
General Obligation Bonds	\$8,685,000	\$2,820,000	\$3,520,000	\$7,985,000	\$760,000
Less Deferred Amounts For Issuance Discounts/Premiums	(89,249)	21,618	(38,663)	(28,968)	(8,615)
On refunding	0	(35,347)	(5,141)	(30,206)	(7,712)
Total Bonds Payable	\$8,595,751	\$2,806,271	\$3,476,196	\$7,925,826	\$743,673
Compensated Absences	43,702	9,848	0	53,550	0
Long term Liabilities	<u>\$8,639,453</u>	<u>\$2,816,119</u>	<u>\$3,476,196</u>	<u>\$7,979,376</u>	<u>\$743,673</u>

For governmental activities, the General Fund or the respective Special Revenue Fund generally liquidates compensated absences. Claims and judgments are liquidated by the Insurance Service Fund.

VI. PENSION PLANS

Substantially all Skagit County's 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 public employee defined benefit and defined contribution 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 by writing to: Department of Retirement Systems, Communication Unit, P.O. Box 48380, Olympia WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

A. Public Employees' Retirement System (PERS) Plans 1, 2 and 3.

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plan 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 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. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after any employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 received reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 received reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined

contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,167 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2002:

Retirees and Beneficiaries Receiving Benefits	63,756
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	19,152
Active Plan Members Vested	98,994
Active Plan Members Nonvested	55,191
Total	237,093

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements 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, 2003 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.40%	1.40%	1.40%**
Employee	6.00%	1.18%	***

*The employer rates include the employer administrative expense fee currently set at 0.22%.

**Plan 3 defined benefit portion only.

***Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both Skagit County and the employees made the required contributions. The County's required contributions for the years ending December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2003	\$38,544	\$298,235	\$36,390
2002	\$39,514	\$340,745	\$1,515
2001	\$89,684	\$723,688	\$0

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

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Effective January 1, 2003 firefighter emergency medical technicians (EMTs) may transfer PERS Plan 1 or Plan 2 service credit to LEOFF Plan 2 if while employed for the city, town, county or district, the EMT's job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 359 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2002:

Retirees and Beneficiaries Receiving Benefits	8,231
Terminated Plan members Entitled To But Not Yet Receiving Benefits	398
Active Plan Members Vested	11,222
Active Plan Members Nonvested	3,936
Total	23,787

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with Chapter 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2003, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.22%	3.25%**
Employee	0.00%	5.05%
State	n/a	2.02%

*The employer rates include the employer administrative expense fee currently set at 0.22%

**The employer rate for ports and universities is 5.27%

Both Skagit County and the employees made the required contributions. Skagit County's required contributions for the years ending December 31 were as follows:

	LEOFF 1 Plan 1	LEOFF Plan 2
2003	\$100	\$94,293
2002	\$283	\$84,898
2001	\$268	\$102,512

VII. RISK MANAGEMENT

A. Liability Insurance

The County joined the Washington Counties Risk Pool (pool) in August 2003. 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 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 August 18, 1988 when counties in the state of Washington joined together by signing an interlocal agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Twenty-nine counties were in the pool in 2003.

The pool allows members to establish a plan of self-insurance, jointly purchase excess or reinsurance and provide related services. All pool joint self-insurance liability coverages, including public officials' errors and omissions, are on an "occurrence" basis. The pool also provides property and special events/concessionaires optional group purchase insurance coverages for its members.

Members make an annual contribution to fund the pool. The pool acquires reinsurance from unrelated underwriters that are subject to a pool per-occurrence self-insured retention of \$100,000. Members may elect deductible amounts ranging from \$10,000 per occurrence to \$500,000. The County has elected a deductible of \$500,000. Members are responsible for the first deductible amounts of each claim, while the pool is responsible for the remaining difference up to the pool's \$100,000 self-insured retention. Reinsurance carriers cover all losses over \$100,000 to the maximum limits of each policy.

Since the pool is a cooperative program, there is joint liability among the participating members. A retroactive assessment was approved in 2003 for \$11.9 million less credits of \$4.3 million, with payments starting in 2003 and spread over six years. Since the county only joined in 2003, and since the county's deductible election is higher than the pool's \$100,000 self-insured retention, it is not charged any part of the retroactive assessment. Members contract to remain in the pool for a minimum of five years, and must give notice one year before terminating participation. The interlocal agreement is renewed automatically each year until terminated. Even after termination, a member 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 interlocal agreement.

The pool is fully funded by its member participants. Claims are filed by members with the pool.

The pool is governed by a board of directors that is comprised of one designated representative from each participation member. An executive committee is elected at the annual meeting, and is responsible for conducting the business affairs of the pool.

Claim settlements and loss expenses are accrued in the County's Liability Insurance Fund. This fund is responsible for collecting interfund premiums from insured funds and departments, and for paying risk pool premiums and claim settlements.

Revenues of the Insurance Services fund are derived from intergovernmental transfers for insurance premiums, actual claims incurred, defense costs and risk management activities. Funds that pay for either insurance or claims include the Current Expense Fund, County Road Funds, County Fair Fund, Solid Waste Operating Fund, and the Public Health Fund. In addition, money is sometimes recouped from insurance companies when a claim coverage dispute is resolved in favor of Skagit County.

Outstanding claims, not covered by the Washington Counties Risk Pool and where it is likely that a loss will occur, have been accrued as expenses with a corresponding liability in claims and judgments payable. Claim settlements have not exceeded insurance coverage for each of the past three fiscal years. The following schedule is a reconciliation between the current year's and the prior two year's claims liability:

GENERAL/AUTO LIABILITY AND PROERTY CLAIMS LIABILITY

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims & Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	427,214	96,729	136,481	387,462
2002	387,462	14,236	194,753	206,945
2003	206,945	502,265	31,757	677,453

B. Other Insurance

Employee on-the job injuries are covered by industrial insurance through Labor & Industries (L&I). All employees and some volunteers, except LEOFF-1 members and ferry crewmembers, are covered to statutory limits. Industrial insurance (L&I) rates are occupation and experience based, with base premiums adjusted for individual entity claims experience (modification multiplier).

The experience modification multiplier in 2001 was .6896, for 2002 it was 1.000, and in 2003 the modifier increased to 1.25. As of July 1997 the County joined the Washington Counties Retrospective Rating group, which could lead to future dividends, based on group and individual experience.

Unemployment claims are processed by the Washington State Department of Employment Security. Skagit County is self-insured for unemployment claims, meaning the County reimburses Washington State for actual claims paid. Historically, unemployment claims have been \$50,000 - \$135,000 per year. This sum is not paid from the Insurance Services Funds, but from the General Fund, County Road Fund, and Solid Waste Operating Funds. As unemployment claims represent a maximum of .10% (one-tenth of one percent) of these County funds, this exposure is not considered material. Beginning in 2004, the County created an Unemployment Compensation fund. The Fund will receive payments from operating funds based on estimates of future claims. Payments to the Department of Employment Security will be made from the Unemployment Fund.

The County is self-insured for dental insurance claims which are administered through a claims processing firm.

Instead of paying monthly premiums to an indemnity plan provider, a sum equal to a monthly premium is transferred to the Insurance Services Fund on a monthly basis. Payments are then made to the claims processing firm as service provider invoices are submitted. The claims processing firm has been Washington Dental Service since May 1, 1996.

As of the date of this report, paid claims for 2003 totaled \$794,614. The County's Health Benefit Consultant estimates that 1.8 months of claim charges are incurred but not reported. Administrative fees and charges totaled \$67,459. Claims and changes in estimates for 2003 were \$805,469, and included claims incurred but not reported (IBNR), leaving as estimated year-end outstanding balance of \$119,192.

DENTAL SELF-INSURED CLAIMS LIABILITY

	<u>Beginning Balance</u>	<u>Current Year Charges & Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Year End</u>
2001	\$89,525	\$680,123	\$669,259	\$110,389
2002	100,389	730,209	722,259	108,339
2003	108,339	805,467	794,614	119,192

In January 2003, the County began self-insuring for medical insurance claims for eligible County employees and eliminated it's medical indemnity plan. The claims processing is administered by Premera Blue Cross. The County's health benefits broker, Acordia, has determined the amounts equal to a monthly premium. The amounts are transferred to the Insurance Services fund and payments are made to the claims processor as

service provider invoices are submitted. An excess coverage insurance policy covers claims in excess of \$100,000 per claimant with an additional \$50,000 aggregate deductible.

As of the date of this report, paid claims for 2003 totaled \$3,345,892. The County's health benefit consultant estimates that incurred but not reported claims total \$231,724. Administrative fees and charges totaled \$536,783. Claims and changes in estimates for 2003 were \$3,577,616, including claims incurred but not reported, leaving an estimated year end balance of \$ 231,724.

MEDICAL SELF-INSURANCE CLAIMS LIABILITY

	<u>Beginning Balance</u>	<u>Current Year Charges & Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Year End</u>
2003	\$0	\$3,577,616	\$3,345,892	\$231,724

VIII. CONTINGENCIES AND LITIGATION

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Skagit County is named as the defendant in various lawsuits. Although the outcome of these legal actions is not presently determinable, the County is of the opinion that present reserves are available to adequately cover potential settlements without adversely affecting the financial condition of the County.

In August, 2001, the Board of County Commissioners of Skagit County entered into a contingent loan agreement with the Housing Authority of Skagit County, a public body corporate and politic of the State of Washington. The Housing Authority had authorized the issuance of a line of credit revenue bond in the amount not to exceed \$350,000 at any one time, and being due May 31, 2004. The County and the Housing Authority have agreed that the County commits to make loans to the Authority to the extent necessary to make payments of the principal and interest on the bond when due, if the Authority is unable to do so. As of December 31, 2003, there have been no loans made by the County to the Housing Authority.

On March 24, 2003, the Board of County Commissioners of Skagit County entered into a contingent loan agreement with the Skagit Regional Public Facilities District, formed pursuant to RCW 36.100. The District has authorized the issuance and sale of limited sales tax obligation bonds in the aggregate principal amount of \$9,685,000. The County and the District entered into an interlocal agreement whereby the County agreed to lend

to the District amounts sufficient, together with the sales tax and net operating revenues of the District, to pay all debt service on the bonds and any additional bonds. The aggregate principal amount of outstanding loans by the County is not to exceed \$10,000,000. The first bond payment date is December 1, 2003. As of December 31, 2003, there have been no loans made by the County to the Public Facilities District.

IX. FUNDS

Fund Additions:

Fund 127, Water Quality Fund became active in December 2003. The fund was established to account for various state revolving loan funds which had previously been accounted for in the General Fund.

Fund 504, Central Services Fund became active in December 2003. The fund was established to account for Information Services, Geographic Information Services, and Records Management activities which had previously been accounted for in the General Fund. The fund will begin operations in 2004.

X. PRIOR PERIOD ADJUSTMENT

The Equipment Rental and Revolving Fund, an enterprise fund, constructed a radio frequency system between the years 1999 and 2001. The cost of the system was \$193,082 and was inadvertently not reported until the current year ended December 31, 2003.

XI. CHANGES IN ACCOUNTING PRINCIPLES

During 2003, the County implemented GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments". This GASB statement changes the reporting model for governmental entities. As a result, the proprietary funds beginning retained earnings were restated to include contributed capital and renamed net assets.

	<u>Solid Waste</u>	<u>Drainage Utility</u>	<u>Total Proprietary</u>	<u>Internal Services</u>
Contributed Capital	\$226,060	\$0	\$226,060	\$1,470,657
Retained Earnings	(4,490,093)	4,690,531	200,438	9,370,083
Net Assets, January 1	<u>(\$4,264,033)</u>	<u>\$4,690,531</u>	<u>\$426,498</u>	<u>\$10,840,740</u>

XII. SPECIAL ITEMS

The Equipment Rental and Revolving Fund, an enterprise fund, owns a gravel quarry which has been worked over the years creating, as a by product, unearthed rock. The value of the rock is being added to inventory this year resulting in an increase to valuation of \$3,667,067.

NonMajor Governmental Funds



SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31,2003

	Nonmajor Funds			Total
	Special Revenue	Debt Service	Capital Project	
ASSETS				
Cash/Cash Equivalents	\$5,034,763	\$40,480	\$1,012,789	\$6,088,028
Investments	2,885,845	623,388	2,500,000	6,009,232
Taxes Receivable	145,145	0	0	145,146
Accounts Receivable	2,576	0	0	2,576
Due From Other Funds	39,535	0	0	39,535
Due From Other Governmental Units	984,036	0	59,043	1,043,079
Inventory/Prepayments	162,978	0	0	162,978
Total Assets	\$9,254,878	\$663,868	\$3,571,831	\$13,490,574
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u>				
Accounts/Vouchers Payable	\$661,523	\$0	\$78,271	\$739,791
Due To Other Funds	259,011	0	2,888	261,899
Due To Other Governmental Units	109,957	0	0	109,957
Accrued Wages Payable	303,439	0	0	303,440
Accrued Employee Benefits	78,735	0	0	78,734
Custodial Accounts	3	0	0	3
Deferred Revenue	145,145	0	0	145,146
Long-Term Interfund Loans Payable	275,630	0	0	275,630
Total Liabilities	\$1,833,443	\$0	\$81,159	\$1,914,600
<u>Fund Balance</u>				
Reserved for:				
Prepaid Items	\$24,796	\$0	\$0	\$24,796
Debt Service	0	663,868	0	663,868
Reserved for Petty Cash	48,600	0	0	48,600
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	7,348,041	0	0	7,348,038
Capital Project Funds	0	0	3,490,672	3,490,672
Total Fund Balances	\$7,421,434	\$663,868	\$3,490,672	\$11,575,974
Total Liabilities and Fund Balances	\$9,254,878	\$663,868	\$3,571,831	\$13,490,574

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For Year Ended December 31, 2003

	Non Major Funds			Total
	Special Revenue	Debt Service	Capital Project	
<u>Revenues</u>				
Taxes	\$4,100,757	\$0	\$643,016	\$4,743,770
Licenses and Permits	246,232	0	0	246,232
Intergovernmental	7,426,914	0	484,808	7,911,724
Charges for Services	3,270,323	0	18,765	3,289,088
Fines and Forfeits	352,776	0	0	352,776
Interest Earnings	37,682	58,340	14,070	110,088
Donations	323,483	0	158,920	482,403
Other Revenues	189,579	288,971	0	478,550
Total Revenues	<u>\$15,947,746</u>	<u>\$347,311</u>	<u>\$1,319,579</u>	<u>\$17,614,631</u>
<u>Expenditures</u>				
Current:				
General Governmental Services	\$611,568	\$0	\$0	\$611,569
Public Safety	4,242,406	0	0	4,242,406
Physical Environment	2,334,951	0	0	2,334,951
Transportation	48,240	0	0	48,240
Economic Environment	1,296,807	0	0	1,296,807
Health and Human Services	5,497,238	0	0	5,497,239
Culture and Recreation	4,530,303	0	0	4,530,302
Debt Service:				
Principal	0	795,158	0	795,158
Interest	0	504,279	14,464	518,743
Capital Outlay	1,315,156	0	4,301,611	5,616,765
Total Expenditures	<u>\$19,876,669</u>	<u>\$1,299,437</u>	<u>\$4,316,075</u>	<u>\$25,492,180</u>
Excess (Deficit) Revenues Over Expenditures	<u>(\$3,928,923)</u>	<u>(\$952,126)</u>	<u>(\$2,996,496)</u>	<u>(\$7,877,549)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds of General Long-Term Debt	\$0	\$0	\$2,496,432	\$2,496,432
Operating Transfers In	5,174,990	886,938	1,995,416	8,057,344
Operating Transfers Out	(90,421)	0	(240,267)	(330,688)
Total Other Financing Source (Uses)	<u>\$5,084,569</u>	<u>\$886,938</u>	<u>\$4,251,581</u>	<u>\$10,223,088</u>
Net Change in Fund Balance	<u>\$1,155,646</u>	<u>(\$65,188)</u>	<u>\$1,255,085</u>	<u>\$2,345,539</u>
Fund Balance-January 1	\$6,265,789	\$729,056	\$2,235,585	\$9,230,430
Fund Balance-December 31	<u>\$7,421,434</u>	<u>\$663,868</u>	<u>\$3,490,672</u>	<u>\$11,575,973</u>

SKAGIT COUNTY, WASHINGTON NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are utilized to account for the proceeds from specific revenue sources other than expendable trusts or major capital project that are legally restricted for the purposes so designated. Both revenues and expenditures are budgeted in compliance with the Revised Code of Washington 36.40. The modified accrual basis of accounting is applied. A description of each fund follows:

Public Health Fund - A fund to account for the financial operations of County health programs.

Paths Fund - A fund established in accordance with RCW 46.68.100. The specific purpose of the fund is to set aside monies for establishing and maintaining paths and trails within the right-of-way of County roads for pedestrians, equestrians or bicyclists.

Emergency Management Fund - A fund established to account for emergency services within the County.

County Fair Fund - A fund to finance the promotion of the Skagit County Fair as established by Skagit County Code. Partial funding for the Fair is derived from the State Department of Agriculture, so the Fair must conform to RCW 15.76, which states that the Fair's main purpose is to promote agriculture and be of an educational nature.

Veterans Relief Fund - This is a fund to finance emergency financial assistance to veterans and their surviving spouses.

Law Library Fund - A fund to finance the purchase of legal publications and maintenance of a law library used by judges, attorneys, and the general public.

River Improvement Fund - A fund established to account for river improvements.

Treasurer's Operation & Maintenance Fund - A fund to account for extraordinary costs incurred collecting delinquent real and personal taxes.

Centennial Document Fund - A fund to finance the acquisition, installation, operation and maintenance of equipment to copy, preserve, and index documents recorded in the county.

Election Reserves Fund - A fund to finance election services and equipment.

Parks & Recreation Fund - A fund to finance the maintenance of parks and the needs of the County through recreational facilities and programs.

Substance Abuse Fund - A fund established to coordinate alcohol/substance abuse rehabilitation within the County.

Mental Health/Developmental Disabilities Fund - A fund established to coordinate assistance in conformance with State and Federal standards in the areas of mental health and developmental disabilities.

Senior Services Fund - A fund established to assist senior citizens.

Convention Center Fund - A fund to account for the programs funded through the accommodations excise tax.

Salmon Recovery – A fund established to account for salmon recovery projects

Conservation Futures Fund - A fund created for the purpose of preserving farmland and critical areas in the County.

Medic 1 Services Fund - A fund to finance the overall coordination of basic and advanced life support services within the County.

Crime/Victim Witness Fund - A fund established for the administration of the Victim/Witness Program.

Communication System Fund - A fund established to administer the emergency services communication system.

Best Place Fund – A fund established to account for the implementation and operation of literacy programs made possible by a Department of Education grant to a local school district.

Water Quality - A fund established to account for the county's revolving loan fund program for The Clean Water District.

Special Assessment Funds - Special Assessment Funds in Skagit County are established to account for the financing for the on-going flood and drainage problems. Each property owner in the selective areas is apportioned an assessment on a per acre basis for construction of capital projects to control the flooding and maintenance of it. Skagit County has eleven distinct Sub-Flood Control Zones (SFCZ). The modified accrual basis of accounting is applied. The funds are as follows:

<i>Sedro Woolley Lateral SFCZ</i>	<i>Blanchard SFCZ</i>	<i>Shangrila SFCZ</i>
<i>Britt Slough SFCZ</i>	<i>Hansen Creek SFCZ</i>	<i>Warner Prairie SFCZ</i>
<i>Mt. Vernon South SFCZ</i>	<i>Dunbar SFCZ</i>	<i>Sedro Wolley Flood</i>
<i>Similk Beach Pump Station SFCZ</i>		<i>Control District</i>
<i>Bryson Road SFCZ</i>		

Lake Management District No. 1 – A fund established to collect assessments and to pay for costs related to lake improvements and maintenance activities on Big Lake.

Lake Management District No. 2 – A fund established to collect assessments and to pay for costs related to lake improvements and maintenance activities on Lake McMurray.

Lake Management District No. 3 – A fund established to collect assessments and to pay for costs related to lake improvements and maintenance activities on Lakes Erie and Campbell.

Edison Clean Water District Subarea – A fund established to collect operating assessments and to pay for the operations and maintenance of the Edison wastewater collection and treatment system.

Drug Enforcement - A fund established for drug enforcement activities.

Boating Safety – A fund established to receive state funding to be used exclusively for safety costs related to boating safety programs within the County.

Low Income Housing - A fund established to collect recording fees and to spend those fees on low-income housing projects.

Title III Projects – A fund established to collect revenues and to expend on projects in accordance with Public Law 106-393.

Interlocal Investigations - A fund established for use by participating law enforcement agencies for investigative activities.

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 1 of 11

ASSETS:	PUBLIC HEALTH	SPECIAL PATHS	EMERGENCY MANAGEMENT	COUNTY FAIR
Cash	\$675,616	\$381,485	\$112,854	\$20,124
Investments	224,159	45,865	0	0
Taxes receivable	0	0	0	0
Accounts receivable	0	0	0	0
Due from other funds	26,401	0	0	5,799
Due from another government unit	113,647	0	57,624	0
Inventory	106,403	0	0	0
Prepayments	24,435	241	3,582	1,205
TOTAL ASSETS:	\$1,170,661	\$427,590	\$174,060	\$27,128
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$29,256	\$90	\$53,962	\$3,015
Due to other funds	14,885	7,053	8	117
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	0
Accrued wages	79,335	289	14,439	11,363
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	3
Deferred revenue	0	0	0	0
Accrued Employee Benefits	23,438	82	4,286	1,114
TOTAL LIABILITIES	\$146,914	\$7,514	\$72,695	\$15,612
FUND BALANCES:				
Reserved for Petty Cash	\$650	\$0	\$0	\$150
Reserved for Prepayments	10,539	226	1,171	1,240
Unreserved, undesignated	1,012,557	419,850	100,194	10,126
TOTAL FUND BALANCES	\$1,023,746	\$420,076	\$101,365	\$11,516
TOTAL LIABILITIES AND FUND BALANCES	\$1,170,661	\$427,590	\$174,060	\$27,128

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 2 of 11

ASSETS:	VETERANS RELIEF	LAW LIBRARY	RIVER IMPROVEMENT	TREASURER'S O&M
Cash	\$26,297	\$15,576	\$143,150	\$17,038
Investments	0	0	0	215,000
Taxes receivable	4,901	0	0	0
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	0	0	75,453	0
Inventory	0	0	0	0
Prepayments	0	111	816	0
TOTAL ASSETS:	\$31,198	\$15,687	\$219,419	\$232,038
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$6,381	\$2,518	\$123,392	\$248
Due to other funds	147	0	0	0
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	0
Accrued wages	0	1,201	4,382	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	4,901	0	0	0
Accrued Employee Benefits	0	172	1,070	0
TOTAL LIABILITIES	\$11,429	\$3,891	\$128,844	\$248
FUND BALANCES:				
Reserved for Petty Cash	\$10,000	\$0	\$0	\$0
Reserved for Prepayments	0	59	173	0
Unreserved, undesignated	9,769	11,737	90,403	231,789
TOTAL FUND BALANCES	\$19,769	\$11,796	\$90,576	\$231,789
TOTAL LIABILITIES AND FUND BALANCES	\$31,198	\$15,687	\$219,419	\$232,038

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 3 of 11

ASSETS:	CENTENNIAL DOCUMENT	ELECTION SERVICES	PARKS & RECREATION	SUBSTANCE ABUSE SERVICES
Cash	\$28,436	\$116,521	\$350,149	\$55,479
Investments	200,658	0	0	0
Taxes receivable	0	0	0	0
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	0	84,511	9,265	91,474
Inventory	0	0	0	0
Prepayments	0	1,732	11,799	773
TOTAL ASSETS:	\$229,094	\$202,764	\$371,213	\$147,726
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$0	\$8,880	\$43,969	\$68,431
Due to other funds	0	63	6,382	16,500
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	53,000
Accrued wages	0	4,987	35,283	1,912
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	0	0	0	0
Accrued Employee Benefits	0	1,487	10,589	630
TOTAL LIABILITIES	\$0	\$15,417	\$96,223	\$140,473
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$2,500	\$0
Reserved for Prepayments	0	1,191	5,226	333
Unreserved, undesignated	229,094	186,156	267,263	6,920
TOTAL FUND BALANCES	\$229,094	\$187,347	\$274,989	\$7,253
TOTAL LIABILITIES AND FUND BALANCES	\$229,094	\$202,764	\$371,213	\$147,726

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 4 of 11

ASSETS:	MENTAL HEALTH ABUSE DISABILITY	SENIOR SERVICES	CONVENTION CENTER	SALMON RECOVERY
Cash	\$450,567	\$174,752	\$36,260	\$103,309
Investments	0	0	40,000	784,312
Taxes receivable	9,527	0	0	0
Accounts receivable	0	0	0	2,576
Due from other funds	0	0	0	4,512
Due from another government unit	69,044	18,886	0	0
Inventory	0	0	0	0
Prepayments	996	8,278	0	2,281
TOTAL ASSETS:	\$530,134	\$201,917	\$76,260	\$896,990
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$68,530	\$23,421	\$6,464	\$36,772
Due to other funds	21,230	12,533	163	44,876
Interfund loans payable	0	0	0	0
Due to other government units	56,957	0	0	0
Accrued wages	3,680	25,834	0	9,672
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	9,527	0	0	0
Accrued Employee Benefits	916	8,437	0	2,565
TOTAL LIABILITIES	\$160,840	\$70,225	\$6,627	\$93,885
FUND BALANCES:				
Reserved for Petty Cash	\$11,500	\$3,800	\$0	\$0
Reserved for Prepayments	445	3,401	0	646
Unreserved, undesignated	357,348	124,491	69,633	802,461
TOTAL FUND BALANCES	\$369,293	\$131,692	\$69,633	\$803,107
TOTAL LIABILITIES AND FUND BALANCES	\$530,134	\$201,917	\$76,260	\$896,990

**SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

As Of December 31, 2003

Page 5 of 11

ASSETS:	CONSERVATION FUTURES	MEDIC I SERVICES	CRIME/VICTIM SERVICES	COMMUNICATION SYSTEM
Cash	\$404,954	\$790,184	\$109,705	\$167,903
Investments	450,000	0	0	0
Taxes receivable	16,024	103,213	0	0
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	286,117	0	0	0
Inventory	0	0	0	0
Prepayments	326	0	0	0
TOTAL ASSETS:	\$1,157,421	\$893,397	\$109,705	\$167,903
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$123	\$138,595	(\$237)	\$0
Due to other funds	20,814	0	211	0
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	0
Accrued wages	2,038	0	0	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	16,024	103,213	0	0
Accrued Employee Benefits	380	0	0	0
TOTAL LIABILITIES	\$39,379	\$241,808	(\$26)	\$0
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$0	\$0
Reserved for Prepayments	145	0	0	0
Unreserved, undesignated	1,117,897	651,588	109,731	167,903
TOTAL FUND BALANCES	\$1,118,042	\$651,588	\$109,731	\$167,903
TOTAL LIABILITIES AND FUND BALANCES	\$1,157,421	\$893,397	\$109,705	\$167,903

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 6 of 11

ASSETS:	BEST PLACE	WATER QUALITY	BRYSON ROAD SUB-FLOOD CONTROL	SEDRO WOOLLEY FLOOD CONTROL
Cash	\$4,755	\$100,000	\$666	\$6,105
Investments	0	0	15,425	226,021
Taxes receivable	0	0	2,469	1,459
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	170,046	0	0	0
Inventory	0	0	0	0
Prepayments	0	0	0	0
TOTAL ASSETS:	\$174,801	\$100,000	\$18,560	\$233,585
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$1,029	\$0	\$0	\$803
Due to other funds	4,467	0	0	0
Interfund loans payable	100,000	0	0	0
Due to other government units	0	0	0	0
Accrued wages	108,987	0	0	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	0	0	2,469	1,459
Accrued Employee Benefits	23,569	0	0	0
TOTAL LIABILITIES	\$238,052	\$0	\$2,469	\$2,262
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$0	\$0
Reserved for Prepayments	0	0	0	0
Unreserved, undesignated	(63,251)	100,000	16,091	231,323
TOTAL FUND BALANCES	(\$63,251)	\$100,000	\$16,091	\$231,323
TOTAL LIABILITIES AND FUND BALANCES	\$174,801	\$100,000	\$18,560	\$233,585

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 7 of 11

ASSETS:	BRITT SLOUGH FLOOD CONTROL	SEDRO WOOLLEY LATERAL SFCZ	MOUNT VERNON SOUTH SFCZ	DUNBAR SFCZ MAINTENANCE
Cash	\$3,357	\$326	\$696	\$1,083
Investments	71,873	1,590	57,841	7,095
Taxes receivable	734	0	0	0
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	0	0	0	0
Inventory	0	0	0	0
Prepayments	0	0	0	0
TOTAL ASSETS:	\$75,964	\$1,916	\$58,537	\$8,178
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$2,396	\$0	\$0	\$0
Due to other funds	0	0	0	0
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	0
Accrued wages	0	0	0	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	734	0	0	0
Accrued Employee Benefits	0	0	0	0
TOTAL LIABILITIES	\$3,130	\$0	\$0	\$0
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$0	\$0
Reserved for Prepayments	0	0	0	0
Unreserved, undesignated	72,834	1,916	58,537	8,178
TOTAL FUND BALANCES	\$72,834	\$1,916	\$58,537	\$8,178
TOTAL LIABILITIES AND FUND BALANCES	\$75,964	\$1,916	\$58,537	\$8,178

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 8 of 11

ASSETS:	SIMILK BEACH PUMPING STATION	BLANCHARD SUB FLOOD CONTROL MT	SHANGRILA SUB FLOOD CONTROL	HANSEN CREEK SFCZ
Cash	\$0	\$1,126	\$132	\$893
Investments	0	18,401	3,975	15,465
Taxes receivable	0	344	0	2,030
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	0	0	0	0
Inventory	0	0	0	0
Prepayments	0	0	0	0
TOTAL ASSETS:	\$0	\$19,871	\$4,106	\$18,388
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$0	\$216	\$0	\$578
Due to other funds	0	967	0	0
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	0
Accrued wages	0	39	0	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	0	344	0	2,030
Accrued Employee Benefits	0	0	0	0
TOTAL LIABILITIES	\$0	\$1,566	\$0	\$2,608
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$0	\$0
Reserved for Prepayments	0	0	0	0
Unreserved, undesignated	0	18,304	4,106	15,780
TOTAL FUND BALANCES	\$0	\$18,304	\$4,106	\$15,780
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$19,871	\$4,106	\$18,388

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

As Of December 31, 2003

Page 9 of 11

ASSETS:	WARNER PRAIRIE SFCZ	LAKE MGMNT DISTRICT NO. 1	LAKE MGMNT DISTRICT NO. 2	LAKE MGMNT DISTRICT NO. 3
Cash	\$703	\$1,826	\$10	\$1,395
Investments	7,302	0	0	0
Taxes receivable	510	896	0	1,923
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	0	7,969	0	0
Inventory	0	0	0	0
Prepayments	0	0	0	0
TOTAL ASSETS:	\$8,516	\$10,691	\$10	\$3,318
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$0	\$0	\$3,658	\$10,222
Due to other funds	0	1,448	0	0
Interfund loans payable	0	96,110	40,579	38,941
Due to other government units	0	0	0	0
Accrued wages	0	0	0	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	510	896	0	1,923
Accrued Employee Benefits	0	0	0	0
TOTAL LIABILITIES	\$510	\$98,454	\$44,237	\$51,086
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$0	\$0
Reserved for Prepayments	0	0	0	0
Unreserved, undesignated	8,006	(87,763)	(44,227)	(47,768)
TOTAL FUND BALANCES	\$8,006	(\$87,763)	(\$44,227)	(\$47,768)
TOTAL LIABILITIES AND FUND BALANCES	\$8,516	\$10,691	\$10	\$3,318

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
As Of December 31, 2003

Page 10 of 11

ASSETS:	EDISON CLEAN WATER SUB-AREA	DRUG ENFORCEMENT CUM. RESERVE	BOATING SAFETY	LOW INCOME HOUSING
Cash	\$19,577	\$10,392	\$107,535	\$347,672
Investments	0	0	0	0
Taxes receivable	1,116	0	0	0
Accounts receivable	0	0	0	0
Due from other funds	0	0	0	0
Due from another government unit	0	0	0	0
Inventory	0	0	0	0
Prepayments	0	0	0	0
TOTAL ASSETS:	\$20,693	\$10,392	\$107,535	\$347,672
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts/vouchers payable	\$1,000	\$0	\$307	\$0
Due to other funds	0	46	105,986	0
Interfund loans payable	0	0	0	0
Due to other government units	0	0	0	0
Accrued wages	0	0	0	0
Revenues Collected in Advance	0	0	0	0
Custodial accounts	0	0	0	0
Deferred revenue	1,116	0	0	0
Accrued Employee Benefits	0	0	0	0
TOTAL LIABILITIES	\$2,116	\$46	\$106,293	\$0
FUND BALANCES:				
Reserved for Petty Cash	\$0	\$0	\$0	\$0
Reserved for Prepayments	0	0	0	0
Unreserved, undesignated	18,577	10,346	1,243	347,672
TOTAL FUND BALANCES	\$18,577	\$10,346	\$1,243	\$347,672
TOTAL LIABILITIES AND FUND BALANCES	\$20,693	\$10,392	\$107,535	\$347,672

SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
As Of December 31, 2003

Page 11 of 11

ASSETS:	TITLE III PROJECTS	INTERLOCAL INVESTIGATION CUM. RESERVE	2003 TOTALS
Cash	\$64,533	\$181,621	\$5,034,763
Investments	0	500,863	2,885,845
Taxes receivable	0	0	145,145
Accounts receivable	0	0	2,576
Due from other funds	0	2,823	39,535
Due from another government unit	0	0	984,036
Inventory	0	0	106,403
Prepayments	0	0	56,575
TOTAL ASSETS:	\$64,533	\$685,307	\$9,254,878
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts/vouchers payable	\$0	\$27,501	\$661,523
Due to other funds	0	1,115	259,011
Interfund loans payable	0	0	275,630
Due to other government units	0	0	109,957
Accrued wages	0	0	303,439
Revenues Collected in Advance	0	0	0
Custodial accounts	0	0	3
Deferred revenue	0	0	145,145
Accrued Employee Benefits	0	0	78,735
TOTAL LIABILITIES	\$0	\$28,616	\$1,833,443
FUND BALANCES:			
Reserved for Petty Cash	\$0	\$20,000	\$48,600
Reserved for Prepayments	0	0	24,796
Unreserved, undesignated	64,533	636,691	7,348,041
TOTAL FUND BALANCES	\$64,533	\$656,691	\$7,421,434
TOTAL LIABILITIES AND FUND BALANCES	\$64,533	\$685,307	\$9,254,878

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 1 of 11

REVENUES:	PUBLIC HEALTH	SPECIAL PATHS	EMERGENCY MANAGEMENT	COUNTY FAIR
Taxes	\$0	\$0	\$0	\$0
Licenses & Permits	230,732	0	15,500	0
Intergovernmental Revenue	1,929,742	136,409	285,026	36,715
Charges for Goods and Services	483,472	0	25,895	161,322
Fines and Forfeits	3,073	0	0	0
Interest Revenue	1,530	536	0	0
Donations	82,214	0	40,000	4,152
Miscellaneous Revenues	1,012	0	0	33,661
TOTAL REVENUES	\$2,731,775	\$136,945	\$366,421	\$235,850
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	611,152	0
Utilities and Environment	0	0	0	0
Economic Environment	0	0	0	0
Mental/Physical Health	3,633,984	0	0	0
Culture and Recreation	0	0	0	368,740
Capitalized Expenditures	0	4,377	0	0
Roads & Street Construction	0	48,240	0	0
TOTAL EXPENDITURES	\$3,633,984	\$52,618	\$611,152	\$368,740
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$902,209)	\$84,327	(\$244,731)	(\$132,890)
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	933,107	0	295,011	156,693
Operating Transfers Out	0	(79,939)	0	(482)
TOTAL OTHER FINANCING SOURCES (USES)	\$933,107	(\$79,939)	\$295,011	\$156,211
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$30,898	\$4,388	\$50,280	\$23,321
FUND BALANCES:				
Fund Balance, January 1	\$992,851	\$415,688	\$51,085	(\$11,806)
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$1,023,746	\$420,076	\$101,365	\$11,516

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 2 of 11

REVENUES:	VETERANS RELIEF	LAW LIBRARY	RIVER IMPROVEMENT	TREASURER'S O&M
Taxes	\$103,358	\$0	\$0	\$0
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	8,290	0	134,674	0
Charges for Goods and Services	0	40,290	0	13,756
Fines and Forfeits	0	0	0	0
Interest Revenue	4	0	0	4,301
Donations	0	0	0	0
Miscellaneous Revenues	17	250	50,000	0
TOTAL REVENUES	\$111,669	\$40,540	\$184,674	\$18,057
EXPENDITURES:				
General Government Services	\$0	\$92,260	\$0	\$5,416
Security of Persons and Property	0	0	0	0
Utilities and Environment	0	0	1,061,260	0
Economic Environment	115,300	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	0	0	0	0
Capitalized Expenditures	0	0	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$115,300	\$92,260	\$1,061,260	\$5,416
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$3,631)	(\$51,720)	(\$876,586)	\$12,641
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	53,126	761,260	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$53,126	\$761,260	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	(\$3,631)	\$1,406	(\$115,326)	\$12,641
FUND BALANCES:				
Fund Balance, January 1	\$23,401	\$10,391	\$205,902	\$219,148
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$19,769	\$11,796	\$90,576	\$231,789

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 3 of 11

REVENUES:	CENTENINIAL DOCUMENT	ELECTION SERVICES	PARKS & RECREATION	ABUSE SERVICES
Taxes	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	59,703	0	216,854	873,539
Charges for Goods and Services	53,737	180,577	484,475	0
Fines and Forfeits	0	0	0	0
Interest Revenue	1,853	0	0	0
Donations	0	0	9,072	0
Miscellaneous Revenues	0	63	83,235	0
TOTAL REVENUES	\$115,293	\$180,640	\$793,636	\$873,539
EXPENDITURES:				
General Government Services	\$9,276	\$434,498	\$0	\$0
Security of Persons and Property	0	0	726,885	0
Utilities and Environment	0	0	0	0
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	865,799
Culture and Recreation	0	0	1,588,403	0
Capitalized Expenditures	0	0	10,760	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$9,276	\$434,498	\$2,326,048	\$865,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$106,017	(\$253,858)	(\$1,532,412)	\$7,740
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	373,037	1,588,410	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$373,037	\$1,588,410	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	\$106,017	\$119,179	\$55,998	\$7,740
FUND BALANCES:				
Fund Balance, January 1	\$123,077	\$68,167	\$218,992	(\$488)
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$229,094	\$187,347	\$274,989	\$7,253

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 4 of 11

REVENUES:	DEVELOPMENTAL DISABILITY	SENIOR SERVICES	CONVENTION CENTER	SALMON RECOVERY
Taxes	\$189,870	\$0	\$67,568	\$0
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	819,510	560,561	0	332,220
Charges for Goods and Services	0	11,666	0	7,088
Fines and Forfeits	0	0	0	0
Interest Revenue	453	0	472	10,940
Donations	0	188,045	0	0
Miscellaneous Revenues	30	16,334	0	892
TOTAL REVENUES	\$1,009,863	\$776,606	\$68,040	\$351,140
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$5,373
Security of Persons and Property	0	0	0	0
Utilities and Environment	0	0	0	887,074
Economic Environment	0	1,181,507	0	0
Mental/Physical Health	997,455	0	0	0
Culture and Recreation	0	0	58,500	0
Capitalized Expenditures	0	22,997	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$997,455	\$1,204,504	\$58,500	\$892,447
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$12,408	(\$427,898)	\$9,540	(\$541,307)
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	41,200	433,146	0	440,000
Operating Transfers Out	(10,000)	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$31,200	\$433,146	\$0	\$440,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	\$43,608	\$5,248	\$9,540	(\$101,307)
FUND BALANCES:				
Fund Balance, January 1	\$325,686	\$126,443	\$60,094	\$904,413
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$369,293	\$131,692	\$69,633	\$803,107

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 5 of 11

REVENUES:	CONSERVATION FUTURES	MEDIC I SERVICES	CRIME/VICTIM SERVICES	COMMUNICATION SYSTEM
Taxes	\$543,470	\$2,175,166	\$0	\$813,525
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	833,909	174,398	0	0
Charges for Goods and Services	0	0	66,082	0
Fines and Forfeits	0	0	0	0
Interest Revenue	11,557	89	0	0
Donations	0	0	0	0
Miscellaneous Revenues	87	348	0	0
TOTAL REVENUES	\$1,389,023	\$2,350,001	\$66,082	\$813,525
EXPENDITURES:				
General Government Services	\$0	\$0	\$64,745	\$0
Security of Persons and Property	0	1,902,054	0	770,000
Utilities and Environment	90,322	0	0	0
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	0	0	0	0
Capitalized Expenditures	1,171,746	0	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$1,262,068	\$1,902,054	\$64,745	\$770,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$126,955	\$447,947	\$1,337	\$43,525
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	\$126,955	\$447,947	\$1,337	\$43,525
FUND BALANCES:				
Fund Balance, January 1	\$991,086	\$203,641	\$108,394	\$124,378
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$1,118,042	\$651,588	\$109,731	\$167,903

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 6 of 11

	BEST PLACE PROGRAM	WATER QUALITY	BRYSON ROAD SUB-FLOOD CONTROL	SEDRO WOOLLEY FLOOD CONTROL
REVENUES:				
Taxes	\$0	\$0	\$3,933	\$37,008
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	945,363	0	0	0
Charges for Goods and Services	1,498,769	0	0	0
Fines and Forfeits	0	0	0	0
Interest Revenue	0	0	147	2,432
Donations	0	0	0	0
Miscellaneous Revenues	0	0	0	0
TOTAL REVENUES	\$2,444,132	\$0	\$4,080	\$39,440
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Utilities and Environment	0	0	97	4,104
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	2,514,660	0	0	0
Capitalized Expenditures	0	0	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$2,514,660	\$0	\$97	\$4,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$70,528)	\$0	\$3,983	\$35,336
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	100,000	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$100,000	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	(\$70,528)	\$100,000	\$3,983	\$35,336
FUND BALANCES:				
Fund Balance, January 1	\$7,276	\$0	\$12,108	\$195,986
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	(\$63,251)	\$100,000	\$16,091	\$231,323

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 7 of 11

	BRITT SLOUGH FLOOD CONTROL	SEDRO WOOLLEY LATERAL SFCZ	MT. VERNON SOUTH SFCZ	DUNBAR SFCZ MAINTENANCE
REVENUES:				
Taxes	\$15,392	\$0	\$0	\$3,700
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	0	0	0	0
Charges for Goods and Services	0	0	0	0
Fines and Forfeits	0	0	0	0
Interest Revenue	903	19	711	56
Donations	0	0	0	0
Miscellaneous Revenues	0	0	0	0
TOTAL REVENUES	\$16,295	\$19	\$711	\$3,756
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Utilities and Environment	17,609	0	4,393	1,560
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	0	0	0	0
Capitalized Expenditures	0	0	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$17,609	\$0	\$4,393	\$1,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$1,314)	\$19	(\$3,682)	\$2,196
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	(\$1,314)	\$19	(\$3,682)	\$2,196
FUND BALANCES:				
Fund Balance, January 1	\$74,149	\$1,897	\$62,218	\$5,982
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$72,834	\$1,916	\$58,537	\$8,178

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 8 of 11

	SIMILK BEACH PUMPING STATION	BLANCHARD SUB FLOOD CONTROL MT	SHANGRILA SUB FLOOD CONTROL	HANSEN CREEK SFCZ
REVENUES:				
Taxes	\$0	\$6,180	\$0	\$8,423
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	0	0	0	0
Charges for Goods and Services	0	0	0	0
Fines and Forfeits	0	0	0	0
Interest Revenue	0	236	46	160
Donations	0	0	0	0
Miscellaneous Revenues	0	0	0	0
TOTAL REVENUES	\$0	\$6,416	\$46	\$8,583
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Utilities and Environment	0	8,822	0	7,281
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	0	0	0	0
Capitalized Expenditures	0	0	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$0	\$8,822	\$0	\$7,281
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	(\$2,406)	\$46	\$1,302
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	\$0	(\$2,406)	\$46	\$1,302
FUND BALANCES:				
Fund Balance, January 1	\$0	\$20,710	\$4,060	\$14,478
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$0	\$18,304	\$4,106	\$15,780

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 9 of 11

	WARNER PRAIRIE SFCZ	LAKE MGMNT DISTRICT NO.1	LAKE MGMNT DISTRICT NO.2	LAKE MGMNT DISTRICT NO.3
REVENUES:				
Taxes	\$790	\$58,880	\$14,122	\$26,809
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	0	7,969	0	0
Charges for Goods and Services	0	0	0	0
Fines and Forfeits	0	0	0	0
Interest Revenue	93	281	0	0
Donations	0	0	0	0
Miscellaneous Revenues	0	0	0	0
TOTAL REVENUES	\$883	\$67,130	\$14,122	\$26,809
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Utilities and Environment	2,520	194,339	4,070	23,488
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	0	0	0	0
Capitalized Expenditures	0	0	0	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$2,520	\$194,339	\$4,070	\$23,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$1,637)	(\$127,209)	\$10,052	\$3,322
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	(\$1,637)	(\$127,209)	\$10,052	\$3,322
FUND BALANCES:				
Fund Balance, January 1	\$9,644	\$39,447	(\$54,279)	(\$51,088)
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$8,006	(\$87,763)	(\$44,227)	(\$47,768)

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 10 of 11

REVENUES:	EDISON CLEAN WATER DISTRICT SUB-AREA	DRUG ENFORCEMENT CUM. RESERVE	BOATING SAFETY	LOW-INCOME HOUSING
Taxes	\$32,563	\$0	\$0	\$0
Licenses & Permits	0	0	0	0
Intergovernmental Revenue	0	3,644	68,353	0
Charges for Goods and Services	0	0	0	239,565
Fines and Forfeits	0	0	0	0
Interest Revenue	0	0	0	0
Donations	0	0	0	0
Miscellaneous Revenues	0	0	0	0
TOTAL REVENUES	\$32,563	\$3,644	\$68,353	\$239,565
EXPENDITURES:				
General Government Services	\$0	\$0	\$0	\$0
Security of Persons and Property	0	4,373	71,655	0
Utilities and Environment	28,012	0	0	0
Economic Environment	0	0	0	0
Mental/Physical Health	0	0	0	0
Culture and Recreation	0	0	0	0
Capitalized Expenditures	267	0	105,009	0
Roads & Street Construction	0	0	0	0
TOTAL EXPENDITURES	\$28,279	\$4,373	\$176,664	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$4,284	(\$729)	(\$108,311)	\$239,565
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	\$4,284	(\$729)	(\$108,311)	\$239,565
FUND BALANCES:				
Fund Balance, January 1	\$14,292	\$11,075	\$109,554	\$108,106
Prior Period Adjustment	0	0	0	0
Residual Equity Transfer In	0	0	0	0
Residual Equity Transfer Out	0	0	0	0
FUND BALANCE, DECEMBER 31	\$18,577	\$10,346	\$1,243	\$347,672

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For Year Ended December 31, 2003

Page 11 of 11

REVENUES:	TITLE III PROJECTS	INVESTIGATION CUM. RESERVE	2003 Totals
Taxes	\$0	\$0	\$4,100,757
Licenses & Permits	0	0	246,232
Intergovernmental Revenue	35	0	7,426,914
Charges for Goods and Services	0	3,629	3,270,323
Fines and Forfeits	0	349,703	352,776
Interest Revenue	0	863	37,682
Donations	0	0	323,483
Miscellaneous Revenues	0	3,650	189,579
TOTAL REVENUES	\$35	\$357,845	\$15,947,746
EXPENDITURES:			
General Government Services	\$0	\$0	\$611,568
Security of Persons and Property	0	156,287	4,242,406
Utilities and Environment	0	0	2,334,951
Economic Environment	0	0	1,296,807
Mental/Physical Health	0	0	5,497,238
Culture and Recreation	0	0	4,530,303
Capitalized Expenditures	0	0	1,315,156
Roads & Street Construction	0	0	48,240
TOTAL EXPENDITURES	\$0	\$156,287	\$19,876,669
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$35	\$201,558	(\$3,928,923)
OTHER FINANCING SOURCES (USES):			
Fixed Asset Dispositions	\$0	\$0	\$0
Operating Transfers In	0	0	5,174,990
Operating Transfers Out	0	0	(90,421)
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$5,084,569
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USE	\$35	\$201,558	\$1,155,646
FUND BALANCES:			
Fund Balance, January 1	\$64,498	\$455,133	\$6,265,789
Prior Period Adjustment	0	0	0
Residual Equity Transfer In	0	0	0
Residual Equity Transfer Out	0	0	0
FUND BALANCE, DECEMBER 31	\$64,533	\$656,691	\$7,421,434

SKAGIT COUNTY, WASHINGTON

Public Health

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
Licenses & Permits	\$198,000	\$198,000	\$230,732	\$32,732
Intergovernmental Revenue	1,122,304	1,963,687	1,929,742	(33,945)
Charges for Goods and Services	422,310	434,370	483,472	49,102
Fines and Forfeits	3,500	3,500	3,073	(427)
Interest Revenue	0	0	1,530	1,530
Donations	50	50	82,214	82,164
Miscellaneous Revenues	120	120	1,012	892
TOTAL REVENUES	\$1,746,284	\$2,599,727	\$2,731,775	\$132,048
EXPENDITURES:				
Mental/Physical Health	\$3,024,137	\$3,957,180	\$3,633,984	\$323,196
TOTAL EXPENDITURES	\$3,024,137	\$3,957,180	\$3,633,984	\$323,196
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$1,277,853)	(\$1,357,453)	(\$902,209)	\$455,244
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$933,107	\$933,107	\$933,107	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$933,107	\$933,107	\$933,107	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$344,746)	(\$424,346)	\$30,898	\$455,244
FUND BALANCES:				
Fund Balance, January 1	\$881,190	\$881,190	\$992,851	\$111,661
FUND BALANCE, DECEMBER 31	\$536,444	\$456,844	\$1,023,746	\$566,905

**SKAGIT COUNTY, WASHINGTON
SPECIAL PATHS**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003**

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Intergovernmental Revenue	\$140,300	\$140,300	\$136,409	(\$3,891)
Interest Revenue	2,000	2,000	536	(1,464)
TOTAL REVENUES	\$142,300	\$142,300	\$136,945	(\$5,355)
EXPENDITURES:				
Transportation	\$0	\$30,000	\$48,240	(\$18,240)
Capitalized Expenditures	142,300	62,361	4,377	57,984
TOTAL EXPENDITURES	\$142,300	\$92,361	\$52,618	\$39,744
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$49,939	\$84,327	\$34,388
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	\$0	(\$79,939)	(\$79,939)	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	(\$79,939)	(\$79,939)	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	(\$30,000)	\$4,388	\$34,388
FUND BALANCES:				
Fund Balance, January 1	\$393,823	\$393,823	\$415,688	\$21,865
FUND BALANCE, DECEMBER 31	\$393,823	\$363,823	\$420,076	\$56,253

SKAGIT COUNTY, WASHINGTON
Emergency Management
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Licenses & Permits	\$7,511	\$7,989	\$15,500	\$7,511
Intergovernmental Revenue	163,112	271,119	285,026	13,907
Charges for Goods and Services	0	0	25,895	25,895
Donations	0	40,000	40,000	0
TOTAL REVENUES	\$170,623	\$319,108	\$366,421	\$47,313
EXPENDITURES:				
Security of Persons and Property	\$481,778	\$631,611	\$611,152	\$20,459
Capitalized Expenditures	0	3,000	0	3,000
TOTAL EXPENDITURES	\$481,778	\$634,611	\$611,152	\$23,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$311,155)	(\$315,503)	(\$244,731)	\$70,772
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$316,080	\$320,906	\$295,011	(\$25,895)
TOTAL OTHER FINANCING SOURCES (USES)	\$316,080	\$320,906	\$295,011	(\$25,895)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$4,925	\$5,403	\$50,280	\$44,877
FUND BALANCES:				
Fund Balance, January 1	\$36,945	\$36,945	\$51,085	\$14,140
FUND BALANCE, DECEMBER 31	\$41,870	\$42,348	\$101,365	\$59,017

SKAGIT COUNTY, WASHINGTON

County Fair

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Intergovernmental Revenue	\$36,500	\$36,500	\$36,715	\$215
Charges for Goods and Services	183,100	183,100	161,322	(21,778)
Donations	6,000	6,000	4,152	0
Miscellaneous Revenues	29,800	29,800	33,661	3,861
TOTAL REVENUES	\$255,400	\$255,400	\$235,850	(\$17,702)
EXPENDITURES:				
Culture and Recreation	\$385,047	\$397,708	\$368,740	\$28,968
TOTAL EXPENDITURES	\$385,047	\$397,708	\$368,740	\$28,968
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$129,647)	(\$142,308)	(\$132,890)	\$9,418
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$144,032	\$156,693	\$156,693	\$0
Operating Transfers Out	0	0	(482)	(482)
TOTAL OTHER FINANCING SOURCES (USES)	\$144,032	\$156,693	\$156,211	(\$482)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$14,385	\$14,385	\$23,321	\$8,936
FUND BALANCES:				
Fund Balance, January 1	(\$6,284)	(\$6,284)	(\$11,806)	(\$5,522)
FUND BALANCE, DECEMBER 31	\$8,101	\$8,101	\$11,516	\$3,414

SKAGIT COUNTY, WASHINGTON

Veterans Relief

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$105,300	\$105,300	\$103,358	(\$1,942)
Intergovernmental Revenue	0	0	8,290	8,290
Interest Revenue	0	0	4	4
Miscellaneous Revenues	0	0	17	17
TOTAL REVENUES	\$105,300	\$105,300	\$111,669	\$6,369
EXPENDITURES:				
Economic Environment	\$115,300	\$115,300	\$115,300	\$0
TOTAL EXPENDITURES	\$115,300	\$115,300	\$115,300	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$10,000)	(\$10,000)	(\$3,631)	\$6,369
OTHER FINANCING SOURCES (USES):				
Fixed Asset Dispositions	\$10,000	\$10,000	\$0	(\$10,000)
TOTAL OTHER FINANCING SOURCES (USES)	\$10,000	\$10,000	\$0	(\$10,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	\$0	(\$3,631)	(\$3,631)
FUND BALANCES:				
Fund Balance, January 1	\$7,070	\$7,070	\$23,401	\$16,331
FUND BALANCE, DECEMBER 31	\$7,070	\$7,070	\$19,769	\$12,700

SKAGIT COUNTY, WASHINGTON

Law Library

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Charges for Goods and Services	\$40,000	\$40,000	\$40,290	\$290
Miscellaneous Revenues	500	500	250	(250)
TOTAL REVENUES	\$40,500	\$40,500	\$40,540	\$40
EXPENDITURES:				
General Government Services	\$93,364	\$93,364	\$92,260	\$1,104
TOTAL EXPENDITURES	\$93,364	\$93,364	\$92,260	\$1,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(\$52,864)	(\$52,864)	(\$51,720)	\$1,144
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$53,126	\$53,126	\$53,126	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$53,126	\$53,126	\$53,126	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	\$262	\$262	\$1,406	\$1,144
FUND BALANCES:				
Fund Balance, January 1	\$341	\$341	\$10,391	\$10,050
FUND BALANCE, DECEMBER 31	\$603	\$603	\$11,796	\$11,194

SKAGIT COUNTY, WASHINGTON

River Improvement

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Intergovernmental Revenue	\$150,000	\$150,000	\$134,674	(\$15,326)
Miscellaneous Revenues	150,000	150,000	50,000	(100,000)
TOTAL REVENUES	\$300,000	\$300,000	\$184,674	(\$115,326)
EXPENDITURES:				
Utilities and Environment	\$1,061,260	\$1,061,260	\$1,061,260	\$0
TOTAL EXPENDITURES	\$1,061,260	\$1,061,260	\$1,061,260	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(\$761,260)	(\$761,260)	(\$876,586)	(\$115,326)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$761,260	\$761,260	\$761,260	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$761,260	\$761,260	\$761,260	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	\$0	\$0	(\$115,326)	(\$115,326)
FUND BALANCES:				
Fund Balance, January 1	\$269,321	\$269,321	\$205,902	(\$63,419)
FUND BALANCE, DECEMBER 31	\$269,321	\$269,321	\$90,576	(\$178,745)

SKAGIT COUNTY, WASHINGTON
Centennial Document Preservation
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Intergovernmental Revenue	\$48,500	\$48,500	\$59,703	\$11,203
Charges for Goods and Services	45,900	45,900	53,737	7,837
Interest Revenue	1,000	1,000	1,853	853
TOTAL REVENUES	\$95,400	\$95,400	\$115,293	\$19,893
EXPENDITURES:				
General Government Services	\$17,250	\$17,250	\$9,276	\$7,974
TOTAL EXPENDITURES	\$17,250	\$17,250	\$9,276	\$7,974
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$78,150	\$78,150	\$106,017	\$27,867
FUND BALANCES:				
Fund Balance, January 1	\$390,454	\$390,454	\$123,077	(\$267,377)
FUND BALANCE, DECEMBER 31	\$468,604	\$468,604	\$229,094	(\$239,510)

SKAGIT COUNTY, WASHINGTON

Election Services

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$299,881	\$299,881	\$180,577	(\$119,304)
Miscellaneous Revenues	1,013	1,013	63	(950)
TOTAL REVENUES	\$300,894	\$300,894	\$180,640	(\$120,254)
EXPENDITURES:				
General Government Services	\$476,931	\$473,931	\$434,498	\$39,433
TOTAL EXPENDITURES	\$476,931	\$473,931	\$434,498	\$39,433
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$176,037)	(\$173,037)	(\$253,858)	(\$80,821)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$173,037	\$373,037	\$373,037	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$173,037	\$373,037	\$373,037	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$3,000)	\$200,000	\$119,179	(\$80,821)
FUND BALANCES:				
Fund Balance, January 1	\$99,335	\$99,335	\$68,167	(\$31,168)
FUND BALANCE, DECEMBER 31	\$96,335	\$299,335	\$187,347	(\$111,989)

SKAGIT COUNTY, WASHINGTON
Parks and Recreation
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Intergovernmental Revenue	\$361,007	\$254,130	\$216,854	(\$37,276)
Charges for Goods and Services	426,500	426,500	484,475	57,975
Donations	11,000	11,000	9,072	(1,928)
Miscellaneous Revenues	104,973	104,973	83,235	(21,738)
TOTAL REVENUES	\$903,480	\$796,603	\$793,636	(\$2,967)
EXPENDITURES:				
Security of Persons and Property	\$921,429	\$821,436	\$726,885	\$94,551
Culture and Recreation	1,559,711	1,609,015	1,588,403	20,612
Capitalized Expenditures	17,000	27,000	10,760	16,240
TOTAL EXPENDITURES	\$2,498,140	\$2,457,451	\$2,326,048	\$131,403
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$1,594,660)	(\$1,660,848)	(\$1,532,412)	\$128,436
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$1,559,831	\$1,626,019	\$1,588,410	(\$37,609)
TOTAL OTHER FINANCING SOURCES (USES)	\$1,559,831	\$1,626,019	\$1,588,410	(\$37,609)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$34,829)	(\$34,829)	\$55,998	\$90,827
FUND BALANCES:				
Fund Balance, January 1	\$185,514	\$185,514	\$218,992	\$33,478
FUND BALANCE, DECEMBER 31	\$150,685	\$150,685	\$274,989	\$124,305

SKAGIT COUNTY, WASHINGTON
Substance Abuse Services
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Intergovernmental Revenue	\$881,745	\$881,745	\$873,539	(\$8,206)
TOTAL REVENUES	\$881,745	\$881,745	\$873,539	(\$8,206)
EXPENDITURES:				
Mental/Physical Health	\$881,745	\$881,745	\$865,799	\$15,946
TOTAL EXPENDITURES	\$881,745	\$881,745	\$865,799	\$15,946
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$7,740	\$7,740
FUND BALANCES:				
Fund Balance, January 1	\$1,996	\$1,996	(\$488)	(\$2,484)
FUND BALANCE, DECEMBER 31	\$1,996	\$1,996	\$7,253	\$5,256

SKAGIT COUNTY, WASHINGTON
Developmental Disability
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$192,900	\$192,900	\$189,870	(\$3,030)
Licenses & Permits	868,885	868,885	819,510	(49,375)
Interest Revenue	25	25	453	428
Miscellaneous Revenues	50	50	30	(20)
TOTAL REVENUES	\$1,061,860	\$1,061,860	\$1,009,863	(\$51,997)
EXPENDITURES:				
Mental/Physical Health	\$1,098,060	\$1,098,060	\$997,455	\$100,605
Capitalized Expenditures	5,000	5,000	0	5,000
TOTAL EXPENDITURES	\$1,103,060	\$1,103,060	\$997,455	\$105,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$41,200)	(\$41,200)	\$12,408	\$53,608
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$41,200	\$41,200	\$41,200	\$0
Operating Transfers Out	\$0	\$0	(\$10,000)	(\$10,000)
TOTAL OTHER FINANCING SOURCES (USES)	\$41,200	\$41,200	\$31,200	(\$10,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	\$0	\$43,608	\$43,608
FUND BALANCES:				
Fund Balance, January 1	\$252,267	\$252,267	\$325,686	\$73,419
FUND BALANCE, DECEMBER 31	\$252,267	\$252,267	\$369,293	\$117,027

SKAGIT COUNTY, WASHINGTON

Senior Services

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Intergovernmental Revenue	\$533,009	\$561,618	\$560,561	(\$1,057)
Charges for Goods and Services	21,760	21,760	11,666	(10,094)
Donations	214,304	208,202	188,045	(20,157)
Miscellaneous Revenues	16,752	16,752	16,334	(418)
TOTAL REVENUES	\$785,825	\$808,332	\$776,606	(\$31,726)
EXPENDITURES:				
Economic Environment	\$1,200,318	\$1,210,965	\$1,181,507	\$29,458
Capitalized Expenditures	6,312	30,513	22,997	7,516
TOTAL EXPENDITURES	\$1,206,630	\$1,241,478	\$1,204,504	\$36,974
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$420,805)	(\$433,146)	(\$427,898)	\$5,248
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$420,805	\$433,146	\$433,146	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$420,805	\$433,146	\$433,146	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	\$0	\$5,248	\$5,248
FUND BALANCES:				
Fund Balance, January 1	\$132,761	\$132,761	\$126,443	(\$6,318)
FUND BALANCE, DECEMBER 31	\$132,761	\$132,761	\$131,692	(\$1,070)

SKAGIT COUNTY, WASHINGTON

Convention Center

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$45,000	\$45,000	\$67,568	\$22,568
Interest Revenue	2,000	2,000	472	(1,528)
TOTAL REVENUES	\$47,000	\$47,000	\$68,040	\$21,040
EXPENDITURES:				
Culture and Recreation	\$58,500	\$58,500	\$58,500	\$0
TOTAL EXPENDITURES	\$58,500	\$58,500	\$58,500	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$11,500)	(\$11,500)	\$9,540	\$21,040
FUND BALANCES:				
Fund Balance, January 1	\$52,671	\$52,671	\$60,094	\$7,423
FUND BALANCE, DECEMBER 31	\$41,171	\$41,171	\$69,633	\$28,463

SKAGIT COUNTY, WASHINGTON
Salmon Recovery
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Intergovernmental Revenue	\$2,117,795	\$2,117,795	\$332,220	(\$1,785,575)
Charges for Goods and Services	0	0	7,088	7,088
Interest Revenue	0	0	10,940	10,940
Miscellaneous Revenues	0	0	892	892
TOTAL REVENUES	\$2,117,795	\$2,117,795	\$351,140	(\$1,766,655)
EXPENDITURES:				
General Government Services	\$0	\$0	\$5,373	(\$5,373)
Utilities and Environment	\$1,579,003	\$1,579,003	\$887,074	\$691,929
Capitalized Expenditures	1,063,160	1,063,160	0	1,063,160
TOTAL EXPENDITURES	\$2,642,163	\$2,642,163	\$892,447	\$1,749,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$524,368)	(\$524,368)	(\$541,307)	(\$16,939)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$454,368	\$454,368	\$440,000	(\$14,368)
TOTAL OTHER FINANCING SOURCES (USES)	\$454,368	\$454,368	\$440,000	(\$14,368)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$70,000)	(\$70,000)	(\$101,307)	(\$31,307)
FUND BALANCES:				
Fund Balance, January 1	\$748,672	\$748,672	\$904,413	\$155,741
FUND BALANCE, DECEMBER 31	\$678,672	\$678,672	\$803,107	\$124,434

SKAGIT COUNTY, WASHINGTON

Conservation Futures

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$545,000	\$545,000	\$543,470	(\$1,530)
Intergovernmental Revenue	521,000	970,010	833,909	(136,101)
Interest Revenue	2,500	2,500	11,557	9,057
Miscellaneous Revenues	0	0	87	87
TOTAL REVENUES	\$1,068,500	\$1,517,510	\$1,389,023	(\$128,487)
EXPENDITURES:				
Utilities and Environment	\$152,486	\$152,486	\$90,322	\$62,164
Capitalized Expenditures	916,014	1,365,024	1,171,746	193,278
TOTAL EXPENDITURES	\$1,068,500	\$1,517,510	\$1,262,068	\$255,442
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$126,955	\$126,955
FUND BALANCES:				
Fund Balance, January 1	\$427,349	\$427,349	\$991,086	\$563,737
FUND BALANCE, DECEMBER 31	\$427,349	\$427,349	\$1,118,042	\$690,692

SKAGIT COUNTY, WASHINGTON

Medic 1 Services

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$2,198,600	\$2,198,600	\$2,175,166	(\$23,434)
Licenses & Permits	220,000	220,000	174,398	(45,602)
Interest Revenue	200	200	89	(111)
Miscellaneous Revenues	300	300	348	48
TOTAL REVENUES	\$2,419,100	\$2,419,100	\$2,350,001	(\$69,099)
EXPENDITURES:				
Security of Persons and Property	\$2,419,100	\$2,419,100	\$1,902,054	\$517,046
TOTAL EXPENDITURES	\$2,419,100	\$2,419,100	\$1,902,054	\$517,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$447,947	\$447,947
FUND BALANCES:				
Fund Balance, January 1	\$118,040	\$118,040	\$203,641	\$85,601
FUND BALANCE, DECEMBER 31	\$118,040	\$118,040	\$651,588	\$533,548

SKAGIT COUNTY, WASHINGTON

Crime/Victim Services

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Charges for Goods and Services	\$60,000	\$60,000	\$66,082	\$6,082
TOTAL REVENUES	\$60,000	\$60,000	\$66,082	\$6,082
EXPENDITURES:				
General Government Services	\$66,000	\$70,500	\$64,745	\$5,755
TOTAL EXPENDITURES	\$66,000	\$70,500	\$64,745	\$5,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$6,000)	(\$10,500)	\$1,337	\$11,837
FUND BALANCES:				
Fund Balance, January 1	\$105,597	\$105,579	\$108,394	\$2,797
FUND BALANCE, DECEMBER 31	\$99,597	\$95,079	\$109,731	\$14,634

SKAGIT COUNTY, WASHINGTON

Communication System

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Taxes	\$450,000	\$770,000	\$813,525	\$43,525
TOTAL REVENUES	\$450,000	\$770,000	\$813,525	\$43,525
EXPENDITURES:				
Security of Persons and Property	\$450,000	\$770,000	\$770,000	\$0
TOTAL EXPENDITURES	\$450,000	\$770,000	\$770,000	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$43,525	\$43,525
FUND BALANCES:				
Fund Balance, January 1	\$44,698	\$44,698	\$124,378	\$79,680
FUND BALANCE, DECEMBER 31	\$44,698	\$44,698	\$167,903	\$123,205

SKAGIT COUNTY, WASHINGTON

Best Place

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Intergovernmental Revenue	\$1,600,000	\$1,600,000	\$945,363	(\$654,637)
Charges for Goods and Services	1,140,500	1,140,500	1,498,769	358,269
TOTAL REVENUES	\$2,740,500	\$2,740,500	\$2,444,132	(\$296,368)
EXPENDITURES:				
Culture and Recreation	\$2,739,576	\$2,739,576	\$2,514,660	\$224,916
TOTAL EXPENDITURES	\$2,739,576	\$2,739,576	\$2,514,660	\$224,916
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$924	\$924	(\$70,528)	(\$71,452)
FUND BALANCES:				
Fund Balance, January 1	\$4,882	\$4,882	\$7,276	\$2,394
FUND BALANCE, DECEMBER 31	\$5,806	\$5,806	(\$63,251)	(\$69,058)

SKAGIT COUNTY, WASHINGTON

Water Quality

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
TOTAL REVENUES	\$0	\$0	\$0	\$0
EXPENDITURES:				
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$0	\$0
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$0	\$100,000	\$100,000	\$0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$100,000	\$100,000	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	\$100,000	\$100,000	\$0
FUND BALANCES:				
Fund Balance, January 1	\$0	\$0	\$0	\$0
FUND BALANCE, DECEMBER 31	\$0	\$100,000	\$100,000	\$0

SKAGIT COUNTY, WASHINGTON
Bryson Road Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$4,100	\$4,100	\$3,933	(\$167)
Interest Revenue	0	0	147	147
TOTAL REVENUES	\$4,100	\$4,100	\$4,080	(\$20)
EXPENDITURES:				
Utilities and Environment	\$16,649	\$16,649	\$97	\$16,552
TOTAL EXPENDITURES	\$16,649	\$16,649	\$97	\$16,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$12,549)	(\$12,549)	\$3,983	\$16,532
FUND BALANCES:				
Fund Balance, January 1	\$8,624	\$8,624	\$12,108	\$3,484
FUND BALANCE, DECEMBER 31	(\$3,925)	(\$3,925)	\$16,091	\$20,016

SKAGIT COUNTY, WASHINGTON
Sedro Woolley Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$36,656	\$36,656	\$37,008	\$352
Interest Revenue	5,208	5,208	2,432	(2,776)
TOTAL REVENUES	\$41,864	\$41,864	\$39,440	(\$2,424)
EXPENDITURES:				
Utilities and Environment	\$31,103	\$31,103	\$4,104	\$26,999
TOTAL EXPENDITURES	\$31,103	\$31,103	\$4,104	\$26,999
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$10,761	\$10,761	\$35,336	\$24,575
FUND BALANCES:				
Fund Balance, January 1	\$166,707	\$166,707	\$195,986	\$29,279
FUND BALANCE, DECEMBER 31	\$177,468	\$177,468	\$231,323	\$53,854

SKAGIT COUNTY, WASHINGTON
Britt Slough Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$15,568	\$15,568	\$15,392	(\$176)
Interest Revenue	1,000	1,000	903	(97)
TOTAL REVENUES	\$16,568	\$16,568	\$16,295	(\$273)
EXPENDITURES:				
Utilities and Environment	\$65,840	\$65,840	\$17,609	\$48,231
TOTAL EXPENDITURES	\$65,840	\$65,840	\$17,609	\$48,231
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$49,272)	(\$49,272)	(\$1,314)	\$47,958
FUND BALANCES:				
Fund Balance, January 1	\$66,150	\$66,150	\$74,149	\$7,999
FUND BALANCE, DECEMBER 31	\$16,878	\$16,878	\$72,834	\$55,957

SKAGIT COUNTY, WASHINGTON
Sedro Woolley Lateral Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Interest Revenue	\$25	\$25	\$19	(\$6)
TOTAL REVENUES	\$25	\$25	\$19	(\$6)
EXPENDITURES:				
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$25	\$25	\$19	(\$6)
FUND BALANCES:				
Fund Balance, January 1	\$1,869	\$1,869	\$1,897	\$28
FUND BALANCE, DECEMBER 31	\$1,894	\$1,894	\$1,916	\$22

SKAGIT COUNTY, WASHINGTON
Mount Vernon South Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Interest Revenue	\$1,200	\$1,200	\$711	(\$489)
TOTAL REVENUES	\$1,200	\$1,200	\$711	(\$489)
EXPENDITURES:				
Utilities and Environment	\$6,310	\$6,310	\$4,393	\$1,917
TOTAL EXPENDITURES	\$6,310	\$6,310	\$4,393	\$1,917
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$5,110)	(\$5,110)	(\$3,682)	\$1,428
FUND BALANCES:				
Fund Balance, January 1	\$61,193	\$61,193	\$62,218	\$1,025
FUND BALANCE, DECEMBER 31	\$56,083	\$56,083	\$58,537	\$2,453

SKAGIT COUNTY, WASHINGTON
Dunbar Sub-Flood Control Zone Maintenance
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$3,700	\$3,700	\$3,700	\$0
Interest Revenue	0	0	56	56
TOTAL REVENUES	\$3,700	\$3,700	\$3,756	\$56
EXPENDITURES:				
Utilities and Environment	\$4,560	\$4,560	\$1,560	\$3,000
TOTAL EXPENDITURES	\$4,560	\$4,560	\$1,560	\$3,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$860)	(\$860)	\$2,196	\$3,056
FUND BALANCES:				
Fund Balance, January 1	\$5,136	\$5,136	\$5,982	\$846
FUND BALANCE, DECEMBER 31	\$4,276	\$4,276	\$8,178	\$3,902

SKAGIT COUNTY, WASHINGTON
Similk Beach Pumping Station
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
<u>TOTAL REVENUES</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EXPENDITURES:				
<u>TOTAL EXPENDITURES</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FUND BALANCES:				
Fund Balance, January 1	\$0	\$0	\$0	\$0
FUND BALANCE, DECEMBER 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

SKAGIT COUNTY, WASHINGTON
Blanchard Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$6,300	\$6,300	\$6,180	(\$120)
Interest Revenue	100	100	236	136
TOTAL REVENUES	\$6,400	\$6,400	\$6,416	\$16
EXPENDITURES:				
Utilities and Environment	\$22,148	\$22,148	\$8,822	\$13,326
TOTAL EXPENDITURES	\$22,148	\$22,148	\$8,822	\$13,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$15,748)	(\$15,748)	(\$2,406)	\$13,342
FUND BALANCES:				
Fund Balance, January 1	\$21,451	\$21,451	\$20,710	(\$741)
FUND BALANCE, DECEMBER 31	\$5,703	\$5,703	\$18,304	\$12,601

SKAGIT COUNTY, WASHINGTON
Shangrila Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Interest Revenue	\$85	\$85	\$46	(\$39)
TOTAL REVENUES	\$85	\$85	\$46	(\$39)
EXPENDITURES:				
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$85	\$85	\$46	(\$39)
FUND BALANCES:				
Fund Balance, January 1	\$3,989	\$3,989	\$4,060	\$71
FUND BALANCE, DECEMBER 31	\$4,074	\$4,074	\$4,106	\$32

SKAGIT COUNTY, WASHINGTON
Hansen Creek Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$10,286	\$10,286	\$8,423	(\$1,863)
Interest Revenue	0	0	160	160
TOTAL REVENUES	\$10,286	\$10,286	\$8,583	(\$1,703)
EXPENDITURES:				
Utilities and Environment	\$14,627	\$14,627	\$7,281	\$7,346
TOTAL EXPENDITURES	\$14,627	\$14,627	\$7,281	\$7,346
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$4,341)	(\$4,341)	\$1,302	\$5,643
FUND BALANCES:				
Fund Balance, January 1	\$12,038	\$12,038	\$14,478	\$2,440
FUND BALANCE, DECEMBER 31	\$7,697	\$7,697	\$15,780	\$8,083

SKAGIT COUNTY, WASHINGTON
Warner Prairie Sub-Flood Control Zone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$1,000	\$1,000	\$790	(\$210)
Interest Revenue	160	160	93	(67)
TOTAL REVENUES	\$1,160	\$1,160	\$883	(\$277)
EXPENDITURES:				
Utilities and Environment	\$4,539	\$4,539	\$2,520	\$2,019
TOTAL EXPENDITURES	\$4,539	\$4,539	\$2,520	\$2,019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$3,379)	(\$3,379)	(\$1,637)	\$1,742
FUND BALANCES:				
Fund Balance, January 1	\$8,807	\$8,807	\$9,644	\$837
FUND BALANCE, DECEMBER 31	\$5,428	\$5,428	\$8,006	\$2,579

SKAGIT COUNTY, WASHINGTON
Lake Management District #1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$54,000	\$54,000	\$58,880	\$4,880
Intergovernmental Revenue	11,250	11,250	7,969	(3,281)
Interest Revenue	0	0	281	281
TOTAL REVENUES	\$65,250	\$65,250	\$67,130	\$1,880
EXPENDITURES:				
Utilities and Environment	\$193,000	\$194,450	\$194,339	\$111
TOTAL EXPENDITURES	\$193,000	\$194,450	\$194,339	\$111
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$127,750)	(\$129,200)	(\$127,209)	\$1,991
FUND BALANCES:				
Fund Balance, January 1	\$36,886	\$36,886	\$39,447	\$2,561
FUND BALANCE, DECEMBER 31	(\$90,864)	(\$92,314)	(\$87,763)	\$4,552

SKAGIT COUNTY, WASHINGTON
Lake Management District #2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$14,000	\$14,000	\$14,122	\$122
TOTAL REVENUES	\$14,000	\$14,000	\$14,122	\$122
EXPENDITURES:				
Utilities and Environment	\$5,000	\$5,000	\$4,070	\$930
TOTAL EXPENDITURES	\$5,000	\$5,000	\$4,070	\$930
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$9,000	\$9,000	\$10,052	\$1,052
FUND BALANCES:				
Fund Balance, January 1	(\$59,459)	(\$59,459)	(\$54,279)	\$5,180
FUND BALANCE, DECEMBER 31	(\$50,459)	(\$50,459)	(\$44,227)	\$6,232

SKAGIT COUNTY, WASHINGTON
Lake Management District #3
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$28,000	\$28,000	\$26,809	(\$1,191)
TOTAL REVENUES	\$28,000	\$28,000	\$26,809	(\$1,191)
EXPENDITURES:				
Utilities and Environment	\$90,000	\$90,000	\$23,488	\$66,512
TOTAL EXPENDITURES	\$90,000	\$90,000	\$23,488	\$66,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$62,000)	(\$62,000)	\$3,322	\$65,322
FUND BALANCES:				
Fund Balance, January 1	(\$137,846)	(\$137,846)	(\$51,088)	\$86,758
FUND BALANCE, DECEMBER 31	(\$199,846)	(\$199,846)	(\$47,768)	\$152,080

SKAGIT COUNTY, WASHINGTON
Edison Clean Water District Sub-Area
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Taxes	\$36,218	\$36,218	\$32,563	(\$3,655)
Miscellaneous Revenues	500	500	0	(500)
TOTAL REVENUES	\$36,718	\$36,718	\$32,563	(\$4,155)
EXPENDITURES:				
Utilities and Environment	\$36,718	\$36,718	\$28,012	\$8,706
Capitalized Expenditures	0	0	267	(267)
TOTAL EXPENDITURES	\$36,718	\$36,718	\$28,279	\$8,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$4,284	\$4,284
FUND BALANCES:				
Fund Balance, January 1	\$10,077	\$10,077	\$14,292	\$4,215
FUND BALANCE, DECEMBER 31	\$10,077	\$10,077	\$18,577	\$8,499

SKAGIT COUNTY, WASHINGTON
Drug Enforcement Cumulative Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Intergovernmental Revenue	\$6,000	\$6,000	\$3,644	(\$2,356)
TOTAL REVENUES	\$6,000	\$6,000	\$3,644	(\$2,356)
EXPENDITURES:				
Security of Persons and Property	\$6,000	\$6,000	\$4,373	\$1,627
TOTAL EXPENDITURES	\$6,000	\$6,000	\$4,373	\$1,627
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	(\$729)	(\$729)
FUND BALANCES:				
Fund Balance, January 1	\$8,267	\$8,267	\$11,075	\$2,808
FUND BALANCE, DECEMBER 31	\$8,267	\$8,267	\$10,346	\$2,079

SKAGIT COUNTY, WASHINGTON

Boating Safety

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Intergovernmental Revenue	\$62,000	\$62,000	\$68,353	\$6,353
TOTAL REVENUES	\$62,000	\$62,000	\$68,353	\$6,353
EXPENDITURES:				
Security of Persons and Property	\$47,235	\$69,577	\$71,655	(\$2,078)
Capitalized Expenditures	0	108,658	105,009	3,649
TOTAL EXPENDITURES	\$47,235	\$178,235	\$176,664	\$1,571
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$14,765	(\$116,235)	(\$108,311)	\$7,924
FUND BALANCES:				
Fund Balance, January 1	\$18,676	\$18,676	\$109,554	\$90,878
FUND BALANCE, DECEMBER 31	\$33,441	(\$97,559)	\$1,243	\$98,802

SKAGIT COUNTY, WASHINGTON
Low Income Housing
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Charges for Goods and Services	\$220,248	\$220,248	\$239,565	\$19,317
TOTAL REVENUES	\$220,248	\$220,248	\$239,565	\$19,317
EXPENDITURES:				
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$220,248	\$220,248	\$239,565	\$19,317
FUND BALANCES:				
Fund Balance, January 1	\$110,124	\$110,124	\$108,106	(\$2,018)
FUND BALANCE, DECEMBER 31	\$330,372	\$330,372	\$347,672	\$17,299

SKAGIT COUNTY, WASHINGTON

Title III Projects

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Intergovernmental Revenue	0	0	35	35
TOTAL REVENUES	\$0	\$0	\$35	\$35
EXPENDITURES:				
Economic Environment	\$18,000	\$18,000	\$0	\$18,000
TOTAL EXPENDITURES	\$18,000	\$18,000	\$0	\$18,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$18,000)	(\$18,000)	\$35	\$18,035
FUND BALANCES:				
Fund Balance, January 1	\$64,498	\$64,498	\$64,498	\$0
FUND BALANCE, DECEMBER 31	\$46,498	\$46,498	\$64,533	\$18,035

SKAGIT COUNTY, WASHINGTON
Interlocal Investigation Cumulative Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2003

REVENUES:	Original Budget	Final Budget	ACTUAL	Variance with Final Budget Positive/ (Negative)
Charges for Goods and Services	\$10,000	\$10,000	\$3,629	(\$6,371)
Fines and Forfeits	137,500	167,500	349,703	182,203
Interest Revenue	0	0	863	863
Miscellaneous Revenues	5,000	5,000	3,650	(1,350)
TOTAL REVENUES	\$152,500	\$182,500	\$357,845	\$175,345
EXPENDITURES:				
Security of Persons and Property	\$127,000	\$157,000	\$156,287	\$713
TOTAL EXPENDITURES	\$127,000	\$157,000	\$156,287	\$713
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$25,500	\$25,500	\$201,558	\$176,058
FUND BALANCES:				
Fund Balance, January 1	\$766,898	\$766,898	\$455,133	(\$311,765)
FUND BALANCE, DECEMBER 31	\$792,398	\$792,398	\$656,691	(\$135,707)

SKAGIT COUNTY, WASHINGTON

NONMAJOR DEBT SERVICE FUND

The Debt Service Fund is established to account for the accumulation of resources and the payment of expenditures, principal and interest for certain debt service arrangements.

SKAGIT COUNTY, WASHINGTON
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
As of December 31, 2003

ASSETS AND OTHER DEBITS:	TOTALS
ASSETS:	
Cash	\$40,480
Investments	623,388
TOTAL ASSETS	\$663,868
LIABILITIES AND FUND BALANCES	
FUND BALANCES	
Reserved for Debt Service	663,868
TOTAL FUND BALANCES	\$663,868
TOTAL LIABILITIES AND FUND BALANCES	\$663,868

SKAGIT COUNTY, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
For the Year Ended December 31, 2003

REVENUES:	Actual
Interest Revenue	\$58,340
Miscellaneous Revenues	288,971
TOTAL REVENUES	\$347,311
EXPENDITURES:	
Debt Service: Principal	\$795,158
Debt Service: Interest and Related Costs	504,279
TOTAL EXPENDITURES	\$1,299,437
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$952,126)
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	\$886,938
TOTAL OTHER FINANCING SOURCES (USES)	\$886,938
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$65,188)
FUND BALANCES:	
Fund Balance, January 1	\$729,056
FUND BALANCE, DECEMBER 31	\$663,868

SKAGIT COUNTY, WASHINGTON NONMAJOR CAPITAL PROJECT FUNDS

Capital Project Funds are established in Skagit County to account for financial resources used for the acquisition or construction of major capital facilities. Both revenues and expenditures are budgeted in compliance with the procedures established in the Revised Code of Washington. The modified accrual basis of accounting is applied. A description of each fund follows:

Land Acquisition Fund - A fund to account for the purchase of land.

Capital Improvements Fund - A fund established in 1990 to account for the expenses incurred in improving and maintaining capital facilities.

Park Acquisition & Development Fund - A fund established to provide for accounting for the expenses incurred in investigation, planning, construction, improvement, replacement, repair, acquisition of property, property rights, facilities, and equipment for parks.

Public Works Building Construction Fund - A fund established to provide accounting for the expenses incurred in investigation, planning, construction, improvement, repair, acquisition, and equipping of public facilities for the Public Works Department.

**SKAGIT COUNTY, WASHINGTON
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
As Of December 31, 2003**

ASSETS:	LAND AND FACILITIES ACQUISITION	CAPITAL IMPROVEMENTS	PARKS ACQUISITION	PUBLIC WORKS BUILDING	2003 TOTALS
ASSETS:					
Cash	\$50,654	\$701,489	\$260,646	\$0	\$1,012,789
Investments	1,800,000	500,000	200,000	0	2,500,000
Due from another government unit	0	0	59,043	0	59,043
TOTAL ASSETS	\$1,850,654	\$1,201,489	\$519,688	\$0	\$3,571,831
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts/vouchers payable	\$31,431	\$45,143	\$1,697	\$0	\$78,271
Due to other funds	200	0	2,688	0	2,888
TOTAL LIABILITIES	\$31,631	\$45,143	\$4,385	\$0	\$81,159
FUND BALANCES					
Fund balances:					
Undesignated	\$1,819,023	\$1,156,346	\$515,303	\$0	\$3,490,672
TOTAL FUND BALANCES	\$1,819,023	\$1,156,346	\$515,303	\$0	\$3,490,672
TOTAL LIABILITIES AND FUND BALANCES	\$1,850,654	\$1,201,489	\$519,688	\$0	\$3,571,831

SKAGIT COUNTY, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2003

	LAND ACQUISITION/ FACILITIES	CAPITAL IMPROVEMENTS FUND	PARK ACQUISITION FUND	PUBLIC WORKS BUILDING FUND	TOTALS
REVENUES:					
Excise Taxes	\$0	\$643,016	\$0	\$0	\$643,016
Intergovernmental Revenue	415,375	0	69,433	0	484,808
Charges for Goods and Services	0	0	18,765	0	18,765
Interest Revenue	5,890	6,057	2,123	0	14,070
Donations	0	0	158,920	0	158,920
TOTAL REVENUES	\$421,265	\$649,073	\$249,241	\$0	\$1,319,579
EXPENDITURES:					
Capital Outlay:					
General Governmental Services	\$3,884,948	\$0	\$0	\$0	\$3,884,948
Culture and Recreation	0	172,684	243,979	0	416,663
Total Capital Outlay	\$3,884,948	\$172,684	\$243,979	\$0	\$4,301,611
Debt Service:					
Interest and other Debt Service	\$14,321	\$143	\$0	\$0	\$14,464
Total Debt service	\$14,321	\$143	\$0	\$0	\$14,464
TOTAL EXPENDITURES	\$3,899,269	\$172,827	\$243,979	\$0	\$4,316,075
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$3,478,004)	\$476,246	\$5,262	\$0	(\$2,996,496)
OTHER FINANCING SOURCES (USES):					
Proceeds of General Long-Term Debt	\$2,496,432	\$0	\$0	\$0	\$2,496,432
Operating Transfers In	1,754,450	0	240,966	0	1,995,416
Operating Transfers Out	0	(240,267)	0	0	(240,267)
TOTAL OTHER FINANCING SOURCES (USES)	\$4,250,882	(\$240,267)	\$240,966	\$0	\$4,251,581
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$772,878	\$235,979	\$246,228	\$0	\$1,255,085
FUND BALANCES:					
Fund Balance, January 1	\$1,046,144	\$920,366	\$269,075	\$0	\$2,235,585
FUND BALANCE, DECEMBER 31	\$1,819,023	\$1,156,346	\$515,303	\$0	\$3,490,672

SKAGIT COUNTY, WASHINGTON
Schedule of Revenues, Expenditures And Changes in Fund Balances
Budget (GAAP Basis) and Actual
Land Acquisition/Facilities
For the year ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental Revenue	\$830,550	\$830,550	\$415,375	(\$415,175)
Interest Revenue	0	0	5,890	5,890
TOTAL REVENUES	\$830,550	\$830,550	\$421,265	(\$409,285)
EXPENDITURES:				
Capital Outlay:				
General Governmental Services	\$1,235,000	\$5,052,825	\$3,884,948	\$1,167,877
Total Capital Outlay	\$1,235,000	\$5,052,825	\$3,884,948	\$1,167,877
Debt Service:				
Interest and other Debt Service	\$0	\$13,608	\$14,321	(\$713)
Total Debt service	\$0	\$13,608	\$14,321	(\$713)
TOTAL EXPENDITURES	\$1,235,000	\$5,066,433	\$3,899,269	\$1,167,164
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$404,450)	(\$4,235,883)	(\$3,478,004)	\$757,879
OTHER FINANCING SOURCES (USES):				
Proceeds of General Long-Term Debt	\$0	\$2,481,433	\$2,496,432	\$14,999
Operating Transfers In	404,450	1,754,450	1,754,450	0
TOTAL OTHER FINANCING SOURCES (USES)	\$404,450	\$4,235,883	\$4,250,882	\$14,999
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	\$0	\$772,878	\$772,878
FUND BALANCES:				
Fund Balance, January 1	\$2,211,779	\$2,211,779	\$1,046,144	(\$1,165,635)
FUND BALANCE, DECEMBER 31	\$2,211,779	\$2,211,779	\$1,819,023	(\$392,757)

SKAGIT COUNTY, WASHINGTON
Schedule of Revenues, Expenditures And Changes in Fund Balances
Budget (GAAP Basis) and Actual
Capital Improvements

For the year ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Excise Taxes	\$650,000	\$650,000	\$643,016	(\$6,984)
Interest Revenue	10,000	10,000	6,057	(3,943)
TOTAL REVENUES	\$660,000	\$660,000	\$649,073	(\$10,927)
EXPENDITURES:				
Capital Outlay:				
General Governmental Services	\$25,000	\$25,000	\$0	\$25,000
Culture and Recreation	216,610	216,610	172,684	\$43,926
Total Capital Outlay	\$241,610	\$241,610	\$172,684	\$68,926
Debt Service:				
Interest and other Debt Service	\$0	\$0	\$143	(\$143)
Total Debt service	\$0	\$0	\$143	(\$143)
TOTAL EXPENDITURES	\$241,610	\$241,610	\$172,827	\$68,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$418,390	\$418,390	\$476,246	\$57,856
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	\$0	(\$240,164)	(\$240,267)	(\$103)
TOTAL OTHER FINANCING SOURCES (USES)	\$0	(\$240,164)	(\$240,267)	(\$103)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$418,390	\$178,226	\$235,979	\$57,753
FUND BALANCES:				
Fund Balance, January 1	\$907,668	\$907,668	\$920,366	\$12,698
FUND BALANCE, DECEMBER 31	\$1,326,058	\$1,085,894	\$1,156,346	\$70,451

SKAGIT COUNTY, WASHINGTON
Schedule of Revenues, Expenditures And Changes in Fund Balances
Budget (GAAP Basis) and Actual
Park Acquisition

For the Year ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental Revenue	\$0	\$170,000	\$69,433	(\$100,567)
Charges for Goods and Services	17,600	17,600	18,765	1,165
Interest Revenue	3,000	3,000	2,123	(877)
Donations	75,000	158,920	158,920	0
TOTAL REVENUES	\$95,600	\$349,520	\$249,241	(\$100,279)
EXPENDITURES:				
Capital Outlay:				
Culture and Recreation	\$229,269	\$660,823	\$243,979	\$416,844
Total Capital Outlay	\$229,269	\$660,823	\$243,979	\$416,844
TOTAL EXPENDITURES	\$229,269	\$660,823	\$243,979	\$416,844
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$133,669)	(\$311,303)	\$5,262	\$316,565
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$140,000	\$380,484	\$240,966	(\$139,518)
TOTAL OTHER FINANCING SOURCES (USES)	\$140,000	\$380,484	\$240,966	(\$139,518)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$6,331	\$69,181	\$246,228	\$177,047
FUND BALANCES:				
Fund Balance, January 1	\$237,535	\$237,535	\$269,075	\$31,540
FUND BALANCE, DECEMBER 31	\$243,866	\$306,716	\$515,303	\$208,587

SKAGIT COUNTY, WASHINGTON
Schedule of Revenues, Expenditures And Changes in Fund Balances
Budget (GAAP Basis) and Actual
Public Works Building
For the year ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Excise Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenue	0	0	0	0
Charges for Goods and Services	0	0	0	0
Interest Revenue	0	0	0	0
Donations	0	0	0	0
TOTAL REVENUES	\$0	\$0	\$0	\$0
EXPENDITURES:				
Capital Outlay:				
General Governmental Services	\$0	\$0	\$0	\$0
Culture and Recreation	0	0	0	0
Total Capital Outlay	\$0	\$0	\$0	\$0
Debt Service:				
Interest and other Debt Service	\$0	\$0	\$0	\$0
Total Debt service	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$0	\$0	\$0	\$0
OTHER FINANCING SOURCES (USES):				
Proceeds of General Long-Term Debt	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$0	\$0	\$0	\$0
FUND BALANCES:				
Fund Balance, January 1	\$0	\$0	\$0	\$0
FUND BALANCE, DECEMBER 31	\$0	\$0	\$0	\$0

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Enterprise Funds



SKAGIT COUNTY, WASHINGTON

NONMAJOR ENTERPRISE FUNDS

For the Year ended December 31,2003, Skagit County has no Nonmajor Enterprise Funds.

THIS PAGE INTENTIONALLY LEFT BLANK

Internal Service Funds



**SKAGIT COUNTY, WASHINGTON
INTERNAL SERVICE FUNDS**

Internal Service Funds are established to account for the financing of goods or services provided by one department, agency, or government to other departments or agencies of Skagit County, or to other governments, on a cost reimbursable basis. The accrual basis of accounting is used. A description of each fund follows:

Equipment Rental Fund - A fund to finance the maintenance, operations, and acquisition of goods used by the Public Works Department and other County Funds.

Insurance Services Fund - A fund established for risk management activities, including settlement and defense of lawsuits and third-party claims to all tortious

Central Services Fund - A fund established to account for information systems, geographic information systems and records management on a county-wide basis pursuant to RCW 36.92

SKAGIT COUNTY, WASHINGTON
Combining Statement of Net Assets
Internal Service Funds
December 31, 2003

Assets	Equipment Rental Fund	Insurance Service Fund	Central Services Fund	2003 Total
<u>Current Assets</u>				
Cash/Cash Equivalents	\$799,587	\$755,062	\$625,000	\$2,179,649
Deposits	0	35,000	0	35,000
Investments	1,397,308	1,000,000	0	2,397,308
Accounts Receivable	2,565	0	0	2,565
Due From Other Funds	5,345	632,017	0	637,362
Inventory	4,892,438	0	0	4,892,438
Prepayments	4,903	0	0	4,903
Total Current Assets	<u>\$7,102,146</u>	<u>\$2,422,079</u>	<u>\$625,000</u>	<u>\$10,149,225</u>
<u>Noncurrent Assets</u>				
Capital Assets				
Buildings	\$180,888	\$0	\$0	\$180,888
Machinery and Equipment	12,421,703	0	0	12,421,703
Less Accumulated Depreciation	(6,610,978)	0	0	(6,610,978)
Total noncurrent assets	<u>\$5,991,613</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,991,613</u>
Total Assets	<u>\$13,093,759</u>	<u>\$2,422,079</u>	<u>\$625,000</u>	<u>\$16,140,838</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts/Vouchers Payable	\$100,491	\$43,540	\$0	\$144,031
Claims and Judgments Payable	0	1,028,369	0	1,028,369
Due To Other Funds	283,466	51,922	0	335,388
Accrued Wages Payable	21,947	8,582	0	30,529
Accrued Employee Benefits	5,925	1,855	0	7,780
Accrued Taxes Payable	7	0	0	7
Total Current Liabilities	<u>\$411,836</u>	<u>\$1,134,268</u>	<u>\$0</u>	<u>\$1,546,104</u>
<u>Noncurrent Liabilities</u>				
Compensated Absences	\$39,900	\$9,778	\$0	\$49,678
Total Noncurrent Liabilities	<u>\$39,900</u>	<u>\$9,778</u>	<u>\$0</u>	<u>\$49,678</u>
Total Liabilities	<u>\$451,736</u>	<u>\$1,144,046</u>	<u>\$0</u>	<u>\$1,595,782</u>
<u>Fund Equity</u>				
Net Assets				
Invested in capital assets, net of related debt	\$5,991,613	\$0	\$0	\$5,991,613
Unrestricted	6,650,410	1,278,033	625,000	8,553,443
Total net assets	<u>\$12,642,023</u>	<u>\$1,278,033</u>	<u>\$625,000</u>	<u>\$14,545,056</u>

SKAGIT COUNTY, WASHINGTON

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the Year Ended December 31, 2003

	Equipment Rental Fund	Insurance Services Fund	Central Services Fund	Total
<u>Operating Revenues:</u>				
Charges For Services	\$3,751,768	\$717,876	\$0	\$4,469,644
Miscellaneous	0	4,694,391	0	4,694,391
Total Operating Revenue	<u>\$3,751,768</u>	<u>\$5,412,267</u>	<u>\$0</u>	<u>\$9,164,035</u>
<u>Operating Expenses:</u>				
Personal services	\$645,836	\$313,834	\$0	\$959,670
Contractual services	122,067	1,125,634	0	1,247,701
Other supplies and expenses	2,205,660	63,221	0	2,268,881
Depreciation	676,520	0	0	676,520
Payment to Claimants	0	4,957,384	0	4,957,384
Total Operating Expenses	<u>\$3,650,083</u>	<u>\$6,460,073</u>	<u>\$0</u>	<u>\$10,110,156</u>
Operating Income (Loss)	<u>\$101,685</u>	<u>(\$1,047,806)</u>	<u>\$0</u>	<u>(\$946,121)</u>
<u>Non-Operating Revenues (Expenses):</u>				
Interest Revenue	\$19,527	\$12,264	\$0	\$31,791
Miscellaneous Revenue	129,539	0	0	129,539
Interfund Loan Disbursements	0	0	0	0
Interfund Loan Repayment	0	0	0	0
Gain (Loss) on Fixed Asset Disposal	8,324	0	0	8,324
Miscellaneous Expense	(55,433)	0	0	(55,433)
Total non-operating revenues	<u>\$101,957</u>	<u>\$12,264</u>	<u>\$0</u>	<u>\$114,221</u>
Net Income (Loss) Before Operating Transfers Contributions and Special Items	<u>\$203,642</u>	<u>(\$1,035,542)</u>	<u>\$0</u>	<u>(\$831,900)</u>
Capital Contributions	51,069	0	0	51,069
Operating Transfers In	0	0	625,000	625,000
Operating Transfers Out	0	0	0	0
Special Item	3,667,067	0	0	3,667,067
Changes in net assets	<u>\$3,921,778</u>	<u>(\$1,035,542)</u>	<u>\$625,000</u>	<u>\$3,511,236</u>
Net assets as of January 1- restated for changes in accounting principle	8,527,163	2,313,577	0	10,840,740
Prior Period Adjustment	193,082	0	0	193,082
Net Assets as of January 1, restated	<u>8,720,245</u>	<u>2,313,577</u>	<u>0</u>	<u>11,033,822</u>
Net assets as of December 31	<u><u>\$12,642,023</u></u>	<u><u>\$1,278,034</u></u>	<u><u>\$625,000</u></u>	<u><u>\$14,545,058</u></u>

SKAGIT COUNTY, WASHINGTON

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2003

	Equipment Rental Fund	Insurance Service Fund	Central Services Fund	Total
<u>Cash Flows From Operating Activities:</u>				
Receipts from Customers	\$12,773	\$0	\$0	\$12,773
Receipts from interfund services provided	3,754,500	1,057,731	0	4,812,231
Miscellaneous Receipts	0	4,694,392	0	4,694,392
Payments to Employees	(604,444)	(255,299)	0	(859,743)
Payments to Suppliers	(2,319,401)	(5,375,639)	0	(7,695,040)
Payments for interfund services used	(184,745)	(29,644)	0	(214,389)
Net cash provided (used) by operating activities	\$658,683	\$91,541	\$0	\$750,224
<u>Cash Flows From Noncapital Financing Activities:</u>				
Transfers from other funds	\$0	\$0	\$625,000	\$625,000
Transfers to other funds	0	0	0	0
Miscellaneous receipts (payments)	74,106	0	0	74,106
Net cash provided (used) by noncapital financing activities	\$74,106	\$0	\$625,000	\$699,106
<u>Cash Flows From Capital And Related Financing Activities</u>				
Proceeds from sale of capital assets	\$59,850	\$0	\$0	\$59,850
Purchases of capital assets	(972,952)	0	0	(972,952)
Net cash provided (used) by capital and related financing activities	(\$913,102)	\$0	\$0	(\$913,102)
<u>Cash Flows From Investing Activities:</u>				
Receipt from Collection of Loans	\$0	\$0	\$0	\$0
Disbursements for Loans	0	0	0	0
Interest Received	19,527	12,264	0	31,791
Net Cash Provided by Investing Activities	\$19,527	\$12,264	\$0	\$31,791
Net Increase in Cash & Cash Equivalents	(\$160,786)	\$103,805	\$625,000	\$568,019
Balances as of January 1	2,357,681	1,686,257	0	4,043,938
Balances as of December 31	\$2,196,895	\$1,790,062	\$625,000	\$4,611,957
Operating Income/(Loss)	\$101,685	(\$1,047,806)	\$0	(\$946,121)
<u>Adjustments to Reconcile Operating Income to</u>				
<u>Net Cash Provided by Operating Activities:</u>				
Depreciation Expense	\$676,520	\$0	\$0	\$676,520
Changes in Assets and Liabilities:				
Receivables, Net	15,504	339,855	0	355,359
Inventories	(66,931)	0	0	(66,931)
Prepayments	618	49,885	0	50,503
Accounts and Other Payables	(68,713)	749,607	0	680,894
Net Cash Provided by Operating Activities	\$658,683	\$91,541	\$0	\$750,224

Agency Funds



SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

Agency Funds are established to account for assets Skagit County holds in the capacity of agent. Many independent taxing districts are required by Washington State statutes to process all monies through the county treasurer. These Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

Agency Funds Include:

Cemetery Districts
Cities & Towns
Dike & Drainage Districts
Fidalgo Parks & Recreation
Fire Districts
Hospital Districts
Library Districts
North Sound Regional Support Network
Northwest Air Pollution Authority
Payroll/Claims Clearing
Port Districts
Public Facilities District
School Districts
Sewer Districts
Skagit Community Network
Skagit Council of Governments
Skagit Emergency Communications Center
Skagit Transit & Housing Authority
State Trust
Treasurer's Trust Suspense
Water Districts

SKAGIT COUNTY, WASHINGTON
AGENCY FUNDS
COMBINING BALANCE SHEET
As Of December 31, 2003

Page 1 of 3

	TRUST FUNDS	CLEARING FUNDS	STATE FUNDS	NW AIR POLLUTION FUNDS	COUNCIL OF GOVERNMENTS FUNDS
Cash	\$140,067	\$2,343,747	\$1,372,414	\$112,474	\$183,405
Investments	0	0	0	1,567,349	0
Taxes receivable	0	0	1,368,233	0	0
Deposits	0	0	0	0	0
TOTAL ASSETS	\$140,067	\$2,343,747	\$2,740,647	\$1,679,823	\$183,405
LIABILITIES					
Warrants payable	\$0	\$1,801,961	\$0	\$0	\$0
Custodial accounts	140,067	541,786	2,740,647	1,679,823	183,405
TOTAL LIABILITIES	\$140,067	\$2,343,747	\$2,740,647	\$1,679,823	\$183,405

	LIBRARY FUNDS	SKAGIT TRANSIT & HOUSING	CITIES AND TOWNS FUNDS	PORT OF ANACORTES FUNDS	PORT OF SKAGIT FUNDS
ASSETS					
Cash	\$31,713	\$454,156	\$327,841	\$16,944	\$1,563,679
Investments	63,522	5,337,866	0	14,873,024	5,555,565
Taxes receivable	17,168	0	586,344	15,263	59,010
Deposits	0	0	0	0	0
TOTAL ASSETS	\$112,404	\$5,792,022	\$914,179	\$14,905,231	\$7,178,254
LIABILITIES					
Warrants payable	\$0	\$0	\$0	\$11,847	\$49,795
Custodial accounts	112,404	5,792,022	914,179	14,893,385	7,128,458
TOTAL LIABILITIES	\$112,404	\$5,792,022	\$914,179	\$14,905,231	\$7,178,254

SKAGIT COUNTY, WASHINGTON
AGENCY FUNDS
COMBINING BALANCE SHEET
As Of December 31, 2003

	FIDALGO PARK FUNDS	AFFILIATED HEALTH SERVICES FUNDS	HOSPITAL DISTRICT 1 FUNDS	HOSPITAL DISTRICT 2 FUNDS	HOSPITAL DISTRICT 304 FUNDS
Cash	\$87,342	\$2,385,103	\$0	\$4,285,965	\$40,062
Investments	232,158	892,435	29,473,983	12,779,009	11,455,154
Taxes receivable	2,324	0	(303)	20,868	76,371
Deposits	0	0	0	0	0
TOTAL ASSETS	\$321,825	\$3,277,541	\$29,473,680	\$17,085,847	\$11,571,588

LIABILITIES

Warrants payable	\$0	\$1,655,970	\$0	\$341,167	\$0
Custodial accounts	321,825	1,621,571	29,473,680	16,744,680	11,571,588
TOTAL LIABILITIES	\$321,825	\$3,277,541	\$29,473,680	\$17,085,847	\$11,571,588

	DIKE DISTRICTS FUNDS	DRAINAGE IMPROVEMENT FUNDS	DRAINAGE DISTRICT FUNDS	SCHOOL DISTRICTS FUNDS	CEMETERY DISTRICTS FUNDS
ASSETS					
Cash	\$356,293	\$15,149	\$391,479	\$8,728,239	\$160,837
Investments	674,232	40,005	750,655	51,786,277	600,495
Taxes receivable	120,274	206	15,315	957,813	8,290
Deposits	0	0	0	40,000	0
TOTAL ASSETS	\$1,150,797	\$55,362	\$1,157,451	\$61,512,330	\$769,620
LIABILITIES					
Warrants payable	\$0	\$0	\$0	\$6,747,479	\$0
Custodial accounts	1,150,797	55,362	1,157,451	54,764,851	769,620
TOTAL LIABILITIES	\$1,150,797	\$55,362	\$1,157,451	\$61,512,330	\$769,620

SKAGIT COUNTY, WASHINGTON
AGENCY FUNDS
COMBINING BALANCE SHEET
As Of December 31, 2003

	WATER DISTRICTS FUNDS	SEWER DISTRICTS FUNDS	FIRE DISTRICTS FUNDS	NORTH SOUND RSN	SKAGIT EMERGENCY COMM
Cash	\$17,708	\$40,982	\$2,174,329	\$4,545	\$446,248
Investments	74,807	1,952,381	3,244,082	3,565,131	145,327
Taxes receivable	0	0	173,955	0	0
Deposits	0	0	5,000	0	0
TOTAL ASSETS	\$92,517	\$1,993,363	\$5,597,367	\$3,569,675	\$591,575

LIABILITIES

Warrants payable	\$0	\$0	\$0	\$0	\$0
Custodial accounts	92,517	1,993,363	5,597,367	3,569,675	591,575
TOTAL LIABILITIES	\$92,517	\$1,993,363	\$5,597,367	\$3,569,675	\$591,575

ASSETS	SKAGIT COMMUNITY NETWORK	PUBLIC FACILITIES DISTRICT	2003 TOTALS
Cash	\$1,802	\$2,878,284	\$28,560,807
Investments	0	8,549,800	153,613,259
Taxes receivable	0	0	3,421,132
Deposits	0	0	45,000
TOTAL ASSETS	\$1,802	\$11,428,083	\$185,640,198
LIABILITIES			
Warrants payable	\$0	\$0	\$10,904,736
Custodial accounts	1,802	11,428,083	174,735,471
TOTAL LIABILITIES	\$1,802	\$11,428,083	\$185,640,198

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 1 of 10

TRUST FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$187,356	\$4,448,661	\$4,495,950	\$140,067
Investments	0	0	0	0
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$187,356	\$4,448,661	\$4,495,950	\$140,067
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to Other Funds	0	0	0	0
Custodial accounts	187,356	4,448,661	4,495,950	140,067
TOTAL LIABILITIES	\$187,356	\$4,448,661	\$4,495,950	\$140,067

CLEARING FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$1,431,300	\$167,647,820	\$166,735,373	\$2,343,747
Investments	0	0	0	0
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$1,431,300	\$167,647,820	\$166,735,373	\$2,343,747
LIABILITIES				
Warrants payable	\$951,562	\$147,653,560	\$146,803,162	\$1,801,961
Due to other funds	0	0	0	0
Custodial accounts	479,737	19,994,260	19,932,211	541,786
TOTAL LIABILITIES	\$1,431,300	\$167,647,820	\$166,735,373	\$2,343,747

STATE FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$1,200,451	\$38,803,675	\$38,631,712	\$1,372,414
Investments	0	0	0	0
Taxes receivable	1,327,041	26,467,166	26,425,974	1,368,233
Deposits	0	0	0	0
TOTAL ASSETS	\$2,527,492	\$65,270,841	\$65,057,686	\$2,740,647
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	2,527,492	65,270,841	65,057,686	2,740,647
TOTAL LIABILITIES	\$2,527,492	\$65,270,841	\$65,057,686	\$2,740,647

SKAGIT COUNTY, WASHINGTON
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Fiscal Year Ended December 31, 2003

Page 2 of 10

NW AIR POLLUTION FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	44,848	\$2,869,186	\$2,801,560	\$112,474
Investments	1,388,788	1,263,561	1,085,000	1,567,349
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$1,433,636	\$4,132,747	\$3,886,560	\$1,679,823
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	1,433,636	4,132,747	3,886,560	1,679,823
TOTAL LIABILITIES	\$1,433,636	\$4,132,747	\$3,886,560	\$1,679,823

COUNCIL OF GOV'T FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$159,181	\$801,251	\$777,028	\$183,405
Investments	0	0	0	0
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$159,181	\$801,251	\$777,028	\$183,405
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	159,181	801,251	777,028	183,405
TOTAL LIABILITIES	\$159,181	\$801,251	\$777,028	\$183,405

LIBRARY FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$19,407	\$372,351	\$360,045	\$31,713
Investments	58,718	94,762	89,958	63,522
Taxes receivable	8,261	253,508	244,600	17,168
Deposits	0	0	0	0
TOTAL ASSETS	\$86,386	\$720,621	\$694,603	\$112,404
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	86,386	720,621	694,603	112,404
TOTAL LIABILITIES	\$86,386	\$720,621	\$694,603	\$112,404

SKAGIT COUNTY, WASHINGTON
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Fiscal Year Ended December 31, 2003

Page 3 of 10

SKAGIT TRANSIT & HOUSING	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$76,838	\$677,694	\$300,376	\$454,156
Investments	5,358,328	178,376	198,838	5,337,866
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$5,435,166	\$856,070	\$499,214	\$5,792,022
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to Other Funds	0	0	0	0
Custodial accounts	5,435,166	856,070	499,214	5,792,022
TOTAL LIABILITIES	\$5,435,166	\$856,070	\$499,214	\$5,792,022

CITIES AND TOWNS FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$260,698	\$14,223,200	\$14,156,056	\$327,841
Investments	0	0	0	0
Taxes receivable	572,458	12,251,719	12,237,833	586,344
Deposits	0	0	0	0
TOTAL ASSETS	\$833,152	\$26,474,920	\$26,393,889	\$914,179
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	833,152	26,474,920	26,393,889	914,179
TOTAL LIABILITIES	\$833,152	\$26,474,920	\$26,393,889	\$914,179

PORT OF ANACORTES FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$24,592	\$35,459,026	\$35,466,674	\$16,944
Investments	6,286,921	22,541,853	13,955,750	14,873,024
Taxes receivable	15,353	516,698	516,788	15,263
Deposits	0	0	0	0
TOTAL ASSETS	\$6,326,866	\$58,517,577	\$49,939,212	\$14,905,231
LIABILITIES				
Warrants payable	\$12,613	\$8,381,502	\$8,382,269	\$11,847
Due to other funds	0	0	0	0
Custodial accounts	6,314,253	50,136,075	41,556,943	14,893,385
TOTAL LIABILITIES	\$6,326,866	\$58,517,577	\$49,939,212	\$14,905,231

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 4 of 10

PORT OF SKAGIT FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$2,320,538	\$10,113,154	\$10,870,013	\$1,563,679
Investments	4,810,365	3,250,014	2,504,815	5,555,565
Taxes receivable	62,070	762,685	765,745	59,010
Deposits	0	0	0	0
TOTAL ASSETS	\$7,192,973	\$14,125,853	\$14,140,573	\$7,178,254
LIABILITIES				
Warrants payable	\$48,284	\$6,327,479	\$6,325,968	\$49,795
Due to Other Funds	0	0	0	0
Custodial accounts	7,144,689	7,798,374	7,814,605	7,128,458
TOTAL LIABILITIES	\$7,192,973	\$14,125,853	\$14,140,573	\$7,178,254

FIDALGO PARK FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$118,846	\$2,632,286	\$2,663,790	\$87,342
Investments	156,812	2,073,713	1,998,367	232,158
Taxes receivable	2,425	300,999	301,101	2,324
Deposits	0	0	0	0
TOTAL ASSETS	\$278,085	\$5,006,998	\$4,963,258	\$321,825
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	278,085	5,006,998	4,963,258	321,825
TOTAL LIABILITIES	\$278,085	\$5,006,998	\$4,963,258	\$321,825

AFFILIATED HEALTH FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$2,433,519	\$312,578,004	\$312,626,421	\$2,385,103
Investments	19,002,095	130,130,469	148,240,128	892,435
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$21,435,616	\$442,708,473	\$460,866,549	\$3,277,541
LIABILITIES				
Warrants payable	\$1,371,696	\$91,110,260	\$90,825,986	\$1,655,970
Due to other funds	0	0	0	0
Custodial accounts	20,063,920	351,598,213	370,040,563	1,621,571
TOTAL LIABILITIES	\$21,435,616	\$442,708,473	\$460,866,549	\$3,277,541

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 5 of 10

HOSPITAL DISTRICT 1 FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$0	\$30,521,279	\$30,521,280	\$0
Investments	4,595,842	29,434,816	4,556,674	29,473,983
Taxes receivable	(303)	0	0	(303)
Deposits	0	0	0	0
TOTAL ASSETS	\$4,595,539	\$59,956,095	\$35,077,954	\$29,473,680
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to Other Funds	0	0	0	0
Custodial accounts	4,595,539	59,956,095	35,077,954	29,473,680
TOTAL LIABILITIES	\$4,595,539	\$59,956,095	\$35,077,954	\$29,473,680

HOSPITAL DISTRICT 2 FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$730,325	\$71,179,377	\$67,623,737	\$4,285,965
Investments	12,234,325	20,145,748	19,601,064	12,779,009
Taxes receivable	23,651	877,534	880,316	20,868
Deposits	0	0	0	0
TOTAL ASSETS	\$12,988,305	\$92,202,659	\$88,105,117	\$17,085,847
LIABILITIES				
Warrants payable	\$199,322	\$26,380,387	\$26,238,542	\$341,167
Due to other funds	0	0	0	0
Custodial accounts	12,788,983	65,822,272	61,866,575	16,744,680
TOTAL LIABILITIES	\$12,988,305	\$92,202,659	\$88,105,117	\$17,085,847

HOSPITAL DISTRICT 304 FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$33,700	\$18,492,845	\$18,486,482	\$40,062
Investments	9,030,846	13,308,052	10,883,744	11,455,154
Taxes receivable	68,736	1,697,843	1,690,208	76,371
Deposits	0	0	0	0
TOTAL ASSETS	\$9,133,282	\$33,498,740	\$31,060,434	\$11,571,588
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	9,133,282	33,498,740	31,060,434	11,571,588
TOTAL LIABILITIES	\$9,133,282	\$33,498,740	\$31,060,434	\$11,571,588

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 6 of 10

DIKE FUNDS	Balance			Balance
	January 1, 2003	Additions	Deductions	December 31, 2003
ASSETS				
Cash	\$1,368,445	\$5,980,921	\$6,993,073	\$356,293
Investments	1,187,632	103,300	616,700	674,232
Taxes receivable	115,702	2,554,518	2,549,945	120,274
Deposits	0	0	0	0
TOTAL ASSETS	\$2,671,777	\$8,638,739	\$10,159,718	\$1,150,797
LIABILITIES				
Warrants payable	\$0	\$466,344	\$183,276	\$283,068
Due to Other Funds	0	0	0	0
Custodial accounts	2,671,777	8,172,395	9,976,442	\$867,729
TOTAL LIABILITIES	\$2,671,777	\$8,638,739	\$10,159,718	\$1,150,797

DRAINAGE IMPROVEMENT FUND	Balance			Balance
	January 1, 2003	Additions	Deductions	December 31, 2003
ASSETS				
Cash	\$12,797	\$17,464	\$15,112	\$15,149
Investments	30,000	10,005	0	40,005
Taxes receivable	418	8,046	8,258	206
Deposits	0	0	0	0
TOTAL ASSETS	\$43,216	\$35,515	\$23,370	\$55,362
LIABILITIES				
Warrants payable	\$0	\$8,008	\$8,008	0
Due to other funds	0	0	0	0
Custodial accounts	43,216	\$27,507	\$15,362	55,362
TOTAL LIABILITIES	\$43,216	\$35,515	\$23,370	\$55,362

DRAINAGE DISTRICT FUNDS	Balance			Balance
	January 1, 2003	Additions	Deductions	December 31, 2003
ASSETS				
Cash	\$239,818	\$563,606	\$411,945	\$391,479
Investments	707,835	47,420	4,600	750,655
Taxes receivable	16,716	500,961	502,361	15,315
Deposits	0	0	0	0
TOTAL ASSETS	\$964,370	\$1,111,987	\$918,906	\$1,157,451
LIABILITIES				
Warrants payable	\$0	\$41,252	\$27,801	\$13,451
Due to other funds	0	0	0	0
Custodial accounts	964,370	1,070,735	891,105	1,144,000
TOTAL LIABILITIES	\$964,370	\$1,111,987	\$918,906	\$1,157,451

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 7 of 10

SCHOOL DISTRICTS FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$9,286,318	\$714,751,402	\$715,309,481	\$8,728,239
Investments	91,286,613	458,101,306	497,601,641	51,786,277
Taxes receivable	859,531	38,904,200	38,805,919	957,813
Deposits	30,000	13,961,896	13,951,896	40,000
TOTAL ASSETS	\$101,462,463	\$1,225,718,804	\$1,265,668,937	\$61,512,330
LIABILITIES				
Warrants payable	\$7,288,134	\$201,536,695	\$202,077,350	\$6,747,479
Due to Other Funds	0	0	0	0
Custodial accounts	94,174,329	1,024,182,109	1,063,591,587	54,764,851
TOTAL LIABILITIES	\$101,462,463	\$1,225,718,804	\$1,265,668,937	\$61,512,330

CEMETERY DISTRICT FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$144,824	\$950,081	\$934,069	\$160,837
Investments	559,385	754,021	712,911	600,495
Taxes receivable	7,460	197,993	197,164	8,290
Deposits	0	0	0	0
TOTAL ASSETS	\$711,669	\$1,902,095	\$1,844,144	\$769,620
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	711,669	1,902,095	1,844,144	769,620
TOTAL LIABILITIES	\$711,669	\$1,902,095	\$1,844,144	\$769,620

WATER DISTRICT FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$4,101	\$78,706	\$65,100	\$17,708
Investments	50,426	44,382	20,000	74,807
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$54,528	\$123,088	\$85,100	\$92,517
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	54,528	123,088	85,100	92,517
TOTAL LIABILITIES	\$54,528	\$123,088	\$85,100	\$92,517

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 8 of 10

SEWER DISTRICTS FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$13,921	\$2,809,461	\$2,782,400	\$40,982
Investments	1,758,877	2,160,786	1,967,282	1,952,381
Taxes receivable	0	0	0	0
Deposits	10,000	141,963	151,963	0
TOTAL ASSETS	\$1,782,798	\$5,112,210	\$4,901,645	\$1,993,363
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to Other Funds	0	0	0	0
Custodial accounts	1,782,798	5,112,210	4,901,645	1,993,363
TOTAL LIABILITIES	\$1,782,798	\$5,112,210	\$4,901,645	\$1,993,363

FIRE DISTRICTS FUNDS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$1,309,164	\$7,211,469	\$6,346,303	\$2,174,329
Investments	3,521,545	2,586,000	2,863,463	3,244,082
Taxes receivable	172,497	3,318,831	3,317,373	173,955
Deposits	0	38,769	33,769	5,000
TOTAL ASSETS	\$5,003,206	\$13,155,069	\$12,560,908	\$5,597,367
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	5,003,206	13,155,069	12,560,908	5,597,367
TOTAL LIABILITIES	\$5,003,206	\$13,155,069	\$12,560,908	\$5,597,367

NORTH SOUND RSN	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$37,280	\$45,126,326	\$45,159,060	\$4,545
Investments	3,178,553	1,146,578	760,000	3,565,131
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$3,215,831	\$46,272,904	\$45,919,060	\$3,569,675
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	3,215,831	46,272,904	45,919,060	3,569,675
TOTAL LIABILITIES	\$3,215,831	\$46,272,904	\$45,919,060	\$3,569,675

SKAGIT COUNTY, WASHINGTON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal Year Ended December 31, 2003

Page 9 of 10

SKAGIT EMERGENCY COMM	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$207,118	\$3,155,539	\$2,916,408	\$446,248
Investments	0	290,055	144,728	145,327
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$207,118	\$3,445,594	\$3,061,136	\$591,575
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to Other Funds	0	0	0	0
Custodial accounts	207,118	3,445,594	3,061,136	591,575
TOTAL LIABILITIES	\$207,118	\$3,445,594	\$3,061,136	\$591,575

SKAGIT COMMUNITY NETWORK	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$1,802			\$1,802
Investments	0	0	0	0
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$1,802	\$0	\$0	\$1,802
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to Other Funds	0	0	0	0
Custodial accounts	1,802	0	0	1,802
TOTAL LIABILITIES	\$1,802	\$0	\$0	\$1,802

PUBLIC FACILITIES DISTRICT	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$323,785	\$62,943,394	\$60,388,895	\$2,878,284
Investments	120,089	50,547,355	42,117,645	8,549,800
Taxes receivable	0	0	0	0
Deposits	0	0	0	0
TOTAL ASSETS	\$443,874	\$113,490,749	\$102,506,540	\$11,428,083
LIABILITIES				
Warrants payable	\$0	\$0	\$0	\$0
Due to other funds	0	0	0	0
Custodial accounts	443,874	113,490,749	102,506,540	11,428,083
TOTAL LIABILITIES	\$443,874	\$113,490,749	\$102,506,540	\$11,428,083

SKAGIT COUNTY, WASHINGTON
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Fiscal Year Ended December 31, 2003

Page 10 of 10

TOTALS	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
ASSETS				
Cash	\$21,990,972	\$1,554,408,178	\$1,547,838,343	\$28,560,807
Investments	165,323,995	\$738,212,572	\$749,923,308	153,613,259
Taxes receivable	3,252,016	\$88,612,701	\$88,443,585	3,421,132
Deposits	40,000	\$14,142,628	\$14,137,628	45,000
TOTAL ASSETS	\$190,606,983	\$2,395,376,080	\$2,400,342,864	\$185,640,198
LIABILITIES				
Warrants payable	\$9,871,611	\$481,905,487	\$480,872,362	\$10,904,736
Due to other funds	0	0	0	0
Custodial accounts	180,735,372	\$1,913,470,593	\$1,919,470,502	174,735,471
TOTAL LIABILITIES	\$190,606,983	\$2,395,376,080	\$2,400,342,864	\$185,640,198

Capital Assets



Capital Assets Used in the Operations of Governmental Funds

These are assets used in operations funded by governmental funds. This includes all capital assets of the County except for those used in Enterprise or Internal service funds.

Schedule of Capital Assets by Function and Activity – A report allocating components of capital assets (land, building, improvements, development rights and machinery and equipment) to various County functions and programs.

Schedule of Changes in Capital Assets by Function and Activity – A report that shows additions and deletions of total capital assets within separate County functions and programs.

Schedule of Capital Assets by Source – A report that summarizes major funding sources for County capital assets.

Skagit County, Washington
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of December 31,2003

General Government	Total	Land	Buildings	Improvements	Development Rights	Infrastructure	Equipment
Legislative	\$13,300	\$0	\$0	\$0	\$0	\$0	\$13,300
Judicial	164,290	0	0	0	0	0	164,290
Finance/Records Services	269,950	0	0	0	0	0	269,950
Legal	25,419	0	0	0	0	0	25,419
Central Services	2,202,284	0	0	0	0	0	2,202,284
Land, Buildings & Improvements	53,406,894	13,302,552	36,114,283	3,990,058	0	0	0
Total General Government	\$56,082,137	\$13,302,552	\$36,114,283	\$3,990,058	\$0	\$0	\$2,675,243
Security of Persons & Property							
Law Enforcement	\$371,955	\$0	\$0	\$0	\$0	\$0	\$371,955
Fire Control	0	0	0	0	0	0	0
Detention & Correction	110,523	0	0	0	0	0	110,523
Emergency Services	11,666	0	0	0	0	0	11,666
Juvenile Services	35,081	0	0	0	0	0	35,081
Communications/Alarm/Dispatch	1,183,765	0	0	0	0	0	1,183,765
Total Security of Persons/Prop	\$1,712,990	\$0	\$0	\$0	\$0	\$0	\$1,712,990
Utilities and Environment							
Environmental Preservation	\$4,073,189	\$0	\$0	\$0	\$4,054,941	\$0	\$18,248
Flood Control	6,961	0	0	0	0	0	6,961
Total Utilities and Environment	\$4,080,150	\$0	\$0	\$0	\$4,054,941	\$0	\$25,209
Transportation							
Road & Street Maintenance	\$461,708,412	\$0	\$1,186,946	\$0	\$0	\$460,175,630	\$345,836
Total Transportation	\$461,708,412	\$0	\$1,186,946	\$0	\$0	\$460,175,630	\$345,836
Economic Environment							
Aging	\$69,119	\$0	\$0	\$0	\$0	\$0	\$69,119
Planning & Community Development	29,707	0	0	0	0	0	29,707
Total Economic Environment	\$98,826	\$0	\$0	\$0	\$0	\$0	\$98,826
Mental & Physical Health							
Public Health	\$54,573	\$0	\$0	\$0	\$0	\$0	\$54,573
Coroner	0	0	0	0	0	0	0
Community Services Admin.	8,028	0	0	0	0	0	8,028
Total Mental/Physical Health	\$62,601	\$0	\$0	\$0	\$0	\$0	\$62,601
Culture & Recreation							
Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Spectator & Community Events	9,787	0	0	0	0	0	9,787
Participant Recreation	88,574	0	0	0	0	0	88,574
Culture & Recreation Facilities	21,546	0	0	0	0	0	21,546
Total Culture & Recreation	\$119,907	\$0	\$0	\$0	\$0	\$0	\$119,907
TOTAL GENERAL FIXED ASSETS	\$523,865,023	\$13,302,552	\$37,301,229	\$3,990,058	\$4,054,941	\$460,175,630	\$5,040,613

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SKAGIT COUNTY, WASHINGTON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For Year Ended December 31, 2003

General Government	General Fixed Assets Jan 1, 2003	Additions	Deletions	General Fixed Assets Dec. 31, 2003
Legislative	\$13,300	\$0	\$0	\$13,300
Judicial	172,808	0	8,518	164,290
Finance/Records Services	269,950	0	0	269,950
Legal	25,419	0	0	25,419
Central Services	2,171,067	126,938	95,721	2,202,284
Land, Buildings & Improvements	52,238,001	2,712,230	1,543,337	53,406,894
Total General Government	\$54,890,545	\$2,839,168	\$1,647,576	\$56,082,137
<u>Security of Persons & Property</u>				
Law Enforcement	\$266,946	\$105,009	\$0	\$371,955
Fire Control	0	0	0	0
Detention & Correction	110,523	0	0	110,523
Emergency Services	11,666	0	0	11,666
Juvenile Services	35,081	0	0	35,081
Communications/Alarm/Dispatch	1,190,058	0	6,293	1,183,765
Total Security of Persons/Prop	\$1,614,274	\$105,009	\$6,293	\$1,712,990
<u>Utilities and Environment</u>				
Environmental Preservation	\$2,891,651	\$1,181,538	\$0	\$4,073,189
Flood Control	6,961	0	0	6,961
Total Utilities and Environment	\$2,898,612	\$1,181,538	\$0	\$4,080,150
<u>Transportation</u>				
Road & Street Maintenance	\$446,942,172	\$14,811,867	\$45,627	\$461,708,412
Total Transportation	\$446,942,172	\$14,811,867	\$45,627	\$461,708,412
<u>Economic Environment</u>				
Aging	\$47,221	\$21,898	\$0	\$69,119
Planning & Community Development	37,441	0	7,734	29,707
Total Economic Environment	\$84,662	\$21,898	\$7,734	\$98,826
<u>Mental & Physical Health</u>				
Public Health	\$62,873	\$0	\$8,300	\$54,573
Coroner	0	0	0	0
Community Services Admin.	8,028	0	0	8,028
Total Mental/Physical Health	\$70,901	\$0	\$8,300	\$62,601
<u>Culture & Recreation</u>				
Education	\$0	\$0	\$0	\$0
Spectator & Community Events	9,787	0	0	9,787
Participant Recreation	88,574	0	0	88,574
Culture, Recreation & Park Facilities	10,786	10,760	0	21,546
Total Culture & Recreation	\$109,147	\$10,760	\$0	\$119,907
TOTAL GENERAL FIXED ASSETS	\$506,610,313	\$18,970,240	\$1,715,530	\$523,865,023

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SKAGIT COUNTY, WASHINGTON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
As of December 31, 2003

Governmental Fund Capital Assets

Land	\$13,302,552
Buildings	37,301,229
Other Improvements	3,990,058
Equipment	5,040,613
Development Rights	4,054,941
Infrastructure	<u>460,175,630</u>
Total Governmental Fund Capital Assets:	<u><u>\$523,865,023</u></u>

Investment in General Capital Assets From:

General Fund Revenue	\$38,213,636
Special Revenue Funds Revenue	<u>485,651,387</u>
Total Investment in General Capital Assets:	<u><u>\$523,865,023</u></u>

Statistical Section



SKAGIT COUNTY, WASHINGTON

GOVERNMENT-WIDE EXPENSE BY FUNCTION

Fiscal Year	General Government	Public Safety	Physical Environment	Transport	Economic Environment	Health and Human Services	Culture and Recreation	Interest on Long Term Debt	Solid Waste	Drainage Utility	Total
2003	\$ 24,267,759	\$ 17,143,366	\$ 3,138,267	\$ 15,574,415	\$ 4,932,106	\$ 5,732,219	\$ 4,991,191	\$ 519,350	\$7,132,390	\$ 374,143	\$ 83,805,206

Note: Less than ten years data is provided because 2003 was the first year for government wide expenses under GASB #34

SKAGIT COUNTY, WASHINGTON
Government-Wide Revenues
Last Ten Years

Fiscal Year	Program Revenues			General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Gain (loss) on Sale of Capital Assets	Unrestricted Investment Earnings	
2003	\$ 24,267,359	\$ 14,601,748	\$ 9,242,276	\$ 38,497,885	\$ 469,053	\$ 1,330,705	\$ 88,409,026

Note: Less than ten years data is provided because 2003 was the first year for government wide revenues under GASB #34

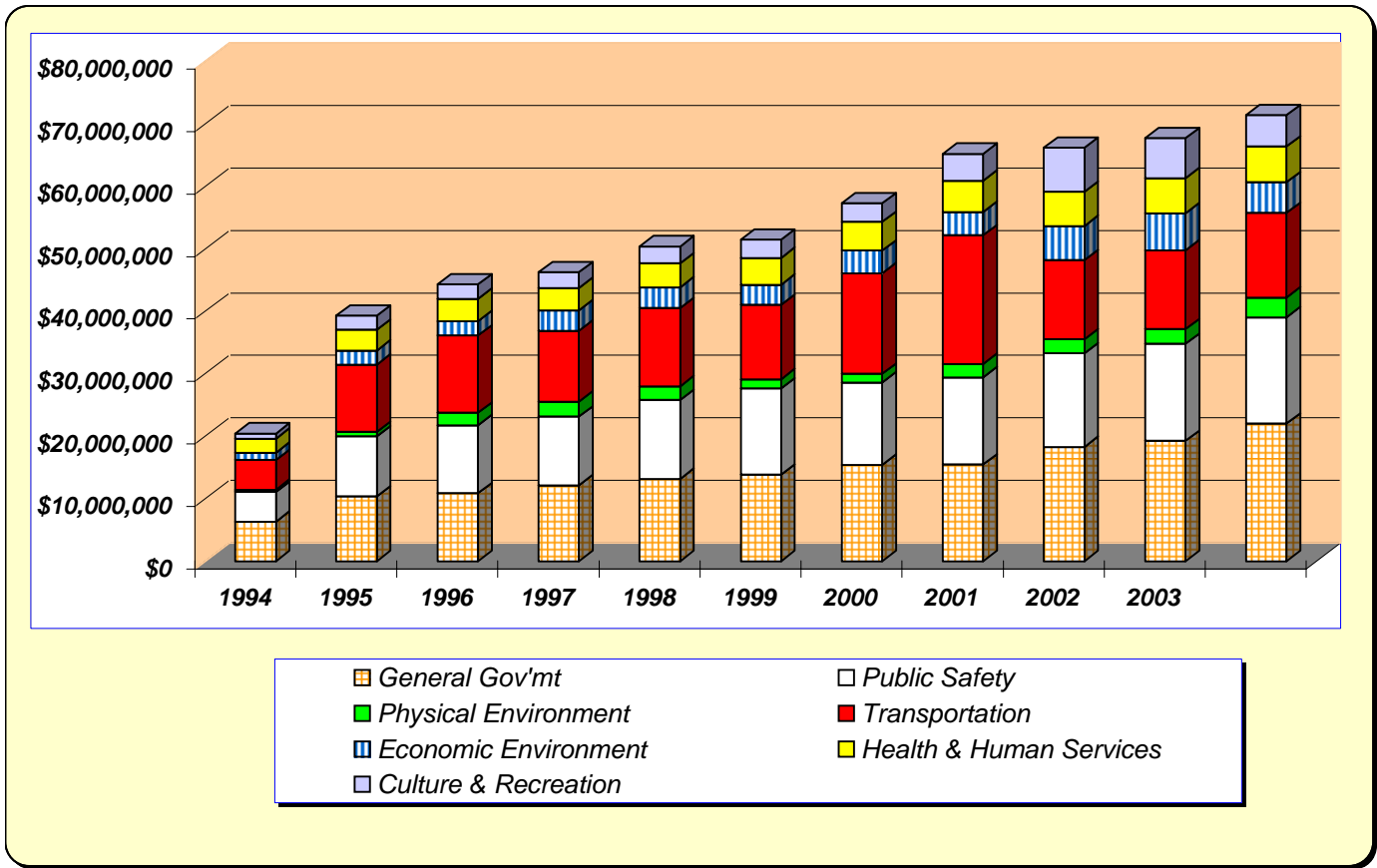
SKAGIT COUNTY, WASHINGTON

STATISTICAL TABLES

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION*

For a Ten Year Period

Year	General Government	Public Safety	Physical Environment	Transportation	Economic Environment	Health & Human Services	Culture & Recreation	TOTAL
1994	\$10,358,853	\$9,618,225	\$715,134	\$10,765,359	\$2,244,300	\$3,351,321	\$2,233,817	\$39,287,009
1995	\$10,890,310	\$10,895,616	\$1,990,511	\$12,360,400	\$2,277,692	\$3,563,144	\$2,341,903	\$44,319,576
1996	\$12,169,778	\$10,951,276	\$2,422,762	\$11,344,954	\$3,281,409	\$3,560,558	\$2,517,660	\$46,248,397
1997	\$13,183,227	\$12,606,376	\$2,224,045	\$12,493,133	\$3,325,213	\$3,825,692	\$2,708,535	\$50,366,220
1998	\$13,778,613	\$13,788,037	\$1,527,563	\$11,866,276	\$3,246,850	\$4,274,686	\$2,901,787	\$51,383,812
1999	\$15,433,261	\$13,177,602	\$1,380,794	\$16,077,707	\$3,625,235	\$4,576,987	\$2,982,679	\$57,254,265
2000	\$15,495,011	\$13,956,981	\$2,121,556	\$20,597,529	\$3,716,908	\$4,995,222	\$4,304,969	\$65,188,176
2001	\$18,289,286	\$14,958,541	\$2,272,689	\$12,661,704	\$5,453,017	\$5,467,423	\$7,033,639	\$66,136,299
2002	\$19,247,743	\$15,519,549	\$2,388,389	\$12,595,572	\$5,941,627	\$5,597,164	\$6,370,450	\$67,660,494
2003	\$22,002,351	\$17,042,628	\$3,148,041	\$13,516,319	\$4,926,412	\$5,724,294	\$4,978,894	\$71,338,939



* Includes General, Special Revenue, Debt Service, and Capital Projects funds (Intragovernmental expenditures reflected in actual funds expended)

Excludes non-recurring debt-service costs, capitalized and non-capitalized improvements.

SKAGIT COUNTY, WASHINGTON

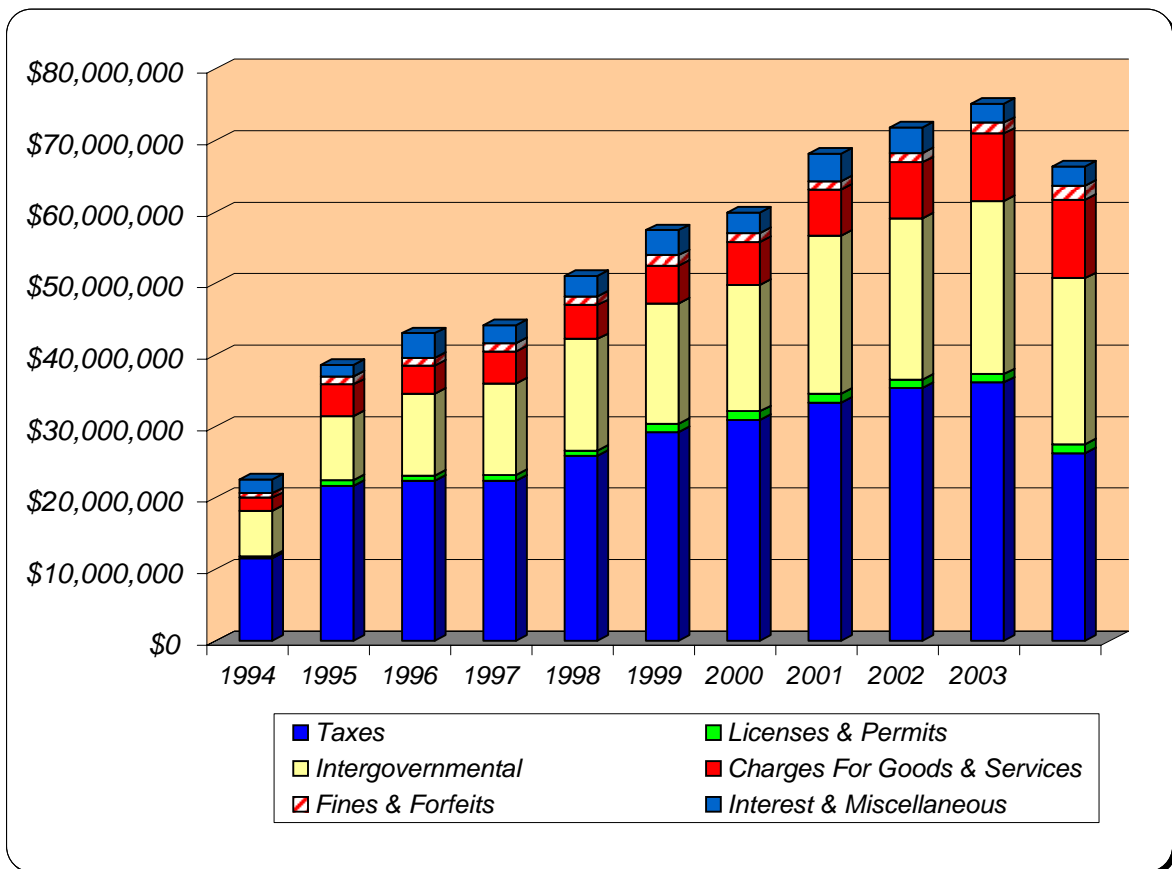
STATISTICAL TABLES

GENERAL GOVERNMENTAL REVENUES BY SOURCE*

For a Ten Year Period

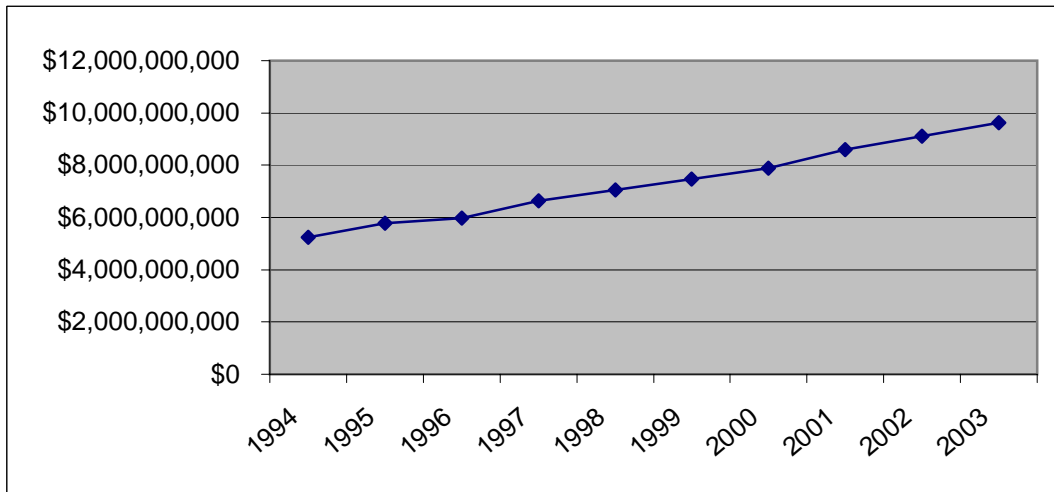
Year	Taxes	Licenses & Permits	Intergov'mt	Charges for Goods & Services	Fines and Forfeits	Interest & Misc.	Total
1994	\$21,662,441	\$859,057	\$8,945,524	\$4,419,187	\$1,108,720	\$1,602,785	\$38,597,714
1995	\$22,385,136	\$767,899	\$11,398,691	\$3,966,680	\$1,101,216	\$3,427,926	\$43,047,548
1996	\$22,400,994	\$790,300	\$12,806,350	\$4,491,989	\$1,156,412	\$2,526,042	\$44,172,085
1997	\$25,890,662	\$713,768	\$15,641,576	\$4,743,260	\$1,205,650	\$2,860,082	\$51,054,996
1998	\$29,251,278	\$1,099,490	\$16,849,603	\$5,299,075	\$1,469,124	\$3,479,588	\$57,448,158
1999	\$30,951,946	\$1,173,031	\$17,642,118	\$6,055,194	\$1,206,116	\$2,875,769	\$59,904,174
2000	\$33,351,287	\$1,211,395	\$22,164,618	\$6,421,365	\$1,174,205	\$3,791,139	\$68,114,009
2001	\$35,389,416	\$1,146,817	\$23,573,320	\$7,808,249	\$1,263,153	\$3,648,225	\$72,829,180
2002	\$36,150,798	\$1,169,624	\$24,304,457	\$9,445,217	\$1,531,897	\$2,661,191	\$75,263,184
2003	\$38,448,924	\$1,305,497	\$23,206,807	\$10,989,359	\$1,912,572	\$2,722,721	\$78,585,880

* Includes General, Special Revenue, Debt Service and Capital Projects funds.



SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
ASSESSED VALUE OF TAXABLE PROPERTY
For a Ten Year Period

Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value
1994	\$4,832,712,685	\$409,270,036	\$5,241,982,721
1995	\$5,349,198,017	\$427,832,664	\$5,777,030,681
1996	\$5,572,427,655	\$409,154,225	\$5,981,581,880
1997	\$5,966,200,352	\$676,267,960	\$6,642,468,312
1998	\$6,382,066,068	\$661,720,714	\$7,043,786,782
1999	\$6,716,745,926	\$744,570,716	\$7,461,316,642
2000	\$7,103,186,348	\$780,836,645	\$7,884,022,993
2001	\$7,805,819,286	\$794,696,921	\$8,600,516,207
2002	\$8,271,017,360	\$838,169,892	\$9,109,187,252
2003	\$8,735,243,216	\$900,051,468	\$9,635,294,684



Skagit County does not estimate actual value. Re-evaluations occur on a market resale base. The County is revalued in each four year period by area, and statistically updated annually. Valuation data of assessed property may not coincide with fiscal year end.

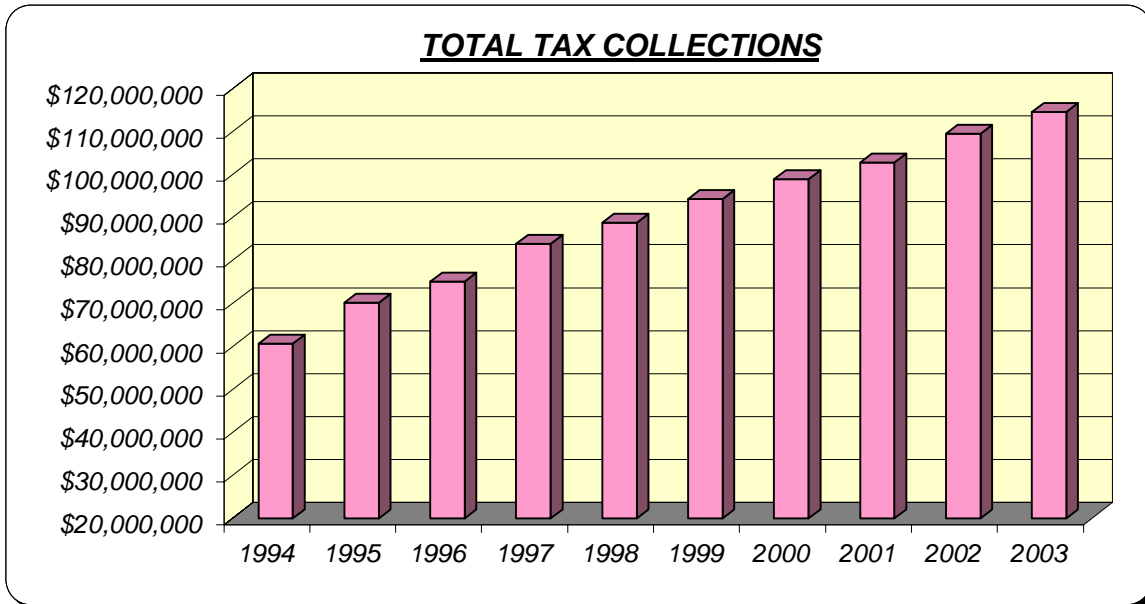
SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (Per \$1,000 of Assessed Value)
 For a Ten Year Period

Year	General Fund	Special Revenue Funds	Total	School Districts	Fire Districts	Cemetery Districts	Port Districts	Cities and Towns	State of Washington	Special Assessment Districts	Hospitals	Parks and Recreation Districts	Dike and Drainage Districts	Darrington & LaConner Library Districts	Total
1995	1.51	1.95	3.46	30.37	16.27	0.35	0.50	22.16	3.59	15.75	0.90	0.00	59.06	0.29	156.16
1996	1.47	1.85	3.32	31.99	15.51	0.30	0.49	22.01	3.32	8.33	0.87	0.24	20.58	0.30	110.58
1997	1.56	2.30	3.85	31.25	13.21	0.28	0.48	22.11	3.62	3.91	0.88	0.16	107.84	0.79	192.22
1998	1.60	2.39	3.99	32.99	14.70	0.37	0.43	22.13	3.44	0.00	0.97	0.16	110.60	0.79	194.56
1999	1.61	2.37	3.98	34.58	15.20	0.35	0.40	22.10	3.23	0.00	0.92	0.14	120.28	0.78	205.94
2000	1.65	2.37	4.02	33.39	15.36	0.49	0.37	21.29	3.24	0.00	0.92	0.14	119.18	0.81	195.19
2001	1.64	2.40	4.05	34.08	15.42	0.43	0.35	22.40	3.09	0.00	0.91	0.13	115.60	0.84	197.30
2002	1.60	2.28	3.88	35.60	15.18	0.41	0.31	21.78	2.85	0.00	0.84	0.12	109.94	0.83	195.62
2003	1.58	2.25	3.83	35.89	16.14	0.39	0.28	21.36	2.82	0.00	0.81	0.11	120.74	1.30	203.67
2004	1.57	2.27	3.84	36.29	15.26	0.39	0.25	21.39	2.78	0.00	0.73	0.10	124.05	1.46	210.38

SOURCE: Skagit County Assessor

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
PROPERTY TAX LEVIES AND COLLECTIONS
For a Ten Year Period

Fiscal Year	Total Tax Levy	Current Tax Collections	(2) Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection To Tax Levy	(3) Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1994	\$60,690,931	\$59,192,849	97.53%	\$1,397,140	\$60,589,989	99.83%	\$2,545,116	4.19%
1995	\$70,495,612	\$68,825,149	97.63%	\$1,321,465	\$70,146,614	99.50%	\$2,912,205	4.13%
1996	\$75,903,961	\$73,532,418	96.88%	\$1,529,126	\$75,061,544	98.89%	\$3,638,264	4.79%
1997	\$84,231,738	\$82,047,510	97.41%	\$1,847,921	\$83,895,431	99.60%	\$3,877,216	4.60%
1998	\$89,352,163	\$86,952,100	97.31%	\$1,787,294	\$88,739,394	99.31%	\$4,283,922	4.79%
1999	\$94,362,332	\$91,893,670	97.38%	\$2,343,855	\$94,237,525	99.87%	\$4,326,870	4.59%
2000	\$98,880,092	\$96,467,052	97.56%	\$2,396,797	\$98,863,849	99.98%	\$4,315,398	4.36%
2001	\$103,218,485	\$100,455,501	97.32%	\$2,327,907	\$102,783,408	99.58%	\$4,711,147	4.56%
2002	\$109,439,758	\$106,712,231	97.51%	\$2,730,428	\$109,442,659	100.00%	\$4,522,951	4.13%
2003	\$114,559,571	\$111,458,177	97.29%	\$2,642,949	\$114,101,126	99.60%	\$4,744,271	4.14%



- (1) Includes prior years delinquent tax collections
- (2) Percent computed on current year's levy
- (3) Includes omissions, supplements, and cancellations

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
SPECIAL ASSESSMENT COLLECTIONS
For a Ten Year Period

<u>Year</u>	<u>Assessment Receivable January 1</u>	<u>Additions</u>	<u>Collections</u>	<u>Assessment Receivable December 31</u>
1994	\$15,049	\$73,622	\$79,505	\$9,166
1995	\$9,166	\$73,401	\$78,904	\$3,663
1996	\$3,663	\$74,998	\$74,832	\$3,829
1997	\$3,829	\$69,549	\$70,469	\$2,909
1998	\$2,909	\$141,833	\$139,667	\$5,075
1999	\$5,075	\$146,300	\$144,389	\$6,986
2000	\$6,986	\$145,544	\$143,754	\$8,776
2001	\$8,776	\$161,939	\$162,270	\$8,445
2002	\$8,445	\$168,455	\$169,158	\$7,742
2003	\$7,742	\$211,488	\$207,749	\$11,481

SOURCE: Skagit County Treasurer

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
For a Ten Year Period

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>G.O. Bonded Debt *</u>	<u>Less Debt Service Fund (restated)</u>	<u>Net Bonded Debt (restated)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Debt Per Capita (restated)</u>
1994	91,000	\$5,241,982,721	\$0	\$0	\$0	0.0000%	\$0
1995	93,100	\$5,777,030,681	\$0	\$0	\$0	0.0000%	\$0
1996	95,500	\$5,981,581,880	\$150,000	\$0	\$150,000	0.0025%	\$2
1997	97,705	\$6,642,468,312	\$996,195	\$1,619	\$994,576	0.0150%	\$10
1998	98,700	\$7,043,786,782	\$966,348	\$14,521	\$951,827	0.0137%	\$10
1999	100,600	\$7,461,316,642	\$896,202	\$17,964	\$878,238	0.0120%	\$9
2000	103,478	\$7,884,022,993	\$8,820,754	\$21,062	\$8,799,692	0.1119%	\$85
2001	106,000	\$8,600,516,207	\$8,540,000	\$0	\$8,540,000	0.0993%	\$81
2002	105,100	\$9,109,187,252	\$8,280,000	\$0	\$8,280,000	0.0909%	\$79
2003	106,700	\$9,635,294,684	\$10,395,000	\$0	\$10,395,000	0.1079%	\$97

* Excludes Proprietary Bonds Payable

SKAGIT COUNTY
 Schedule of Limitations of Indebtedness
 As of December 31, 2003

Total Taxable Property Value \$ 9,635,294,684

Remaining Debt Capacity

2.5% general purposes limit is allocated between:	<u>\$ 240,882,367</u>	
<i>Up to 1.5% debt with a vote</i>	<u>\$ 144,529,420</u>	
Less: outstanding debt	<u>\$ 19,832,680</u>	
Less: excess of debt with a vote	<u>\$ -</u>	
Add: available assets	<u>\$ 12,592,445</u>	
Remaining debt capacity without a vote		<u>\$ 137,289,185</u>
<i>Up to 2.5% debt with a vote</i>	<u>\$ 96,352,947</u>	
Less: outstanding debt	<u>\$ -</u>	
Add: assets available	<u>\$ -</u>	
Remaining debt capacity with a vote		<u>\$ 96,352,947</u>

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
COMPUTATION OF DIRECT & OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2003

JURISDICTION	NET DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO SKAGIT COUNTY	AMOUNT APPLICABLE TO SKAGIT COUNTY
Direct Debt			
Skagit County	\$18,380,000	100%	\$18,380,000
Total Direct Debt	<u>\$18,380,000</u>		<u>\$18,380,000</u>
Overlapping debt			
Port Districts	\$9,435,000	100%	\$9,435,000
Hospital Districts	\$7,845,000	100%	\$7,845,000
School Districts	\$170,167,252	100%	\$170,167,252
Educational Service Dist #189	\$4,860,000	100%	\$4,860,000
Cities in Skagit County	\$19,057,484	100%	\$19,057,484
Dike Districts	\$5,393,696	100%	\$5,393,696
Fire Districts	\$914,520	100%	\$914,520
Public Facilities District	\$9,685,000	100%	\$9,685,000
Total Overlapping Debt	<u>\$227,357,952</u>		<u>\$227,357,952</u>
Total Direct & Overlapping Debt	<u><u>\$245,737,952</u></u>		<u><u>\$245,737,952</u></u>

*Source: Skagit County Treasurer and
appropriate city finance offices*

SKAGIT COUNTY, WASHINGTON

STATISTICAL TABLES

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES FOR A TEN YEAR PERIOD

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total* Debt Service</u>	<u>Total** General Expenditures</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>
1994	0	0	0	39,287,009	0.00%
1995	0	0	0	44,319,576	0.00%
1996	0	0	0	46,248,397	0.00%
1997	\$28,805	\$2,180	\$30,985	\$50,366,221	0.06%
1998	\$85,428	\$67,108	\$152,536	\$51,383,812	0.30%
1999	\$103,811	\$58,428	\$162,239	\$57,254,265	0.28%
2000	\$134,343	\$315,808	\$450,151	\$65,188,176	0.69%
2001	\$356,052	\$484,617	\$840,669	\$66,136,299	1.27%
2002	\$337,329	\$470,557	\$807,886	\$67,665,011	1.19%
2003	\$795,158	\$519,350	\$1,314,508	\$71,338,939	1.84%

* Does not include Enterprise Funds

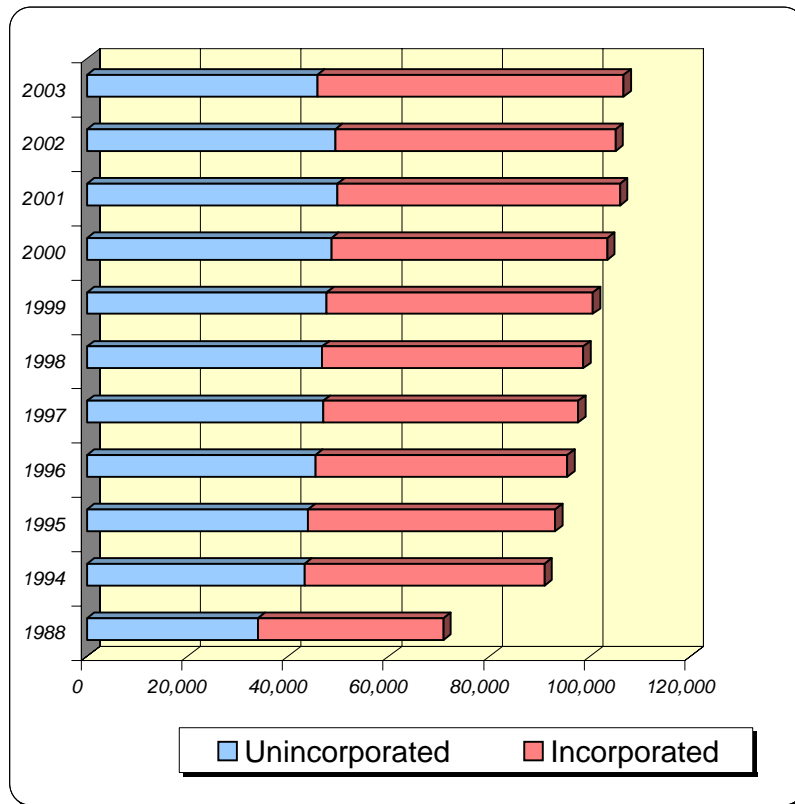
** Includes General, Special Revenue, Capital Projects, and Debt Service funds

SKAGIT COUNTY, WASHINGTON

STATISTICAL TABLES

DEMOGRAPHIC STATISTICS

For a Ten Year Period



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Unincorporated	43,260	43,936	45,442	46,931	46,750	47,685	48,635	49,820	45,205	45,830
Incorporated	47,740	49,164	50,058	50,774	51,950	52,915	54,843	56,180	59,895	60,870
Totals	91,000	93,100	95,500	97,705	98,700	100,600	103,478	106,000	105,100	106,700
Income Per Capita	\$19,900	\$20,397	\$20,794	\$21,535	\$21,777	\$22,670	\$20,173	\$25,184	\$26,414	\$23,679
Unemployment Rate	9.6%	9.0%	8.4%	7.4%	7.1%	6.3%	6.6%	7.2%	7.5%	7.8%
School Enrollment	16,363	16,900	17,200	17,233	17,987	18,604	18,778	18,916	18,185	19,280

SOURCE: Office of Financial Management, Forecasting Division, State of Washington
 Employment Security Department, State of Washington
 Educational Service District #189, State of Washington

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
PROPERTY VALUE, CONSTRUCTION, AND BANK ACTIVITY
For a Ten Year Period

CONSTRUCTION*

Year	Commercial			Industrial			Residential		
	Number of Units	Value	Percent Change	Number of Units	Value	Percent Change	Number of Units	Value	Percent Change
1994	142	\$11,629,886	77.87%	15	\$6,887,115	925.80%	346	\$36,398,067	70.07%
1995	132	\$7,904,907	-32.03%	11	\$4,806,840	-30.21%	267	\$31,432,928	-13.64%
1996	113	\$9,197,750	16.35%	9	\$3,207,612	-33.27%	295	\$32,458,752	3.26%
1997	92	\$8,143,683	-11.46%	9	\$848,633	-73.54%	215	\$22,096,261	-31.93%
1998	81	\$12,383,806	52.07%	16	\$5,571,580	556.54%	215	\$28,853,528	30.58%
1999	148	\$8,626,072	-30.34%	16	\$4,033,283	-27.61%	198	\$30,235,456	4.79%
2000	116	\$7,863,460	-8.84%	6	\$2,020,760	-49.90%	247	\$39,393,837	30.29%
2001	104	\$8,099,910	3.01%	17	\$4,569,391	126.12%	201	\$37,522,702	-4.75%
2002	144	\$9,153,243	13.00%	24	\$7,314,756	60.08%	212	\$36,929,127	-1.58%
2003	115	\$5,957,432	-34.91%	23	\$8,936,764	22.17%	214	\$42,709,159	15.65%

Commercial** **PROPERTY VALUE*****

Year	Bank Deposits	PROPERTY VALUE***	
		Commercial	Residential
1994	\$625,719,000	\$1,302,598,572	\$3,069,916,575
1995	\$640,248,000	\$1,392,097,838	\$3,191,803,291
1996	\$643,402,000	\$1,267,478,252	\$3,591,934,997
1997	\$596,402,000	\$1,229,289,040	\$3,934,758,287
1998	\$622,769,000	\$1,741,964,885	\$4,457,061,662
1999	\$693,350,000	\$2,009,425,936	\$4,873,783,970
2000	\$737,936,000	\$2,202,895,740	\$5,132,723,221
2001	\$778,078,000	\$2,238,454,737	\$5,548,221,761
2002	\$856,542,000	\$2,229,434,518	\$6,232,667,272
2003	\$920,980,000	\$2,200,249,400	\$6,972,101,847

SOURCES: * Skagit County Planning Department
 ** Skagit State Bank, Burlington (June 30 Fiscal Year)
 *** Skagit County Assessor

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
2003 CERTIFIED TOP TEN TAXPAYERS
(2003 Assessment For 2004 Taxes)

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUE</u>	<u>PERCENT OF TOTAL</u>
Equilon Enterprises LLC	Petroleum Products	\$291,855,446	3.03%
Tesoro Petroleum Corporation	Petroleum Products	\$215,649,348	2.24%
Puget Sound Energy/Electric	Utility	\$205,300,272	2.13%
March Point Cogeneration Co	Power Generator	\$63,246,057	0.66%
Verizon Northwest Inc	Utility	\$60,905,526	0.63%
Pacific Woodtech Corp	Wood Products	\$38,673,700	0.40%
PPR Cascade LLC	Retail Mall	\$30,785,200	0.32%
Cascade Natural Gas Corporation	Utility	\$24,363,000	0.25%
NW Pipeline Corp	Utility	\$22,865,917	0.24%
PACCAR Truck Testing, Inc	Research & Development	\$22,510,904	0.23%
		<u>\$976,155,370</u>	<u>10.13%</u>
<i>TOTAL COUNTY ASSESSED VALUE</i>		<i>\$9,635,294,684</i>	

Source: Skagit County Assessor

SKAGIT COUNTY, WASHINGTON

STATISTICAL TABLES

PRINCIPAL EMPLOYERS - 2002-2003

	<u>Number of Employees</u>
EDUCATION SERVICES	3,711
SKAGIT VALLEY HOSPITAL	1,175
SKAGIT COUNTY GOVERNMENT	986
DRAPER VALLEY FARMS	602
VALLEY ELECTRIC, INC.	498
ISLAND HEALTH NORTHWEST	479
PUGET SOUND REFINING-SHELL OIL PRODUCTS	425
BROWN & COLE	345
TESORO NORTHWEST	326
SWINOMISH NORTHERN LIGHTS CASINO	315
SNELSON COMPANIES, INC.	300
SKAGIT VALLEY MEDICAL CENTER	296
CITY OF MOUNT VERNON	282
NORTHERN MARINE	280
WAL*MART	243
REGENCE BLUE SHIELD	238
NORTHWEST HORTICULTURE	229
HAGGEN FOOD & PHARMACY	219
FRED MEYER STORES	212
DUNLAP TOWING	204
CITY OF ANACORTES	196
TRIDENT SEAFOODS	190
KARMART AUTOMOTIVE GROUP	189
ALASKA OCEAN SEAFOODS	180
SKAGIT STATE BANK	165
SKAGIT VALLEY PUBLISHING	161
PACIFIC MARINER	150

Source: *Skagit/Island County Business Monthly
Individual Employers*

SKAGIT COUNTY, WASHINGTON
STATISTICAL TABLES
MISCELLANEOUS STATISTICAL REPORT

	1996	1997	1998	1999	2000	2001	2002	2003
(A) MILES OF ROAD								
Roads, paved	745	743	747	739	750	756	761	765
Roads, unpaved	57	60	58	57	48	43	39	38
(B) BUILDING PERMITS								
Permits issued	1,200	1,067	1,081	971	932	885	876	962
Value of buildings	\$90,395,003	\$92,860,057	\$77,394,017	\$61,926,292	\$62,770,782	\$64,543,917	\$65,656,977	\$78,917,211
(C) FIRE PROTECTION								
Number of districts	19	19	19	18	18	16	16	16
Number of paid firefighters	50	50	60	52	54	56	57	60
Number of volunteer firefighters	745	755	683	683	510	516	528	718
(D) POLICE PROTECTION								
Number of employees, commissioned	49	49	49	49	49	55	57	56
Number of employees, civilian and limited commission	53	53.5	50.5	48.5	48.5	50.1	49	51
Average monthly jail population	151	137	156	146	158	161	175	227
Police patrol units, vehicle	57	57	62	61	61	60	69	70
Police patrol units, boats	3	3	3	2	2	2	2	3
(E) RECREATIONAL FACILITIES								
Number of parks	22	26	30	40	40	39	36	36
Park acreage	1,219	1,627	1,724	1,713	1,713	1,644	1,639	1,430
(F) GENERAL ELECTIONS								
Number of registered voters	53,358	52,509	54,982	60,646	65,105	63,261	64,279	54,318
Number of votes cast	41,849	32,960	35,621	33,705	45,847	26,362	33,681	26,118
Percentage voting	78%	63%	65%	56%	70%	42%	52%	48%
(G) PUBLIC EDUCATION								
Elementary	24	27	27	26	26	26	26	25
Middle/Junior High	6	6	6	8	8	6	6	6
High	6	6	6	8	8	8	8	8
Community College	1	1	1	1	1	1	1	1
Alternative	4	4	5	7	7	6	7	8
Special Education	2	1	1	1	1	2	2	2

SOURCE:

County Roads Department, Skagit County
Planning and Community Development, Skagit County
Board of Volunteer Firefighters, State of Washington
Appropriate City Fire Departments
Sheriff's Department, Skagit County
Parks & Recreation Department, Skagit County
Election Department, Skagit County
Education Service District 189

THIS PAGE INTENTIONALLY LEFT BLANK