



Office of State Auditor

ROBERT V. GRAHAM
STATE AUDITOR

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Notice of Filing and Transmittal
March 9, 1990

Notice is hereby given that the attached document is the official post audit examination report of the Island County Combined Special Purpose Districts, Island County, Washington, for the period January 1, 1986 through December 31, 1988.

The report was prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260.

A handwritten signature in cursive script that reads "Robert V. Graham".

ROBERT V. GRAHAM
STATE AUDITOR

Copies transmitted to:

Special Purpose Districts
Harry Ferrier, County Auditor
David F. Thiele, County Prosecuting Attorney
Honorable Ken Eikenberry, Attorney General
Office of State Auditor

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ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS

Island County, Washington

Fifth Examination

January 1, 1986 Thru December 31, 1988

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

The schedules of cash activity, operation of investments and long-term debt (Exhibits A, B and C, respectively) contained in the financial section of this report comprise the financial statements of those special purpose districts of Island County, Washington, listed in the exhibits, for the period January 1, 1986 through December 31, 1988. Our opinion on those financial statements is set forth in the financial section of this report. Our audits were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Because none of the special purpose districts included in this report received more than \$25,000 in direct or indirect federal assistance in any year audited, they are not required to have their federal grants audited. Accordingly, we did not apply the additional audit tests required by federal audit standards and this report is not intended to meet federal audit requirements.

In addition to our evaluation of the districts' compliance with legal requirements that could affect their financial condition, we reviewed their compliance with other applicable laws and regulations as specified in RCW 43.09.260. This review was limited to compliance with bid laws and with the Open Public Meetings Act.

In our opinion, the districts have complied with the laws and regulations we tested. Further, based on our audit, nothing came to our attention to indicate that the districts have not complied with other applicable laws and regulations.



ROBERT V. GRAHAM
STATE AUDITOR

October 20, 1989

restriction is not intended to limit the distribution of this report which, upon acceptance by the districts, is a matter of public record.

A handwritten signature in cursive script that reads "Robert V. Graham". The signature is written in dark ink and is positioned above the printed name and title.

ROBERT V. GRAHAM
STATE AUDITOR

October 20, 1989

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS

Island County, Washington

Fifth Examination

January 1, 1986 Thru December 31, 1988

REPORT ON INTERNAL CONTROL

We have audited the financial statements as listed in the table of contents of the Island County Combined Special Purpose Districts, Island County, Washington, for the period January 1, 1986 through December 31, 1988. Our opinion on those financial statements is presented in our report on financial statements which accompanies this report. As part of our audit, we made a study and evaluation of the internal control systems to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards.

Because the districts did not expend more than \$25,000 annually in federal assistance, it is not required to have its federal grants audited. Accordingly, we did not apply additional federal standards in our study and evaluation of internal control systems and this report is not intended to satisfy federal audit requirements.

Because of inherent limitations in any system of internal accounting controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A number of district accounting procedures are performed externally by officials of Island County. Internal controls over these procedures are the responsibility of the county and are evaluated and reported on as part of our audit of the county. Nearly all of the accounting procedures performed within the districts are the sole responsibility of one person, the district secretary.

Our study and evaluation as described above was more limited than would be necessary to express an opinion on the internal control systems taken as a whole. Accordingly, we do not express an opinion on the internal control systems.

Our study and evaluation of internal controls, our audit of financial statements, and our audit of compliance with laws and regulations disclosed no conditions that we believe to be a material weakness in relation to the system of internal controls taken as a whole.

This report is intended solely for the use of the management of the districts and those federal and state agencies who provided financial assistance. This report should not be used for any other purpose. This

restriction is not intended to limit the distribution of this report which, upon acceptance by the districts, is a matter of public record.

A handwritten signature in cursive script that reads "Robert V. Graham". The signature is written in dark ink and is positioned above the printed name and title.

ROBERT V. GRAHAM
STATE AUDITOR

October 20, 1989

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Island County, Washington
Fifth Examination
January 1, 1986 Thru December 31, 1988

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the schedules of cash activity, operation of investments, and long-term bonded debt (Exhibits A, B and C, respectively) of the various funds of those special purpose districts of Island County, Washington, listed in the exhibits, for the period January 1, 1986 through December 31, 1988. These financial statements are the responsibility of the districts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

As described in the auditor's notes to financial statements, Island County prepares financial statements on behalf of these districts on the basis of accounting prescribed by Washington State statutes and the Budgeting, Accounting and Reporting System (BARS) manual prescribed by the State Auditor. The required financial statements do not present the financial position of the districts and they are not intended to present results of operations in conformity with generally accepted accounting principles.

A substantial portion of the revenues of the parks and recreation districts consists of locally collected charges and fees. It was not practicable to satisfy ourselves with respect to these revenues beyond the amounts recorded by the county as received.

In our opinion, except for the effect, if any, of the matters discussed in the preceding paragraph, and except that the omitted disclosures might influence a user's conclusions about the districts' transactions, the accompanying financial statements present fairly the cash and investment

transactions and the long-term bonded indebtedness of the funds of the listed districts for the period January 1, 1986 through December 31, 1988, on the prescribed basis of accounting.



ROBERT V. GRAHAM
STATE AUDITOR

October 20, 1989

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
SCHEDULE OF CASH ACTIVITY
For The Year Ended December 31, 1987

Exhibit A-2

Description	Cash Balance 1/1/87	Receipts	Investments Sold	Transfers In	Investments Purchased	Transfers Out	Disbursements	Cash Balance 12/31/87
Fire District #1 Expense	23,989.34	61,612.53	0.00	68.51	56.57	0.00	62,957.28	22,548.63
Fire District #2 Expense	15,863.57	218,959.75	1,424,800.00	1,827.46	1,341,833.00	6.28	276,116.24	33,943.95
Fire District #3 Expense	96,397.69	276,551.32	79,000.00	4,794.40	79,000.00	0.00	264,936.25	105,127.15
Fire District #4 Expense	34,917.50	185,636.26	38,000.00	98.32	56,000.00	510.20	118,343.89	3,691.89
Fire District #5 Expense	91,420.83	224,955.93	38,000.00	221.82	38,000.00	0.00	219,574.92	97,822.86
Fire District #6 Expense	13,907.69	291,646.47	1,824,900.00	2,922.38	987,900.00	0.00	283,835.23	222,441.23
Fire District #1 Bond	25,385.00	22,879.96	0.00	21.40	0.00	0.00	28,525.88	26,941.45
Fire District #3 Bond	3,551.78	536.46	0.00	8.00	8.20	4,868.98	0.00	27.36
Fire District #5 Bond	9,149.87	22,326.55	0.00	23.83	0.00	0.00	23,235.88	8,265.25
Fire District #6 Bond	1,282.49	49,360.38	351,100.00	788.11	295,100.00	0.00	46,342.50	61,828.48
Cemetery District #1	20,756.18	41,293.57	0.00	4.50	0.00	0.00	40,784.81	21,278.54
North Whidbey Park & Rec District Maintenance	5,753.15	383,182.44	0.00	0.00	0.00	18,577.11	276,658.19	21,628.29
South Whidbey Park & Rec District Maintenance	1,340.18	3,565.89	0.00	0.00	0.00	1,162.32	2,892.17	1,554.99
North Whidbey Park & Rec District Bond	9,294.17	365,628.18	255,500.00	3,285.11	0.00	0.00	435,337.58	229,941.98
North Whidbey Park & Rec District Construction	0.00	0.00	3.36	0.00	0.00	0.00	0.00	3.98
Diking District #4 Maintenance	15,118.66	8,419.12	147,240.00	0.00	87,000.00	0.00	66,299.68	17,249.18
Drainage District #5 Maintenance	282.91	27,800.00	0.00	0.00	0.00	0.00	8,517.72	18,765.19
Drainage District #6 Maintenance	6,618.99	25,478.44	0.00	0.00	0.00	0.00	22,438.18	9,651.25

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
SCHEDULE OF CASH ACTIVITY
For The Year Ended December 31, 1988

Exhibit A-1

Description	Cash Balance 1/1/88	Receipts	Investments Sold	Transfers In	Investments Purchased	Transfers Out	Disbursements	Cash Balance 12/31/88
Fire District #1 Expense	22,546.53	1,138.26	28,416.59	62,811.73	28,477.15	57,286.22	5,729.29	23,582.54
Fire District #2 Expense	53,942.95	78,566.47	1,865,888.88	222,827.23	1,141,888.88	188,789.83	53,525.52	16,732.12
Fire District #3 Expense	189,197.15	12,363.57	782,888.88	385,788.63	817,688.88	277,884.29	19,436.18	16,325.38
Fire District #4 Expense	3,691.89	1,863.72	139,888.88	187,676.17	133,888.88	93,827.63	4,512.24	29,991.11
Fire District #5 Expense	97,822.86	31,846.72	98,888.88	234,139.27	168,888.88	286,589.28	6,351.19	79,348.34
Fire District #6 Expense	222,441.23	15,684.37	1,863,288.88	289,898.48	1,863,288.88	348,468.98	47,234.77	148,248.25
Fire District #1 Bond	26,841.45	8.88	8.88	28,958.76	8.88	8.88	17,658.88	38,158.21
Fire District #3 Bond	27.36	8.88	8.88	1,889.59	8.88	8.88	8.88	1,836.95
Fire District #5 Bond	8,255.25	4.84	8.88	15,869.69	8.88	8.88	22,418.88	1,729.79
Fire District #6 Bond	61,828.48	585.97	238,888.88	33,261.46	278,888.88	8.88	43,932.58	58,943.23
Seafery District #1	21,278.34	34,793.74	678.81	3,227.95	678.81	38,426.85	5,188.86	15,757.13
North Whidbey Park & Rec District Maintenance	21,628.29	185,588.88	8.88	173,326.58	8.88	134,849.64	158,591.83	87,813.48
South Whidbey Park & Rec District Maintenance	1,654.99	1,496.55	8.88	89,952.69	8.88	29,713.84	8.88	63,398.39
North Whidbey Park & Rec District Bond	229,941.88	149,258.88	67,588.88	214,879.14	8.88	8.88	423,448.88	237,341.82
North Whidbey Park & Rec District Construction	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88
Diking District #4 Maintenance	17,248.18	8.88	18,888.88	349.34	18,888.88	6,938.84	8.88	18,658.68
Drainage District #5 Maintenance	18,765.19	8.88	8.88	8.88	8.88	8.88	9,658.37	9,114.82
Drainage District #6 Maintenance	9,551.25	8.88	8.88	492.28	8.88	166.38	5,768.77	4,287.88

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
 SCHEDULE OF CASH ACTIVITY
 For The Year Ended December 31, 1986

Exhibit A-3

Description	Cash Balance 1/1/86	Receipts	Investments Sold	Transfers In	Investments Purchased	Transfers Out	Disbursements	Cash Balance 12/31/86
Fire District #1 Expense	6,572.11	57,778.49	0.00	0.00	0.00	0.00	40,361.26	27,989.34
Fire District #2 Expense	53,147.26	191,371.63	923,200.00	15.39	972,000.00	0.00	120,971.41	15,063.57
Fire District #3 Expense	34,338.07	254,112.73	136,464.84	2.21	126,733.01	0.00	251,934.16	90,387.68
Fire District #4 Expense	17,842.83	122,586.72	20,000.00	0.00	40,000.00	0.00	85,431.15	34,917.68
Fire District #5 Expense	78,644.77	83,983.48	80,000.00	11.95	80,000.00	0.00	63,219.37	91,428.83
Fire District #6 Expense	46,557.25	326,135.54	192,000.00	0.00	389,000.00	0.00	241,795.10	13,987.69
Fire District #1 Bond	21,912.26	25,192.74	0.00	0.00	0.00	0.00	21,300.00	25,305.00
Fire District #3 Bond	2,881.22	962.65	16,194.16	0.00	0.00	0.00	15,586.25	3,551.79
Fire District #5 Bond	8,439.91	14,834.96	0.00	0.00	0.00	0.00	13,325.00	9,149.87
Fire District #6 Bond	7,653.72	60,771.27	294,300.00	0.00	312,700.00	0.00	40,742.50	1,282.49
Cemetery District #1	11,624.15	35,191.91	0.00	98.21	0.00	0.00	26,150.09	28,756.18
North Whidbey Park & Rec District Maintenance	13,964.95	285,795.17	0.00	0.00	0.00	0.00	294,006.97	5,753.15
South Whidbey Park & Rec District Maintenance	2,363.18	0.00	0.00	0.00	0.00	0.00	723.00	1,340.18
North Whidbey Park & Rec District Bond	219,141.95	372,862.22	497,940.00	0.00	637,040.00	0.00	432,918.00	9,294.17
North Whidbey Park & Rec District Construction	183,147.45	1,721.37	183,147.00	0.00	183,147.00	0.00	184,869.32	0.00
Diking District #4 Maintenance	8,221.88	51,299.13	200,000.00	0.00	228,000.00	0.00	24,401.40	15,118.56
Drainage District #5 Maintenance	282.91	0.00	0.00	0.00	0.00	0.00	0.00	282.91
Drainage District #6 Maintenance	2,562.47	24,339.73	0.00	0.00	0.00	0.00	20,333.21	6,518.99

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
SCHEDULE OF OPERATION OF INVESTMENTS
For The Year Ended December 31, 1988

Exhibit B-1

Description	Investment	Acquired	Liquidated	Investment
	Balance			Balance
	1/1/88			12/31/88
Fire District #1 Expense	5,059.57	28,477.14	28,416.59	5,119.14
Fire District #2 Expense	98,000.00	1,141,000.00	1,265,000.00	156,000.00
Fire District #3 Expense	0.00	317,000.00	732,000.00	115,000.00
Fire District #4 Expense	56,000.00	133,000.00	139,000.00	56,000.00
Fire District #5 Expense	0.00	160,000.00	98,000.00	70,000.00
Fire District #6 Expense	0.00	1,063,200.00	1,063,200.00	0.00
Fire District #1 Bond	0.00	0.00	0.00	0.00
Fire District #3 Bond	0.00	0.00	0.00	0.00
Fire District #5 Bond	0.00	0.00	0.00	0.00
Fire District #6 Bond	0.00	230,000.00	230,000.00	0.00
Cemetery District #1	678.81	678.81	678.81	678.81
North Whidbey Park & Rec District Maintenance	0.00	0.00	0.00	0.00
South Whidbey Park & Rec District Maintenance	0.00	0.00	0.00	0.00
North Whidbey Park & Rec District Bond	1,512,339.45	0.00	67,500.00	1,544,639.45
North Whidbey Park & Rec District Construction	0.00	0.00	0.00	0.00
Diking District #4 Maintenance	0.00	10,000.00	10,000.00	0.00
Drainage District #5 Maintenance	0.00	0.00	0.00	0.00
Drainage District #6 Maintenance	0.00	0.00	0.00	0.00

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
SCHEDULE OF OPERATION OF INVESTMENTS
For The Year Ended December 31, 1987

Exhibit B-2

Description	Investment		Liquidated	Investment	
	Balance	Acquired		Balance	
	1/1/87			12/31/87	
Fire District #1 Expense	5,822.00	58.57	0.00	5,359.57	
Fire District #2 Expense	170,200.00	1,341,000.00	1,404,000.00	98,200.00	
Fire District #3 Expense	0.00	79,000.00	79,000.00	0.00	
Fire District #4 Expense	38,220.00	56,000.00	39,000.00	56,000.00	
Fire District #5 Expense	0.00	30,000.00	30,000.00	0.00	
Fire District #6 Expense	117,200.00	967,900.00	1,024,900.00	0.00	
Fire District #1 Bond	0.00	0.00	0.00	0.00	
Fire District #3 Bond	0.00	0.00	0.00	0.00	
Fire District #5 Bond	0.00	0.00	0.00	0.00	
Fire District #6 Bond	56,000.00	295,100.00	351,100.00	0.00	
Cemetery District #1	679.31	0.00	0.00	679.31	
North Whidbey Park & Rec					
District Maintenance	0.00	0.00	0.00	0.00	
South Whidbey Park & Rec					
District Maintenance	0.00	0.00	0.00	0.00	
North Whidbey Park & Rec					
District Bond	1,099,939.45	0.00	206,500.00	1,612,339.45	
North Whidbey Park & Rec					
District Construction	0.00	0.00	0.00	0.00	
Diking District #4 Maintenance	60,000.00	87,000.00	147,000.00	0.00	
Drainage District #5 Maintenance	0.00	0.00	0.00	0.00	
Drainage District #6 Maintenance	0.00	0.00	0.00	0.00	

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
 SCHEDULE OF OPERATION OF INVESTMENTS
 For The Year Ended December 31, 1986

Exhibit B-3

Description	Investment Balance 1/1/86	Acquired	Liquidated	Investment Balance 12/31/86
Fire District #1 Expense	5,388.00	0.00	0.00	5,388.00
Fire District #2 Expense	124,800.00	972,000.00	923,000.00	173,800.00
Fire District #3 Expense	53,726.83	126,739.81	188,464.24	0.00
Fire District #4 Expense	18,000.00	40,000.00	20,000.00	38,000.00
Fire District #5 Expense	0.00	20,000.00	20,000.00	0.00
Fire District #6 Expense	93,000.00	389,000.00	192,000.00	290,000.00
Fire District #1 Bond	0.00	0.00	0.00	0.00
Fire District #3 Bond	16,194.16	0.00	16,194.16	0.00
Fire District #5 Bond	0.00	0.00	0.00	0.00
Fire District #6 Bond	37,600.00	312,700.00	294,300.00	56,000.00
Cemetery District #1	678.91	0.00	0.00	678.91
North Whidbey Park & Rec District Maintenance	1,746,939.45	637,848.00	487,948.00	1,998,939.45
South Whidbey Park & Rec District Maintenance	0.00	0.00	0.00	0.00
North Whidbey Park & Rec District Bond	0.00	0.00	0.00	0.00
North Whidbey Park & Rec District Construction	0.00	183,147.00	183,147.00	0.00
Zikino District #4 Maintenance	48,000.00	228,000.00	288,000.00	68,000.00
Drainage District #5 Maintenance	0.00	0.00	0.00	0.00
Drainage District #6 Maintenance	0.00	0.00	0.00	0.00

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 1988

Exhibit C-1

Description	Purpose	Amount of Original Issue	Date of Issue	Date of Final Maturity	Balance Outstanding 1/1/88	Amount Issued	Amount Redeemed	Balance Outstanding 12/31/88
Fire District #1	G.O. Bonds	130,000.00	7/88	7/98	60,200.00	0.00	15,300.00	45,000.00
Fire District #1	Loan	50,000.00	2/84	6/87	14,410.00	0.00	9,510.00	4,900.00
Fire District #2	Loan	60,000.00	1/88	1/94	0.00	60,000.00	0.00	60,000.00
Fire District #2	Loan	46,007.00	12/84	12/89	6,007.00	0.00	6,007.00	0.00
Fire District #3	Loan	125,000.00	12/88	12/93	0.00	125,000.00	0.00	125,000.00
Fire District #4	Loan	40,000.00	6/84	8/88	11,059.00	0.00	11,069.00	0.00
Fire District #5	G.O. Bonds	150,000.00	12/85	12/95	140,000.00	0.00	10,000.00	130,000.00
Fire District #5	Loan	135,007.00	2/87	11/91	103,007.00	0.00	27,000.00	31,007.00
Fire District #6	G.O. Bonds	320,000.00	4/79	10/89	85,000.00	0.00	40,000.00	45,000.00
North Whidbey Park & Recreation Dist	G.O. Bonds	1,700,000.00	6/81	6/81	1,550,000.00	0.00	45,000.00	1,405,000.00
North Whidbey Park & Recreation Dist	G.O. Bonds Refunding	1,075,000.00	8/85	6/81	1,725,000.00	0.00	70,000.00	1,555,000.00
Biking District #4	Special Assessment	25,500.00	10/21	10/36	21,700.00	0.00	0.00	21,700.00

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 1987

Exhibit C-2

Description	Purpose	Amount of Original Issue	Date of Issue	Date of Final Maturity	Balance Outstanding 1/1/87	Amount Issued	Amount Redeemed	Balance Outstanding 12/31/87
Fire District #1	G.O. Bonds	130,000.00	7/88	7/98	75,000.00	0.00	15,000.00	60,000.00
Fire District #1	Loan	50,000.00	2/84	6/87	23,511.00	0.00	9,192.00	14,419.00
Fire District #2	Loan	46,007.00	12/84	12/89	16,057.00	0.00	10,000.00	6,057.00
Fire District #3	Loan	77,417.00	4/84	11/87	7,741.00	0.00	7,741.00	0.00
Fire District #4	Loan	40,000.00	6/84	8/88	21,069.00	0.00	10,000.00	11,069.00
Fire District #5	G.O. Bonds	150,000.00	12/85	12/95	150,000.00	0.00	10,000.00	140,000.00
Fire District #5	Loan	135,007.00	2/87	11/91	0.00	135,007.00	27,000.00	108,007.00
Fire District #6	G.O. Bonds	320,000.00	4/79	10/89	125,000.00	0.00	40,000.00	85,000.00
North Whidbey Park & Recreation Dist	G.O. Bonds	1,700,000.00	6/81	6/81	1,570,000.00	0.00	40,000.00	1,530,000.00
North Whidbey Park & Recreation Dist	G.O. Bonds Refunding	1,075,000.00	8/85	6/81	1,795,000.00	0.00	70,000.00	1,725,000.00
Biking District #4	Special Assessment	25,500.00	10/21	10/36	21,700.00	0.00	0.00	21,700.00

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 1986

Exhibit C-3

Description	Purpose	Amount of Original Issue	Date of Issue	Date of Final Maturity	Balance Outstanding 1/1/86	Amount Issued	Amount Redeemed	Balance Outstanding 12/31/86
Fire District #1	G.O. Bonds	138,888.00	7/80	7/98	98,888.00	0.00	15,888.00	75,300.00
Fire District #1	Loan	58,888.00	2/84	6/89	32,495.00	0.00	3,284.00	27,611.00
Fire District #2	Loan	45,887.00	12/84	12/89	25,887.00	3.00	18,888.00	16,887.00
Fire District #3	G.O. Bonds	186,888.00	1/76	1/86	15,888.00	0.00	15,888.00	0.00
Fire District #3	Loan	77,417.00	4/82	11/97	23,186.00	0.00	15,365.00	7,741.00
Fire District #4	Loan	48,888.00	6/84	8/88	38,623.00	0.00	9,554.00	21,869.00
Fire District #5	G.O. Bonds	158,888.00	12/85	12/95	158,888.00	0.00	0.00	158,888.00
Fire District #6	G.O. Bonds	328,888.00	4/79	10/89	165,888.00	0.00	48,888.00	125,888.00
North Whidbey Park & Recreation Dist	G.O. Bonds	1,788,888.00	6/81	6/81	1,618,888.00	0.00	48,888.00	1,578,888.00
North Whidbey Park & Recreation Dist	G.O. Bonds Refunding	1,875,888.00	8/85	6/81	1,865,888.00	0.00	78,888.00	1,795,888.00
Biking District #4	Special Assessment	25,588.00	10/21	10/36	21,788.00	0.00	0.00	21,788.00

THE ACCOMPANYING AUDITOR'S NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
AUDITOR'S NOTES TO FINANCIAL STATEMENTS
January 1, 1986 Thru December 31, 1988

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the special purpose districts conform to generally accepted accounting principles as applicable to governmental units in most respects. The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles:

a. Basis Of Accounting

Accounting records for the districts are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 RCW. The districts use the revenue and expenditure classifications contained in the Budgeting, Accounting and Reporting System (BARS) prescribed by the State Auditor. Revenues are recognized only when received in cash and expenditures are recognized when warrants are issued.

b. Duties Of Island County

As required by statute, Island County serves as the districts' treasurer, issues the districts' warrants, and prepares cash receipt and disbursement reports of the districts' financial activity. Balance sheets, statements of changes in fund balance and notes to financial statements are not required for these districts, and therefore are not prepared by Island County or by district officials.

c. Investments

As required by statute, the county is the custodian for all the districts' investments. All investments of the districts' funds are in the form of TCDs or passbook accounts with banks and savings and loan associations or direct obligations of the U.S. Government pursuant to the requirements of Washington State law in Chapter 39.58 RCW. Investments are stated at cost.

d. Fixed Assets

Fixed assets are expensed when purchased. The districts have not established a fixed assets account group.

e. Long-Term Debt

The districts have outstanding general obligation bonds that have been approved by the voters. The bonds are supported by property taxes levied by the county for the benefit of the districts.

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
DIRECTORY OF OFFICIALS

Addendum A

Fire District No. 1:

Esther Karamanos, Secretary
764 W. Papa Jack's Road
Camano Island, WA 98292

Albert Sandberg, Commissioner
Mel Bloom, Commissioner
Steve Walle, Commissioner

Fire District No. 2:

Janet Buehn, Secretary
844 W. Powell Road
Oak Harbor, WA 98277

Kenneth Buehn, Commissioner
Michael A. Merrill, Commissioner
Paul L. Koontz, Commissioner

Fire District No. 3:

Sue Samuelson, Secretary
2874 E. Verlane Street
Clinton, WA 98236

Tom Saunders, Commissioner
Gary R. Gabelein, Commissioner
Kenneth G. McClellan, Commissioner

Fire District No. 4:

Inga Bast, Secretary
809 W. South Rocky Pt. Dr.
Camano Island, WA 98292

George D. Wyse, Commissioner
Inga Bast, Commissioner
Tom Shaughnessy, Commissioner

Drainage District No. 5:

Don Emerson, Secretary
324 E. Mackenzie Dr.
Camano Island, WA 98292

Don Emerson, Commissioner
Myron Leque, Commissioner
A. Gunnard Nelson, Commissioner

Fire District No. 5:

Delane Ryan, Secretary
P.O. Box 787
Coupeville, WA 98239

Paul Messner, Commissioner
J. Mike Syreen, Commissioner
Gerald Helm, Commissioner

Fire District No. 6:

Elizabeth Tarbet, Secretary
109 N. Cove Rd.
Camano Island, WA 98292

Norman W. McConnaughey, Commissioner
Richard L. Moe, Commissioner
John L. Hammons, Commissioner

Cemetery District No. 1:

Joan Stuart, Secretary
3413 N 250th E.
Oak Harbor, WA 98277

Jean Sieffert, Commissioner
Joseph A. Cerullo, Commissioner
Philip Nienhuis, Commissioner

Diking District No. 4:

(In Care of County Auditor)
Harry Ferrier
P.O. Box 697
Coupeville, WA 98239

The Island County Commissioners are
the commissioners of this district.

North Whidbey Park & Recreation
District:

Bob Fraser, Secretary
2299 20th NW
Oak Harbor, WA 98277

Dennis Zylstra, Commissioner
Daniel Cuccia, Commissioner
Roy Peterson, Commissioner
Harvey Prosser, Commissioner

ISLAND COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
DIRECTORY OF OFFICIALS
(Continued)

Addendum A

Drainage District No. 6:

Robert Whitlow, Secretary
1012 S. Fort Casey Rd.
Coupeville, WA 98239

Robert Larson, Commissioner
Ernest Spitz, Commissioner
Jean Davis, Commissioner
Meret Highland, Commissioner

South Whidbey Park & Recreation

District:

Nancy J. Tomaso, Secretary
3900 E. Log Cabin Road
Clinton, WA 98236

Arland Anderson, Commissioner
Ken Bloom, Commissioner
Jim Porter, Commissioner

FACTS ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) is headed by an elected State Auditor. SAO is part of the executive branch of state government established by the state's Constitution which provides that the state Auditor shall be the auditor of all public accounts. The Auditor performs an extensive fiscal-legal-compliance audit applying governmental standards for audit of fraud, abuse and negligence. State laws create two audit divisions within SAO. Both divisions are headed by Chief Examiners appointed by the State Auditor.

Division of Departmental Audits

The Division of Departmental Audits (DDA) is responsible for auditing all state agencies, boards and commissions. This also includes all public colleges and universities.

DDA also conducts an annual audit of the statewide combined financial statements prepared by the Office of Financial Management and performs the audit to meet the requirements of the congressional single audit act of 1984. In addition to its audit responsibilities, the division administers the Employee Disclosure or "Whistleblower Act."

Division of Municipal Corporations

The Division of Municipal Corporations (DMC) is responsible for auditing local governments. There are more than 2,400 local governments in Washington State. These include cities, counties, schools, ports, and various types of special purpose districts. Depending on their size and other factors, audits are conducted every one, two, or three years.

DMC also prescribes the accounting systems used by most local governments and compiles statistical information for the state legislature.

Directory of Key Officials

<i>State Auditor</i>	<i>Robert V. Graham, CIA</i>
<i>Assistant State Auditor</i>	<i>Jack Heinricher, CIA/CISA</i>
<i>Deputy State Auditor</i>	<i>Linda Sheler, CPA</i>
<i>Chief Examiner - DDA</i>	<i>Keith D. Lougheed</i>
<i>Chief Examiner - DMC</i>	<i>Lee Reaves, CISA</i>
<i>Deputy State Auditor - Administration</i>	<i>Timothy K. Schoth</i>