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INDEPENDENT AUDITOR'S REPORT

May 3, 2002

The Honorable County Executive and Members
of the Pierce County Council
Tacoma, Washington

We have audited the accompanying general purpose financial statements of Pierce County, Washington, as of and for the year ended December 31, 2001, 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 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.

Our audit was performed pursuant to the *Revised Code of Washington* 43.09.260, under which a full report on the results of this audit will be issued. This report may include findings and recommendations on compliance matters, internal control procedures, and questionable costs or contingencies that would not be material in relation to the general purpose financial statements taken as a whole.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Pierce County, Washington, as of December 31, 2001, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Pierce County, Washington. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The other data included in this report, designated as the statistical section in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR





Combined Balance Sheet
All Fund Types, Account Groups
And Discretely Presented Component Units
 At December 31, 2001
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	Governmental			
	Fund Types			
	General	Special Revenue	Debt Service	Capital Project
ASSETS AND OTHER DEBITS				
Current Assets				
Cash In Treasury Pool	\$ 31,452,928	\$ 28,995,678	\$ 13,234	\$ 41,520,994
Cash With Trustee	-	577,620	-	1,891,212
Investments	-	27,720,308	310,000	12,300,000
Assessments Receivable	-	19,773	16,764	-
Taxes Receivable, Delinquent	4,724,794	2,507,756	-	-
Accounts Receivable, Net	2,259,325	5,502,414	-	5,364
Accrued Interest And Penalties	-	161,165	1,789	-
Due From Other Funds	322,233	4,418,291	727,317	2,771,289
Due From Primary Government	-	-	-	-
Due From Other Governments	3,076,182	13,240,827	-	3,281,672
Interfund Loans Receivable	918,311	-	-	-
Inventory, At Cost	244,750	92,008	-	-
Contracts Receivable	-	-	-	-
Prepaid Items	249,942	-	-	-
Total Current Assets	43,248,465	83,235,840	1,069,104	61,770,531
Restricted Assets				
Cash In Treasury Pool	-	-	-	-
Cash With Trustee	-	-	-	-
Investments	-	-	-	-
Accrued Interest And Penalties	-	-	-	-
Assessments Receivable, Current	-	-	-	-
Assessments Receivable, Deferred	-	-	-	-
Due From Other Government	-	-	-	-
Advances To Other Funds	-	-	-	-
Contracts Receivable	-	-	-	-
Landfill Post-Closure Charges	-	-	-	-
Total Restricted Assets	-	-	-	-
Noncurrent Assets And Deferred Charges				
Advances To Other Funds	466,274	-	-	-
Contracts Receivable	-	-	-	-
Unamortized Debt Expense	-	-	-	-
Total Noncurrent Assets And Deferred Charges	466,274	-	-	-
Property, Plant And Equipment				
Plant And Equipment	-	-	-	-
Accumulated Depreciation	-	-	-	-
Land And Land Rights	-	-	-	-
Construction Work In Progress	-	-	-	-
Avigation Rights	-	-	-	-
Equity Interest In Joint Venture	-	-	-	-
Component Unit General Fixed Assets	-	-	-	-
Total Property, Plant And Equipment, Net	-	-	-	-
Other Debits				
Amounts Available In Debt Service Funds	-	-	-	-
Resources To Be Provided In Future Years:				
For General Obligation Bonds	-	-	-	-
For Compensated Absences Payable	-	-	-	-
For Other General Obligations	-	-	-	-
Total Other Debits	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 43,714,739	\$ 83,235,840	\$ 1,069,104	\$ 61,770,531

See Accompanying Notes To Financial Statements



**Combined Balance Sheet
All Fund Types, Account Groups
And Discretely Presented Component Units**

At December 31, 2001

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Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Primary Government	Component Units	Total Reporting Entity
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)		(Memorandum Only)
\$ 5,052,421	\$ 30,664,622	\$ 111,265,415	\$ -	\$ -	\$ 248,965,292	\$ 2,378,928	\$ 251,344,220
367,835	-	5,623,740	-	-	8,460,407	-	8,460,407
19,936,053	-	663,178,374	-	-	723,444,735	264,301	723,709,036
-	-	4,094,435	-	-	4,130,972	-	4,130,972
-	-	31,484,222	-	-	38,716,772	-	38,716,772
3,431,799	96,405	323,264	-	-	11,618,571	79,816	11,698,387
21,739	-	521	-	-	185,214	11,663	196,877
15,736	2,209,674	619,359	-	-	11,083,899	-	11,083,899
-	-	-	-	-	-	4,750	4,750
386,251	19,323	46,359	-	-	20,050,614	14,194	20,064,808
-	-	-	-	-	918,311	-	918,311
559,803	1,356,929	20,572	-	-	2,274,062	-	2,274,062
-	-	197,202	-	-	197,202	1,200,000	1,397,202
-	288,443	-	-	-	538,385	14,063	552,448
<u>29,771,637</u>	<u>34,635,396</u>	<u>816,853,463</u>	<u>-</u>	<u>-</u>	<u>1,070,584,436</u>	<u>3,967,715</u>	<u>1,074,552,151</u>
2,296,777	-	-	-	-	2,296,777	-	2,296,777
229,295	-	-	-	-	229,295	-	229,295
41,920,342	-	-	-	-	41,920,342	-	41,920,342
1,572,791	-	-	-	-	1,572,791	-	1,572,791
2,002,330	-	-	-	-	2,002,330	-	2,002,330
20,619,580	-	-	-	-	20,619,580	-	20,619,580
39,295	-	-	-	-	39,295	-	39,295
322,072	-	-	-	-	322,072	-	322,072
4,063,083	-	-	-	-	4,063,083	-	4,063,083
2,920,100	-	-	-	-	2,920,100	-	2,920,100
<u>75,985,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,985,665</u>	<u>-</u>	<u>75,985,665</u>
-	626,700	-	-	-	1,092,974	-	1,092,974
-	-	-	-	-	-	13,068,325	13,068,325
55,566	-	-	-	-	55,566	-	55,566
<u>55,566</u>	<u>626,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,148,540</u>	<u>13,068,325</u>	<u>14,216,865</u>
396,298,076	43,266,609	-	115,448,328	-	555,013,013	13,567	555,026,580
(117,945,121)	(22,469,692)	-	-	-	(140,414,813)	(13,567)	(140,428,380)
48,363,347	211,440	-	34,973,223	-	83,548,010	-	83,548,010
27,091,072	997,872	-	51,338,206	-	79,427,150	-	79,427,150
69,636	-	-	-	-	69,636	-	69,636
-	-	-	705,500	-	705,500	-	705,500
-	-	-	-	-	-	607,003	607,003
<u>353,877,010</u>	<u>22,006,229</u>	<u>-</u>	<u>202,465,257</u>	<u>-</u>	<u>578,348,496</u>	<u>607,003</u>	<u>578,955,499</u>
-	-	-	-	1,059,545	1,059,545	-	1,059,545
-	-	-	-	57,790,455	57,790,455	-	57,790,455
-	-	-	-	12,366,762	12,366,762	-	12,366,762
-	-	-	-	286,542	286,542	-	286,542
-	-	-	-	71,503,304	71,503,304	-	71,503,304
<u>\$ 459,689,878</u>	<u>\$ 57,268,325</u>	<u>\$ 816,853,463</u>	<u>\$ 202,465,257</u>	<u>\$ 71,503,304</u>	<u>\$ 1,797,570,441</u>	<u>\$ 17,643,043</u>	<u>\$ 1,815,213,484</u>



Combined Balance Sheet
All Fund Types, Account Groups
And Discretely Presented Component Units
 At December 31, 2001
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	Governmental			
	Fund Types			
	General	Special Revenue	Debt Service	Capital Project
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities				
Current Liabilities				
Warrants Payable	\$ -	\$ -	\$ -	\$ -
Vouchers And Accounts Payable	3,138,747	14,497,579	-	4,942,995
Due To Other Funds	1,819,127	7,431,004	-	1,368,321
Due To Component Unit	-	4,750	-	-
Due To Other Governments	88,638	6,712,039	-	-
Due To Note Holders	-	-	-	-
Accrued Wages And Benefits Payable	3,629,666	854,201	-	68,763
Other Accrued Liabilities	-	-	-	-
Estimated Claim Settlements	-	-	-	-
Deferred Revenues, Taxes And Assessments	6,953,672	3,729,560	9,559	449,983
Interfund Loans Payable	-	910,000	-	-
Customer Deposits	25,800	-	-	-
Custodial Accounts	-	-	-	-
Due To Special Districts And Other Governments	-	-	-	-
Total Current Liabilities	15,655,650	34,139,133	9,559	6,830,062
Liabilities Payable From Restricted Assets				
Vouchers And Accounts Payable	-	-	-	-
Due To Other Funds	-	-	-	-
Current Portion Of Bonds Payable	-	-	-	-
Accrued Interest Payable	-	-	-	-
Deferred Revenues	-	-	-	-
Other Accrued Liabilities	-	-	-	-
Noncurrent Portion Of Bonds Payable, Net Of Premium Or Discount	-	-	-	-
Landfill Insurance And Post-Closure Liabilities	-	-	-	-
Total Liabilities Payable From Restricted Assets	-	-	-	-
Long-Term Liabilities				
Advances From Other Funds	-	397,000	-	626,700
Bonds Payable, Net Of Premium Or Discount	-	-	-	-
Contracts And Loans Payable	-	-	-	-
Compensated Absences Payable	-	-	-	-
Total Long-Term Liabilities	-	397,000	-	626,700
Total Liabilities	15,655,650	34,536,133	9,559	7,456,762
Fund Equity And Other Credits				
Contributed Capital	-	-	-	-
Investment In General Fixed Assets	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balances:				
Reserved	1,451,035	2,209,474	1,059,545	55,207,981
Unreserved:				
Designated In 2002 Appropriations	5,630,000	17,543,330	-	-
Undesignated	20,978,054	28,946,903	-	(894,212)
Total Fund Equity And Other Credits	28,059,089	48,699,707	1,059,545	54,313,769
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 43,714,739	\$ 83,235,840	\$ 1,069,104	\$ 61,770,531

See Accompanying Notes To Financial Statements



**Combined Balance Sheet
All Fund Types, Account Groups
And Discretely Presented Component Units**

At December 31, 2001

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Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Primary Government	Component Units	Total Reporting Entity
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)		(Memorandum Only)
\$ -	\$ -	\$ 35,692,961	\$ -	\$ -	\$ 35,692,961	\$ -	\$ 35,692,961
2,576,104	2,851,058	1,060,325	-	-	29,066,808	178,265	29,245,073
331,831	148,425	187	-	-	11,098,895	-	11,098,895
-	-	-	-	-	4,750	-	4,750
185,234	5,698	-	-	-	6,991,609	19,500	7,011,109
-	-	466,359	-	-	466,359	-	466,359
745,075	1,506,981	1,759	-	-	6,806,445	7,514	6,813,959
584,434	-	-	-	-	584,434	30,595	615,029
-	10,380,286	-	-	-	10,380,286	-	10,380,286
-	26,124	-	-	-	11,168,898	-	11,168,898
8,311	-	-	-	-	918,311	-	918,311
-	-	-	-	-	25,800	-	25,800
-	-	24,725,435	-	-	24,725,435	-	24,725,435
-	-	749,080,652	-	-	749,080,652	-	749,080,652
<u>4,430,989</u>	<u>14,918,572</u>	<u>811,027,678</u>	<u>-</u>	<u>-</u>	<u>887,011,643</u>	<u>235,874</u>	<u>887,247,517</u>
29,865	-	-	-	-	29,865	-	29,865
4,417	-	-	-	-	4,417	-	4,417
2,205,000	-	-	-	-	2,205,000	-	2,205,000
1,017,479	-	-	-	-	1,017,479	-	1,017,479
208,849	-	-	-	-	208,849	-	208,849
281,635	-	-	-	-	281,635	-	281,635
33,202,663	-	-	-	-	33,202,663	-	33,202,663
9,234,980	-	-	-	-	9,234,980	-	9,234,980
<u>46,184,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,184,888</u>	<u>-</u>	<u>46,184,888</u>
373,274	-	-	-	-	1,396,974	-	1,396,974
-	-	-	-	58,850,000	58,850,000	-	58,850,000
1,852,340	-	-	-	286,542	2,138,882	-	2,138,882
-	-	-	-	12,366,762	12,366,762	-	12,366,762
<u>2,225,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,503,304</u>	<u>74,752,618</u>	<u>-</u>	<u>74,752,618</u>
<u>52,841,491</u>	<u>14,918,572</u>	<u>811,027,678</u>	<u>-</u>	<u>71,503,304</u>	<u>1,007,949,149</u>	<u>235,874</u>	<u>1,008,185,023</u>
342,738,533	19,348,453	-	-	-	362,086,986	-	362,086,986
-	-	-	202,465,257	-	202,465,257	607,003	203,072,260
64,109,854	23,001,300	-	-	-	87,111,154	16,377,871	103,489,025
-	-	5,825,785	-	-	65,753,820	-	65,753,820
-	-	-	-	-	23,173,330	-	23,173,330
-	-	-	-	-	49,030,745	422,295	49,453,040
<u>406,848,387</u>	<u>42,349,753</u>	<u>5,825,785</u>	<u>202,465,257</u>	<u>-</u>	<u>789,621,292</u>	<u>17,407,169</u>	<u>807,028,461</u>
<u>\$ 459,689,878</u>	<u>\$ 57,268,325</u>	<u>\$ 816,853,463</u>	<u>\$ 202,465,257</u>	<u>\$ 71,503,304</u>	<u>\$ 1,797,570,441</u>	<u>\$ 17,643,043</u>	<u>\$ 1,815,213,484</u>



Combined Statement Of Revenues, Expenditures And Changes In Fund Balances
All Governmental Fund Types, Expendable Trust Funds
And Discretely Presented Component Unit
 For The Year Ended December 31, 2001

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	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
REVENUES				
Taxes	\$ 122,504,573	\$ 42,352,941	\$ -	\$ 4,914,490
Special Assessments	-	-	12,476	-
Licenses And Permits	5,471,682	59,307	-	-
Intergovernmental Revenues	38,507,078	129,718,432	-	7,685,133
Charges For Services	26,841,333	17,146,449	-	1,544,202
Fines And Forfeits	4,602,866	152,997	-	-
Interest And Penalties	10,801,640	1,288,471	59,161	1,207,511
Miscellaneous	1,597,872	705,127	291,370	26,400
TOTAL REVENUES	210,327,044	191,423,724	363,007	15,377,736
EXPENDITURES				
Current:				
General Government	28,116,028	3,431,596	-	-
Public Safety	92,535,280	4,019,972	-	-
Physical Environment	12,944,523	19,428,734	-	-
Legal And Judicial	51,699,432	-	-	-
Transportation	-	35,977,046	-	-
Economic Environment	1,011,493	15,447,474	-	-
Mental And Physical Health	3,625,697	106,829,315	-	-
Culture And Recreation	6,535,126	749,700	-	-
Capital Projects	-	-	-	43,496,627
Debt Service:				
Principal Retirement	-	-	2,305,000	-
Interest And Fiscal Charges	-	-	2,797,766	60,418
TOTAL EXPENDITURES	196,467,579	185,883,837	5,102,766	43,557,045
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,859,465	5,539,887	(4,739,759)	(28,179,309)
OTHER FINANCING SOURCES (USES)				
Sale Of Fixed Assets	275,859	236,180	-	-
Operating Transfers In	593,690	4,905,823	3,620,323	21,821,096
Operating Transfers Out	(12,952,674)	(17,285,005)	-	(1,652,253)
TOTAL OTHER FINANCING SOURCES (USES)	(12,083,125)	(12,143,002)	3,620,323	20,168,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	1,776,340	(6,603,115)	(1,119,436)	(8,010,466)
FUND BALANCES - Beginning Of Year	26,785,870	55,693,996	2,047,280	62,455,936
Residual Equity Transfers In	-	154,553	131,701	-
Residual Equity Transfers Out	(609,864)	(584,792)	-	(131,701)
Change In Reserves	106,743	39,065	-	-
FUND BALANCES - End Of Year	\$ 28,059,089	\$ 48,699,707	\$ 1,059,545	\$ 54,313,769

See Accompanying Notes To Financial Statements



Combined Statement Of Revenues, Expenditures And Changes In Fund Balances
All Governmental Fund Types, Expendable Trust Funds
And Discretely Presented Component Unit
 For The Year Ended December 31, 2001

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Fiduciary Fund Type Expendable Trust	Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
\$ -	\$ 169,772,004	\$ -	\$ 169,772,004
-	12,476	-	12,476
-	5,530,989	-	5,530,989
-	175,910,643	-	175,910,643
1,670,880	47,202,864	253,073	47,455,937
-	4,755,863	-	4,755,863
206,152	13,562,935	-	13,562,935
141,846	2,762,615	643,782	3,406,397
<u>2,018,878</u>	<u>419,510,389</u>	<u>896,855</u>	<u>420,407,244</u>
634,387	32,182,011	-	32,182,011
533,268	97,088,520	-	97,088,520
16,125	32,389,382	-	32,389,382
-	51,699,432	-	51,699,432
-	35,977,046	-	35,977,046
-	16,458,967	-	16,458,967
-	110,455,012	-	110,455,012
708,379	7,993,205	875,896	8,869,101
-	43,496,627	-	43,496,627
-	2,305,000	-	2,305,000
-	2,858,184	-	2,858,184
<u>1,892,159</u>	<u>432,903,386</u>	<u>875,896</u>	<u>433,779,282</u>
<u>126,719</u>	<u>(13,392,997)</u>	<u>20,959</u>	<u>(13,372,038)</u>
-	512,039	-	512,039
40,000	30,980,932	-	30,980,932
(22,829)	(31,912,761)	-	(31,912,761)
<u>17,171</u>	<u>(419,790)</u>	<u>-</u>	<u>(419,790)</u>
143,890	(13,812,787)	20,959	(13,791,828)
5,682,946	152,666,028	401,336	153,067,364
-	286,254	-	286,254
-	(1,326,357)	-	(1,326,357)
(1,051)	144,757	-	144,757
<u>\$ 5,825,785</u>	<u>\$ 137,957,895</u>	<u>\$ 422,295</u>	<u>\$ 138,380,190</u>

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**Combined Statement Of Revenues, Expenditures And
Changes In Fund Balances - Budget (GAAP Basis) And Actual
General, Special Revenue, Debt Service And Capital Project Funds**

For The Year Ended December 31, 2001

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	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$ 123,252,040	\$ 122,504,573	\$ (747,467)
Special Assessments	-	-	-
Licenses And Permits	5,289,990	5,471,682	181,692
Intergovernmental Revenues	38,673,097	38,507,078	(166,019)
Charges For Services	27,150,379	26,841,333	(309,046)
Fines And Forfeits	4,230,040	4,602,866	372,826
Interest And Penalties	9,540,000	10,801,640	1,261,640
Miscellaneous	1,571,717	1,597,872	26,155
TOTAL REVENUES	209,707,263	210,327,044	619,781
EXPENDITURES			
Current:			
General Government	28,674,320	28,116,028	558,292
Public Safety	93,789,669	92,535,280	1,254,389
Physical Environment	13,145,596	12,944,523	201,073
Legal And Judicial	52,444,608	51,699,432	745,176
Transportation	-	-	-
Economic Environment	1,145,900	1,011,493	134,407
Mental And Physical Health	3,668,160	3,625,697	42,463
Culture And Recreation	6,679,640	6,535,126	144,514
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest And Fiscal Charges	-	-	-
TOTAL EXPENDITURES	199,547,893	196,467,579	3,080,314
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,159,370	13,859,465	3,700,095
OTHER FINANCING SOURCES (USES)			
Sales Of Fixed Assets	133,000	275,859	142,859
Operating Transfers In	593,690	593,690	-
Operating Transfers Out	(13,453,770)	(12,952,674)	501,096
TOTAL OTHER FINANCING SOURCES (USES)	(12,727,080)	(12,083,125)	643,955
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(2,567,710)	1,776,340	4,344,050
FUND BALANCES - Beginning Of Year	26,785,870	26,785,870	-
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	(565,060)	(609,864)	(44,804)
Change In Reserves	-	106,743	106,743
FUND BALANCES - End Of Year	\$ 23,653,100	\$ 28,059,089	\$ 4,405,989

See Accompanying Notes To Financial Statements



**Combined Statement Of Revenues, Expenditures And
Changes In Fund Balances - Budget (GAAP Basis) And Actual
General, Special Revenue, Debt Service And Capital Project Funds**

For The Year Ended December 31, 2001

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	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 41,206,280	\$ 42,352,941	\$ 1,146,661
Special Assessments	-	-	-
Licenses And Permits	66,500	59,307	(7,193)
Intergovernmental Revenues	147,616,760	129,718,432	(17,898,328)
Charges For Services	17,483,220	16,950,140	(533,080)
Fines And Forfeits	62,000	152,997	90,997
Interest And Penalties	679,500	1,288,471	608,971
Miscellaneous	668,506	705,127	36,621
TOTAL REVENUES	207,782,766	191,227,415	(16,555,351)
EXPENDITURES			
Current:			
General Government	3,603,040	3,166,949	436,091
Public Safety	5,339,560	4,019,972	1,319,588
Physical Environment	24,282,800	19,428,734	4,854,066
Legal And Judicial	-	-	-
Transportation	43,357,470	35,977,046	7,380,424
Economic Environment	23,631,108	15,447,474	8,183,634
Mental And Physical Health	107,025,271	106,829,315	195,956
Culture And Recreation	838,810	749,700	89,110
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest And Fiscal Charges	-	-	-
TOTAL EXPENDITURES	208,078,059	185,619,190	22,458,869
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(295,293)	5,608,225	5,903,518
OTHER FINANCING SOURCES (USES)			
Sales Of Fixed Assets	2,083,210	236,180	(1,847,030)
Operating Transfers In	5,205,181	4,885,823	(319,358)
Operating Transfers Out	(21,707,980)	(17,285,005)	4,422,975
TOTAL OTHER FINANCING SOURCES (USES)	(14,419,589)	(12,163,002)	2,256,587
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(14,714,882)	(6,554,777)	8,160,105
FUND BALANCES - Beginning Of Year	55,745,606	55,745,606	-
Residual Equity Transfers In	134,000	154,553	20,553
Residual Equity Transfers Out	(439,500)	(584,792)	(145,292)
Change In Reserves	-	39,065	39,065
FUND BALANCES - End Of Year	\$ 40,725,224	\$ 48,799,655	\$ 8,074,431

See Accompanying Notes To Financial Statements



**Combined Statement Of Revenues, Expenditures And
Changes In Fund Balances - Budget (GAAP Basis) And Actual
General, Special Revenue, Debt Service And Capital Project Funds**

For The Year Ended December 31, 2001

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Debt Service Funds			Capital Project Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,300,000	\$ 4,914,490	\$ 2,614,490
10,400	12,476	2,076	-	-	-
-	-	-	-	-	-
-	-	-	23,268,380	7,685,133	(15,583,247)
-	-	-	2,369,520	1,544,202	(825,318)
-	-	-	-	-	-
48,680	59,161	10,481	-	1,207,511	1,207,511
291,370	291,370	-	10,600	26,400	15,800
<u>350,450</u>	<u>363,007</u>	<u>12,557</u>	<u>27,948,500</u>	<u>15,377,736</u>	<u>(12,570,764)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	93,318,050	43,496,627	49,821,423
2,305,000	2,305,000	-	-	-	-
<u>2,797,850</u>	<u>2,797,766</u>	<u>84</u>	<u>93,000</u>	<u>60,418</u>	<u>32,582</u>
<u>5,102,850</u>	<u>5,102,766</u>	<u>84</u>	<u>93,411,050</u>	<u>43,557,045</u>	<u>49,854,005</u>
<u>(4,752,400)</u>	<u>(4,739,759)</u>	<u>12,641</u>	<u>(65,462,550)</u>	<u>(28,179,309)</u>	<u>37,283,241</u>
-	-	-	-	-	-
3,590,330	3,620,323	29,993	21,340,020	21,821,096	481,076
-	-	-	<u>(1,761,710)</u>	<u>(1,652,253)</u>	<u>109,457</u>
<u>3,590,330</u>	<u>3,620,323</u>	<u>29,993</u>	<u>19,578,310</u>	<u>20,168,843</u>	<u>590,533</u>
(1,162,070)	(1,119,436)	42,634	(45,884,240)	(8,010,466)	37,873,774
2,047,280	2,047,280	-	62,455,936	62,455,936	-
-	-	-	-	-	-
-	131,701	131,701	-	(131,701)	(131,701)
-	-	-	-	-	-
<u>\$ 885,210</u>	<u>\$ 1,059,545</u>	<u>\$ 174,335</u>	<u>\$ 16,571,696</u>	<u>\$ 54,313,769</u>	<u>\$ 37,742,073</u>



**Combined Statement Of Revenues, Expenditures And
Changes In Fund Balances - Budget (GAAP Basis) And Actual
General, Special Revenue, Debt Service And Capital Project Funds**

For The Year Ended December 31, 2001

Page 4 of 4

	Total (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 166,758,320	\$ 169,772,004	\$ 3,013,684
Special Assessments	10,400	12,476	2,076
Licenses And Permits	5,356,490	5,530,989	174,499
Intergovernmental Revenues	209,558,237	175,910,643	(33,647,594)
Charges For Services	47,003,119	45,335,675	(1,667,444)
Fines And Forfeits	4,292,040	4,755,863	463,823
Interest And Penalties	10,268,180	13,356,783	3,088,603
Miscellaneous	2,542,193	2,620,769	78,576
TOTAL REVENUES	445,788,979	417,295,202	(28,493,777)
EXPENDITURES			
Current:			
General Government	32,277,360	31,282,977	994,383
Public Safety	99,129,229	96,555,252	2,573,977
Physical Environment	37,428,396	32,373,257	5,055,139
Legal And Judicial	52,444,608	51,699,432	745,176
Transportation	43,357,470	35,977,046	7,380,424
Economic Environment	24,777,008	16,458,967	8,318,041
Mental And Physical Health	110,693,431	110,455,012	238,419
Culture And Recreation	7,518,450	7,284,826	233,624
Capital Projects	93,318,050	43,496,627	49,821,423
Debt Service:			
Principal Retirement	2,305,000	2,305,000	-
Interest And Fiscal Charges	2,890,850	2,858,184	32,666
TOTAL EXPENDITURES	506,139,852	430,746,580	75,393,272
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(60,350,873)	(13,451,378)	46,899,495
OTHER FINANCING SOURCES (USES)			
Sales Of Fixed Assets	2,216,210	512,039	(1,704,171)
Operating Transfers In	30,729,221	30,920,932	191,711
Operating Transfers Out	(36,923,460)	(31,889,932)	5,033,528
TOTAL OTHER FINANCING SOURCES (USES)	(3,978,029)	(456,961)	3,521,068
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(64,328,902)	(13,908,339)	50,420,563
FUND BALANCES - Beginning Of Year	147,034,692	147,034,692	-
Residual Equity Transfers In	134,000	154,553	20,553
Residual Equity Transfers Out	(1,004,560)	(1,194,656)	(190,096)
Change In Reserves	-	145,808	145,808
FUND BALANCES - End Of Year	\$ 81,835,230	\$ 132,232,058	\$ 50,396,828

See Accompanying Notes To Financial Statements

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Combined Statement Of Revenues, Expenses And Changes In Fund Equity
All Proprietary Fund Types, Nonexpendable Trust Fund,
And Discretely Presented Component Units
 For The Year Ended December 31, 2001
 Page 1 of 2

	Proprietary Fund Types	
	Enterprise	Internal Service
OPERATING REVENUES		
Charges For Services	\$ 26,041,888	\$ 45,213,210
Miscellaneous	-	-
TOTAL OPERATING REVENUES	<u>26,041,888</u>	<u>45,213,210</u>
OPERATING EXPENSES		
Sewage Transmission	2,636,726	-
Sewage Treatment And Disposal	5,706,285	-
Personal Services	1,523,191	14,231,360
Materials And Supplies	1,251,763	10,092,798
System Support Service	8,364,834	10,004,360
Depreciation And Amortization	10,362,414	4,374,232
Insurance, Claim Settlements, And Other Charges	-	7,846,885
TOTAL OPERATING EXPENSES	<u>29,845,213</u>	<u>46,549,635</u>
OPERATING INCOME (LOSS)	<u>(3,803,325)</u>	<u>(1,336,425)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	5,086,258	44,889
Interest Expense	(1,846,654)	(882)
Operating Grants	1,043,829	498,068
Taxes	137,818	-
Mineral Rights Royalties	67,525	-
Gain (Loss) On Sale Of Fixed Assets	(1,088,099)	4,704
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,400,677</u>	<u>546,779</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	(402,648)	(789,646)
Operating Transfers In	599,535	652,290
Operating Transfers Out	(58,710)	(79,180)
Capital Contributions	30,121,096	-
NET INCOME (LOSS)	<u>30,259,273</u>	<u>(216,536)</u>
FUND EQUITY, Beginning of Year	376,746,550	41,362,428
Increase In Contributed Capital	-	1,364,999
Residual Equity Transfers Out	(157,436)	(161,138)
FUND EQUITY - End Of Year	<u>\$ 406,848,387</u>	<u>\$ 42,349,753</u>

See Accompanying Notes To Financial Statements



Combined Statement Of Revenues, Expenses And Changes In Fund Equity
All Proprietary Fund Types, Nonexpendable Trust Fund,
And Discretely Presented Component Units
 For The Year Ended December 31, 2001

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Fiduciary Fund Type Nonexpendable Trust	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ -	\$ 71,255,098	\$ -	\$ 71,255,098
1,077	1,077	408,506	409,583
1,077	71,256,175	408,506	71,664,681
-	2,636,726	-	2,636,726
-	5,706,285	-	5,706,285
-	15,754,551	120,597	15,875,148
-	11,344,561	16,252	11,360,813
-	18,369,194	240,216	18,609,410
-	14,736,646	73,249	14,809,895
-	7,846,885	229,838	8,076,723
-	76,394,848	680,152	77,075,000
1,077	(5,138,673)	(271,646)	(5,410,319)
-	5,131,147	13,563	5,144,710
-	(1,847,536)	-	(1,847,536)
-	1,541,897	799,153	2,341,050
-	137,818	-	137,818
-	67,525	-	67,525
-	(1,083,395)	-	(1,083,395)
-	3,947,456	812,716	4,760,172
1,077	(1,191,217)	541,070	(650,147)
-	1,251,825	-	1,251,825
(181,228)	(319,118)	-	(319,118)
-	30,121,096	-	30,121,096
(180,151)	29,862,586	541,070	30,403,656
180,151	418,289,129	15,836,801	434,125,930
-	1,364,999	-	1,364,999
-	(318,574)	-	(318,574)
\$ -	\$ 449,198,140	\$ 16,377,871	\$ 465,576,011



Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Fund,
And Discretely Presented Component Units
For The Year Ended December 31, 2001
Page 1 of 4

	Proprietary Fund Types	
	Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 25,885,083	\$ 45,014,987
Collections Of Program Loan Principal	-	-
Program Loans And Benefit Payments Issued	-	-
Cash Paid To Suppliers For Goods And Services	(13,235,579)	(20,106,013)
Cash Paid To Employees For Services	(7,675,171)	(13,972,370)
Cash Paid For Insurance	-	(1,149,314)
Cash Paid For Claims Settlements	-	(5,361,539)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,974,333	4,425,751
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds From Sale Of Investments	1,166,434,696	-
Purchase Of Investments	(1,154,031,927)	-
Interest Income	4,013,227	2,039
NET CASH PROVIDED BY INVESTING ACTIVITIES	16,415,996	2,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Mineral Rights Royalties	321,853	-
Changes In Advances To Other Funds	821,182	14,256
Changes in Advances From Other Funds	-	(25,000)
Interfund Interest Income (Expense)	261,957	(713)
Operating Transfers In	599,535	652,290
Operating Transfers Out	(58,710)	(79,180)
Operating Grants Received	1,156,323	254,859
Residual Equity Transfers Out	(157,436)	(161,138)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,944,704	655,374
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds From Customer Assessments	6,787,852	-
Proceeds From Connection Charges	4,581,127	-
Real Estate Excise Tax Collected	137,818	-
Proceeds From Sale Of Fixed Assets	140,036	384,312
Proceeds From Borrowings	729,500	-
Proceeds From Bond Issue	18,356,081	-
Principal Payments On Debt	(30,145,086)	-
Interest Paid On Debt	(1,541,671)	-
Contributed Capital	43,880	1,358,677
Acquisition Of Property, Plant And Equipment	(24,895,809)	(4,364,359)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(25,806,272)	(2,621,370)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,471,239)	2,461,794
CASH AND CASH EQUIVALENTS - Beginning Of Year	9,417,567	28,202,828
CASH AND CASH EQUIVALENTS - End Of Year	\$ 7,946,328	\$ 30,664,622

See Accompanying Notes To Financial Statements



Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Fund,
And Discretely Presented Component Units
 For The Year Ended December 31, 2001

Page 2 of 4

Fiduciary Fund Type Nonexpendable Trust	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ —	\$ 70,900,070	\$ 398,307	\$ 71,298,377
—	—	1,121,898	1,121,898
—	—	(1,701,934)	(1,701,934)
—	(33,341,592)	(229,988)	(33,571,580)
—	(21,647,541)	(119,375)	(21,766,916)
—	(1,149,314)	—	(1,149,314)
—	(5,361,539)	—	(5,361,539)
—	9,400,084	(531,092)	8,868,992
—	1,166,434,696	12,507	1,166,447,203
—	(1,154,031,927)	—	(1,154,031,927)
1,077	4,016,343	13,563	4,029,906
1,077	16,419,112	26,070	16,445,182
—	321,853	—	321,853
—	835,438	—	835,438
—	(25,000)	—	(25,000)
—	261,244	—	261,244
—	1,251,825	—	1,251,825
(181,228)	(319,118)	—	(319,118)
—	1,411,182	799,153	2,210,335
—	(318,574)	—	(318,574)
(181,228)	3,418,850	799,153	4,218,003
—	6,787,852	—	6,787,852
—	4,581,127	—	4,581,127
—	137,818	—	137,818
—	524,348	—	524,348
—	729,500	—	729,500
—	18,356,081	—	18,356,081
—	(30,145,086)	—	(30,145,086)
—	(1,541,671)	—	(1,541,671)
—	1,402,557	—	1,402,557
—	(29,260,168)	—	(29,260,168)
—	(28,427,642)	—	(28,427,642)
(180,151)	810,404	294,131	1,104,535
180,151	37,800,546	1,516,509	39,317,055
\$ —	\$ 38,610,950	\$ 1,810,640	\$ 40,421,590



Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Fund,
And Discretely Presented Component Units
 For The Year Ended December 31, 2001
 Page 3 of 4

	Proprietary Fund Types	
	Enterprise	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	<u>\$ (3,803,325)</u>	<u>\$ (1,336,425)</u>
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:		
Depreciation And Amortization	10,362,414	4,374,232
Write-Off Of Preliminary Charges	52,507	-
Other Operating Cash Disbursements	-	-
Overhead Allocation To Construction	(159,639)	-
Adjustment To Landfill Reserve Liability	(247,850)	-
Decrease (Increase) In Assets:		
Receivables	(329,200)	34,620
Due From Other Funds	25,460	(254,786)
Due From Other Governments	40,614	850
Inventory	(30,373)	115,920
Prepaid Expenses	-	(12,988)
Contracts Receivable	-	-
Increase (Decrease) In Liabilities:		
Vouchers And Accounts Payable	(364,695)	(115,994)
Landfill Insurance And Post-Closure Liabilities	(597,732)	-
Due To Other Funds	(40,757)	31,420
Due To Component Unit	-	(10,095)
Due To Other Governments	-	(156,960)
Other Accrued Liabilities	66,909	258,990
Estimated Claims Settlements	-	1,475,874
Deferred Revenues	-	21,093
Total Adjustments	<u>8,777,658</u>	<u>5,762,176</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 4,974,333</u>	<u>\$ 4,425,751</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital Assets Acquired By Contribution	\$ 3,419,087	\$ 6,322
Estimated Landfill Post-Closure Contribution	2,920,100	-
Estimated Landfill Insurance And Post-Closure Liability	(9,234,980)	-
Net Increase (Decrease) In Fair Value Of Investments	290,992	-
Capital Asset Trade-Ins	-	25,949
Purchase Of Equipment On Account	-	1,174,946
TOTAL NONCASH ACTIVITIES	<u>\$ (2,604,801)</u>	<u>\$ 1,207,217</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR TO BALANCE SHEET:		
Cash and Cash Equivalents Per Balance Sheet:		
Cash In Treasury Pool (Current and Restricted Assets)	\$ 7,349,198	\$ 30,664,622
Cash With Trustee (Current and Restricted Assets)	597,130	-
Less Governmental Fund Type Component Unit Cash	-	-
TOTAL CASH AND CASH EQUIVALENTS - End Of Year	<u>\$ 7,946,328</u>	<u>\$ 30,664,622</u>

See Accompanying Notes To Financial Statements



Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Fund,
And Discretely Presented Component Units
 For The Year Ended December 31, 2001

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Fiduciary Fund Type Nonexpendable Trust	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 1,077	\$ (5,138,673)	\$ (271,646)	\$ (5,410,319)
-	14,736,646	73,249	14,809,895
-	52,507	-	52,507
(1,077)	(1,077)	-	(1,077)
-	(159,639)	-	(159,639)
-	(247,850)	-	(247,850)
-	(294,580)	(55,083)	(349,663)
-	(229,326)	-	(229,326)
-	41,464	-	41,464
-	85,547	-	85,547
-	(12,988)	(12,969)	(25,957)
-	-	(276,915)	(276,915)
-	(480,689)	5,849	(474,840)
-	(597,732)	-	(597,732)
-	(9,337)	-	(9,337)
-	(10,095)	-	(10,095)
-	(156,960)	-	(156,960)
-	325,899	6,423	332,322
-	1,475,874	-	1,475,874
-	21,093	-	21,093
(1,077)	14,538,757	(259,446)	14,279,311
\$ -	\$ 9,400,084	\$ (531,092)	\$ 8,868,992
\$ -	\$ 3,425,409	\$ -	\$ 3,425,409
-	2,920,100	-	2,920,100
-	(9,234,980)	-	(9,234,980)
-	290,992	-	290,992
-	25,949	-	25,949
-	1,174,946	-	1,174,946
\$ -	\$ (1,397,584)	\$ -	\$ (1,397,584)
\$ -	\$ 38,013,820	\$ 2,378,928	\$ 40,392,748
-	597,130	-	597,130
-	-	(568,288)	(568,288)
\$ -	\$ 38,610,950	\$ 1,810,640	\$ 40,421,590



Puyallup Auto Dealers, in cooperation with Pierce County Auditor's Office, sponsored a Voting is Cool poster contest. The winning poster is painted on the bus. Over 1,100 classrooms (over 30,000 students) across Pierce County participated in the "Voting is Cool" program.