

Comprehensive Annual Financial Report

Whatcom County Washington

Fiscal Year Ending December 31, 2006



This Report Prepared and Published by the Whatcom
County Administrative Services Department
Finance Office

June 2007

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**Photo on Cover:
A view of Bellingham from Boulevard Park
by Kristin Frank**

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Whatcom County
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Whatcom County for its comprehensive annual financial report for the fiscal year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



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**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

County Courthouse

311 Grand Avenue, Suite #108
Bellingham, WA 98225-4082



Pete Kremen
County Executive

June 30, 2007

Citizens of Whatcom County:

We are pleased to submit the Comprehensive Annual Financial Report of Whatcom County for the year ended December 31, 2006, in accordance with the provision 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 responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the County. Whatcom County has established a comprehensive internal control system to provide a reasonable basis for making these representations. Internal controls are designed both to protect the government's assets from loss, theft, or misuse and to compile reliable information for the preparation of the County's financial statements in conformity with GAAP. The County's internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatements. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the County's financial activity have been included.

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

GENERAL INFORMATION

Whatcom County was created by an act of the Legislative Assembly of the Territory of Washington on March 9, 1854. In the eighteenth century, the area was visited by Spanish and British explorers; Bellingham Bay was named by Captain George Vancouver. The legislature stipulated that the Whatcom County Courthouse shall remain permanently in the settlement of Whatcom (now a part of the City of Bellingham) as the county seat. For the first few years, all business and court were transacted at the home of R.V. Peabody on the west bank of Whatcom Creek.

Whatcom County is located in the northwest corner of Washington State. Its northern border is British Columbia, Canada. On the southern border is Skagit County, east is Okanogan County and to the west is Puget Sound. The County is 2,126 square miles in size and about two thirds of the county are part of either the Mt. Baker National Forest or the North Cascades National Park. The Cascade Range runs through the central and western part of the county and Mt. Baker, a 10,775 foot peak, is in the center. All of the incorporated areas are within the western corridor. The county seat, Bellingham, is the major city of Whatcom County with about 40% of the county's total population. Bellingham is located 90 miles north of Seattle, the major metropolitan city in the State of Washington and 50 miles south of Vancouver, British Columbia. The population of Whatcom County in 2006 is estimated at 184,300.

Whatcom County operates under a Home Rule Charter adopted by the voters of the county in 1978. The County Council, which consists of six members elected by districts and one member at large, is the policy determining and legislative body of the County. The Council levies taxes, makes appropriations and adopts the budget for the County. The elected County Executive presents to the County Council an annual statement of the financial and governmental affairs of the County, the budget, and capital improvement plans. The county charter was amended in November 1993 to allow the establishment of a finance department. Effective July 1994, financial accounting and reporting responsibilities were transferred to an administrative finance department under the authority of the County Executive. At the same time, an independent internal audit function was established in the County Auditor's office. Tax collection, receipting and investment responsibilities are those of the elected County Treasurer.

The County provides a wide range of services, some to all citizens and some only to unincorporated areas. Services include road construction and maintenance, law enforcement, flood control, parks and recreation services, public health services, court services, agriculture services, tax assessment and collection, planning and zoning services, mental health services, fire inspections, animal control, criminal detention, election administration, solid waste and recycling, ambulance, medical examiner, and probation services.

Most funds in this report pertain to the entity Whatcom County Government. Certain agency funds exist to fill the County's custodial role for these agencies. Under state statute, the County Treasurer is the ex officio treasurer of most special purpose districts (fire, cemetery, water, drainage, public utility district). Money received from or for the special purpose districts is deposited in a central bank account and the Treasurer invests or disburses this money according to the instructions of the respective special purpose district's governing body or administrative officer.

ECONOMIC CONDITION AND OUTLOOK

The County serves a rapidly expanding population, which has grown 9.98% since 2000. The County's greatest employment sector is "retail trade." Employment of Whatcom County's workforce of approximately 100,600 includes the following sectors:

Agriculture, Forestry, Fishing and Hunting	3.57%
Mining	.15%
Utilities	.20%
Construction	7.68%
Manufacturing	8.66%
Transportation and Warehousing	1.81%
Wholesale trade	3.04%
Retail trade	10.01%
Finance and Insurance	1.91%
Services	2.87%
Government	13.15%
Information	1.69%
Real Estate, Rental and Leasing	1.14%

Source: Washington State Business and Project Development, Department of Community, Trade & Economic Development.

International Transportation

Whatcom County is home to one of the highest volume border crossings between the United States and Canada. With its port, highway, rail and air facilities, Whatcom County's strategic physical location provides for an important international transportation hub.

The Port of Bellingham significantly contributes to the growing trade between Asia and North America, as well as the area's local economy. The Port has more than 2,000 acres of waterfront commercial and industrial property and it administers three federally designated foreign trade zones that promote manufacturing, warehousing and trade in the region. Over 320 companies operate on Port property. Offering tenants a high bandwidth fiber optics connection option, the Port provides a means for top-level global communications.

Higher Education

Western Washington University (WWU) is one of six state-funded, four-year institutions of higher education in Washington State. WWU maintains 73 permanent buildings on its 215 acre main campus, a 95 acre off-campus facility in Anacortes and an 15 acre facility at nearby Lake Whatcom. The university's 2006 enrollment was 13,000. On-campus student enrollment is estimated to increase by 15 percent over the next decade. As one of the county's largest employers, WWU employed 2,100 full-time faculty and staff in the fall of 2005.

Retail Trade

Between 1996 and 2006, annual taxable retail sales in Whatcom County grew by \$1.4 billion or an 80% increase. Currently booming construction activity is generating strong retail sales and the strong Canadian dollar makes shopping in Whatcom County attractive to residents of British Columbia.

Since 1988, Whatcom County has been home to Bellis Fair Mall, an 800,000 square-foot regional mall with approximately 145 stores and a multi-screen cinema. Approximately 1,500 people are employed at Bellis Fair. Of the daily 45,000 mall shoppers, about 35% are Canadian.

Bellingham Waterfront Redevelopment

On January 20, 2005, the Port of Bellingham acquired approximately 137 acres of waterfront property previously owned by Georgia Pacific Corporation. Georgia Pacific continues to operate a tissue mill on the site through a lease with the Port. Acquiring the Georgia Pacific property is the first step in a long-term environmental restoration and redevelopment of Bellingham's waterfront. The Port and the City are working together to create a development plan for the property. Once the plan is approved, environmental remediation is complete, and infrastructure is installed, the properties will become available for purchase. Developers will construct the property improvements (buildings) consistent with the approved plan. The estimated value of the property once developed is \$750 million to 1 billion dollars. Full development of the project is anticipated to take approximately 20 years.

MAJOR INITIATIVES

The following is a summary of major initiatives that will be implemented in the 2007-2008 Biennium.

Concurrency & Growth Management

The biennial budget includes \$1.3 million for new parks projects and parks facilities upgrades, the addition of a Design and Development Supervisor for parks projects, the addition of a Critical Areas Ordinance planning position and the funding to continue a temporary Growth Management position in Planning and Development Services. It also includes the addition of a Land Use Policy Analyst to assist County Council members in making quality land use decisions, the addition of one full-time and one half-time position in Public Works to

implement storm water regulations, \$100,000 for a Birch Bay community incorporation study, and \$70,000 to help fund the community-wide long-term planning project. In addition, to address growth issues, we will be adding six new Sheriff's deputies including two specific neighborhood deputies for urban growth areas, and six new road crew worker positions to alleviate safety concerns resulting from road congestion. Planning and Development Services and Public Works are redesigning the building permit process to improve efficiency and effectiveness. This project includes \$150,000 funding to streamline the zoning and subdivision code.

Agriculture

Over the next biennium, we will be adding a planning position in Planning and Development Services to work specifically with the agricultural community on issues that affect this vital sector of our economy. In addition, Whatcom County will invest \$150,000 in a Conservation Program for Agricultural Lands (CPAL), \$120,000 for consultant support for the agriculture program and \$127,000 to support the Integrated Pest Management Program through WSU Extension.

Lake Whatcom Watershed and Other Water Resources

This budget includes significant funding aimed at protecting and preserving our water resources in Whatcom County. In addition to the positions mentioned above to implement storm water regulations, the budget contains \$330,000 to pursue conveyance to Whatcom County of a substantial amount of Department of Natural Resource trust land located in the Lake Whatcom Watershed. We will maintain this land as parkland for the use of future generations. \$1.1 million has also been appropriated for various water resource projects including Lake Whatcom management, salmon habitat restoration, marine resources projects, monitoring support for Bertrand and Ten Mile Creeks, and water resource priority project development.

State law also mandates a major new program requiring inspection of all septic systems on a regular basis. We have added four positions to the Health Department to implement this program, and expect fee revenues to cover the program costs. The program will begin in 2007 with critical watersheds given first priority.

Natural Disasters/Pandemics

Through the coordination and facilitation of exercises and planning sessions by the Sheriff's Office Department of Emergency Management and the Health Department, the county is well on its way to achieving preparedness against disasters and pandemics. The Emergency Management budget includes funding from the Department of Homeland Security for planning, training, and exercises for first responders across the community. The Health Department has created a Disease Response and Control Unit to investigate possible disease conditions and provide technical assistance to local health care personnel.

Facilities Investments

In conjunction with projects envisioned in the county's Capital Improvements Plan (CIP), the budget contains funding for the initial phases of several capital projects. Park planning projects include South Fork County Park, Sunnyside Landing, Dittrich Park, extensions to Chuckanut Mountain Trails, and the Olsen Property Trail. Funding is included for engineering studies for the Civic Center Annex parking structure repair, the jail and juvenile controls replacement, and the Courthouse exterior façade repair. Whatcom County plans to replace single pane windows in the Courthouse, and remodel the basement. We will also demolish the 401 Grand Ave building, which is at the end of its useful life. Initial planning for the new Smith & Northwest Consolidated Services Building is also budgeted. Several unfinished road projects are included in the budget. We will adopt other multi-year facilities and road capital projects in phases as capital project budgets throughout the 2007-2008 biennium. The county expects to issue bonds in 2008 or 2009 to begin funding several capital projects included in the CIP. These projects include acquisition of the Central Plaza Building currently leased for the Public Defender, acquisition of land for the new long-term jail facility and Sheriff's Office, and construction of the Consolidated Services Building mentioned above.

Productivity Through Technology

One of the largest areas of investment in this budget is in the area of technology. Over \$1 million is budgeted for improvements in the Information Technology Division of Administrative Services. This will include the addition of four positions and significant investments in the areas of support for GIS, law & justice and other departmental applications support. Significant technology investments are budgeted to improve efficiencies in the Sheriff's Department through electronic report writing capabilities, laptops in vehicles, and a firearms training simulator. The Auditor's Office is implementing technology to improve access to on-line records and signature verification for elections.

Significant Changes from Prior Biennium

A change in governmental accounting rules requiring governments to record the liability for unfunded post-retirement benefits has led to the decision to fund a law enforcement officer health benefit reserve at \$3.5 million. The reserve will be tapped when annual benefit amounts exceed the standard amount budgeted per employee during the biennial budget process. This reserve is approximately half of the amount needed to fund post-retirement medical benefits, exclusive of required long-term care benefits.

OTHER INFORMATION

Independent Audit

In accordance with state statutes, Whatcom County is subject to an annual comprehensive examination by the State Auditor's office. Their examination is conducted in accordance with generally accepted auditing standards, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions; the Single Audit Act of 1984 (P.L.98-502) and Circular A133, Audits of State and Local Governments, issued by the U. S. Office of Management and Budget.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Whatcom County for its comprehensive annual financial report for the fiscal year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award

Whatcom County was awarded GFOA's "Distinguished Budget Presentation Award" for its 2005-2006 Budget.

Acknowledgments

Preparation of this report could not have been accomplished without the professional, efficient and dedicated service of the entire staff of our Administrative Services Finance office, the County Executive's office, County Treasurer's office, Public Works accounting office and the various department heads and employees who contributed to its preparation. We also recognize the professional efforts of the State Auditor's Office in their audit, and in the direction and advice they provide to us throughout the year.

Respectfully Submitted,



Pete Kremen

County Executive

Elected Officials

as of December 31, 2006

Executive	Term Ends January, 2008	Pete Kremen
Assessor	Term Ends January, 2008	Keith Willnauer
Auditor	Term Ends January, 2008	Shirley Forslof
Prosecuting Attorney	Term Ends January, 2011	David S. McEachran
Sheriff	Term Ends January, 2008	Bill Elfo
Treasurer	Term Ends January, 2008	Barbara Cory

COUNTY COUNCIL

District No. 1, Position A	Term Ends January, 2010	Ward Nelson
District No. 1, Position B.	Term Ends January, 2008	Daniel McShane
District No. 2, Position A	Term Ends January, 2010	Laurie Caskey-Schreiber
District No. 2, Position B.	Term Ends January, 2008	Sam Crawford
District No. 3, Position A	Term Ends January, 2010	Carl Weimer
District No. 3, Position B.	Term Ends January, 2008	Barbara Brenner
Councilperson At Large	Term Ends January, 2010	Seth Fleetwood

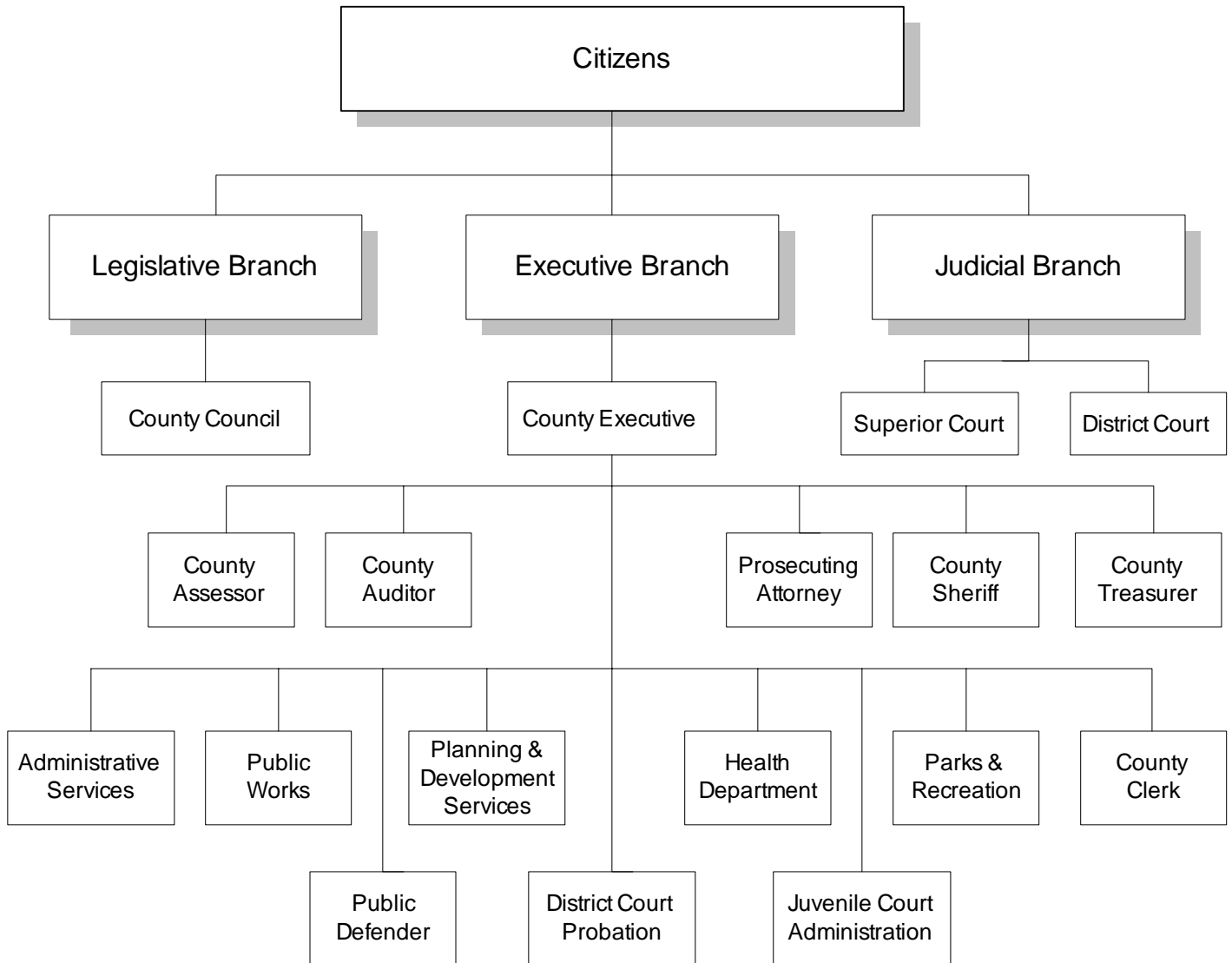
SUPERIOR COURT JUDGES

Department No. 1	Term Ends January, 2009	Ira Uhrig
Department No. 2	Term Ends January, 2009	Steven J Mura
Department No. 3	Term Ends January, 2009	Charles Synder

DISTRICT COURT JUDGES

Position No. 1	Term Ends January, 2011	David Grant
Position No. 2	Term Ends January, 2011	Matthew Elich

Whatcom County Organizational Chart





Independent Auditor's Report



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Washington State Auditor
Brian Sonntag

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INDEPENDENT AUDITOR'S REPORT

June 26, 2007

Board of Commissioners
Whatcom County
Bellingham, Washington

We have audited the accompanying financial statements of the the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Whatcom County, Washington, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Whatcom County, Washington, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 13 through 22 and budgetary comparison information on pages 67 through 69 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 inquiries 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.

Continued on next page

Independent Auditor's Report continued

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 information listed as combining financial statements and supplemental information on pages 70 through 159 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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 it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive, flowing style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2006

This discussion and analysis of Whatcom County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

At the end of 2006 on a government-wide financial statement basis, Whatcom County's net assets totaled \$233,363,210. Net assets are calculated by subtracting the liabilities of the County from its total assets. \$48,446,866 of the County's net assets are unrestricted as defined by the Government Accounting Standards Board and may be used to meet the government's ongoing obligations to citizens and creditors.

During 2006, the County's total long-term debt decreased by \$1,894,731. No new general obligation or special assessment debt was issued during the year. Under Washington State law, the County is authorized to issue approximately \$304 million in non-voted debt. At the end of 2006, the County's outstanding general obligation debt totaled \$10 million.

Whatcom County's total net assets increased by \$16,472,995, resulting primarily from the construction or purchase of capital assets. The County invested 8.1 million dollars in infrastructure, which includes roads, bridges and road related improvements. Whatcom County spent \$7.7 million on the construction of the minimum security jail. The County also purchased \$1.5 million in land, including \$1.3 million for conservation easements.

Overview of the Financial Statements

The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances. The statements report information about the County as a whole using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses.

The Statement of Net Assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. 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 financial health of the County. Other indicators include the condition of the County's capital assets (roads, building, bridges, etc.), changes in the 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 the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

In the Statement of Net Assets and the Statement of Activities, we separate the County as follows:

- **Governmental activities:** Most of the County's basic services are reported in this category, including general government, public safety, physical environment, transportation, economic environment, mental and physical health, and culture and recreation. Property and sales taxes, user fees, interest income, and state and federal grants finance most of these activities.
- **Business-type activities:** The County charges a fee to customers to cover all or most of the cost of certain services it provides. The Whatcom County Investment Pool and the Ferry System are reported in this category.

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds-not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation beside the fund financial statements.
- **Proprietary funds:** When the County charges customers for the full cost of the services it provides whether to outside customers or to other units of the County, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the County's enterprise funds (one type of proprietary fund) are the same as the business-type activities we report in the government-wide

statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other type of proprietary fund), such as the County's Administrative Services Fund, to report activities that provide supplies and services to the County's other programs and activities.

- **Fiduciary funds:** The County uses these funds to account for resources held for the benefit of parties outside the government. Fiduciary funds include investment trust funds, used to report investment activity conducted by the County on behalf of legally separate entities, such as special purpose districts that are not part of the County's reporting entity, and agency funds. Since these are not available to support the County's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Government-Wide Financial Analysis

The following table reflects a condensed Statement of Net Assets.

Table MDA1 - Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 101,632,391	\$ 100,382,925	\$ 1,718,114	\$ 151,327	\$ 103,350,505	\$ 100,534,252
Capital assets	157,892,969	146,368,463	-	-	157,892,969	146,368,463
Total assets	259,525,360	246,751,388	1,718,114	151,327	261,243,474	246,902,715
Long-term debt	19,601,168	21,495,902	99,075	2,690	19,700,243	21,498,592
Other liabilities	7,917,961	8,503,665	262,060	10,243	8,180,021	8,513,908
Total liabilities	27,519,129	29,999,567	361,135	12,933	27,880,264	30,012,500
Net assets:						
Invested in capital, net of debt	147,777,970	134,873,463	-	-	147,777,970	134,873,463
Restricted	37,138,374	35,266,155	-	-	37,138,374	35,266,155
Unrestricted	47,089,887	46,612,203	1,356,979	138,394	48,446,866	46,750,597
Total net assets	\$ 232,006,231	\$ 216,751,821	\$ 1,356,979	\$ 138,394	\$ 233,363,210	\$ 216,890,215

For more detailed information see page 23 of the Statement of Net Assets.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Whatcom County's assets exceeded liabilities by \$233,363,210 at the close of the most recent fiscal year. The largest portion of Whatcom County's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still

outstanding. Whatcom County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Whatcom County's investment in its 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.

An additional portion of Whatcom County's net assets (16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$48,446,866) may be used to meet the government's ongoing obligations to citizens and creditors.

Net assets reserved for capital projects increased \$2.0 million in 2006. Real Estate Excise Tax II fund's net assets were \$2.1 million greater than 2005. Real Estate Excise Tax collections exceeded expenditures for capital projects.

There was an increase of \$1,218,585 in unrestricted net assets reported in connection with Whatcom County's business-type activities. \$1,193,231 of this increase relates to the Ferry System fund. In 2006, the ferry operations were moved from the Road fund to this new Ferry System fund.

Total net assets for the County increased by \$16,472,995 during the current fiscal year. This increase results primarily from the construction or purchase of capital assets.

The table on the following page reflects a condensed Statement of Changes in Net Assets.

Table MDA2 - Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenue:						
Charges for services	\$ 16,031,569	\$ 16,571,715	\$ 1,085,280	\$ 238,615	\$ 17,116,849	\$ 16,810,330
Operating grants & contributions	20,823,563	18,765,699	-	-	20,823,563	18,765,699
Capital grants & contributions	8,920,486	7,449,734	-	-	8,920,486	7,449,734
General revenue:						
Property taxes	40,919,106	39,217,958	-	-	40,919,106	39,217,958
Timber taxes	198,732	165,567	-	-	198,732	165,567
Retail taxes	19,145,002	14,343,922	-	-	19,145,002	14,343,922
Excise taxes	5,266,333	5,363,992	-	-	5,266,333	5,363,992
Penalties and interest	1,603,642	2,016,817	-	-	1,603,642	2,016,817
Other	7,278,338	6,695,085	-	-	7,278,338	6,695,085
Total revenues	120,186,771	110,590,489	1,085,280	238,615	121,272,051	110,829,104
Expenses						
General government	25,962,056	23,079,350	-	-	25,962,056	23,079,350
Public safety	32,987,070	30,495,277	-	-	32,987,070	30,495,277
Physical environment	6,834,562	4,735,305	-	-	6,834,562	4,735,305
Transportation	20,255,214	21,254,817	-	-	20,255,214	21,254,817
Economic environment	1,699,968	2,095,684	-	-	1,699,968	2,095,684
Mental and physical health	10,391,837	9,893,505	-	-	10,391,837	9,893,505
Culture and recreation	4,127,397	3,918,909	-	-	4,127,397	3,918,909
Interest on long-term debt	520,685	586,099	-	-	520,685	586,099
Whatcom Co. Investment Pool	-	-	166,927	162,519	166,927	162,519
Ferry System	-	-	1,853,340	-	1,853,340	-
Total expenses	102,778,789	96,058,946	2,020,267	162,519	104,799,056	96,221,465
Change in net assets before transfers	17,407,982	14,531,543	(934,987)	76,096	16,472,995	14,607,639
Transfers	(2,153,572)	-	2,153,572	-	-	-
Change in net assets	15,254,410	14,531,543	1,218,585	76,096	16,472,995	14,607,639
Net assets-beginning	216,751,821	202,220,278	138,394	62,298	216,890,215	202,282,576
Net assets-ending	\$232,006,231	\$ 216,751,821	\$ 1,356,979	\$138,394	\$233,363,210	\$216,890,215

For more detailed information see page 24 for the Statement of Activities.

Governmental activities increased Whatcom County's net assets by \$15,254,410, thereby accounting for 99 percent of the total growth in the net assets of Whatcom County.

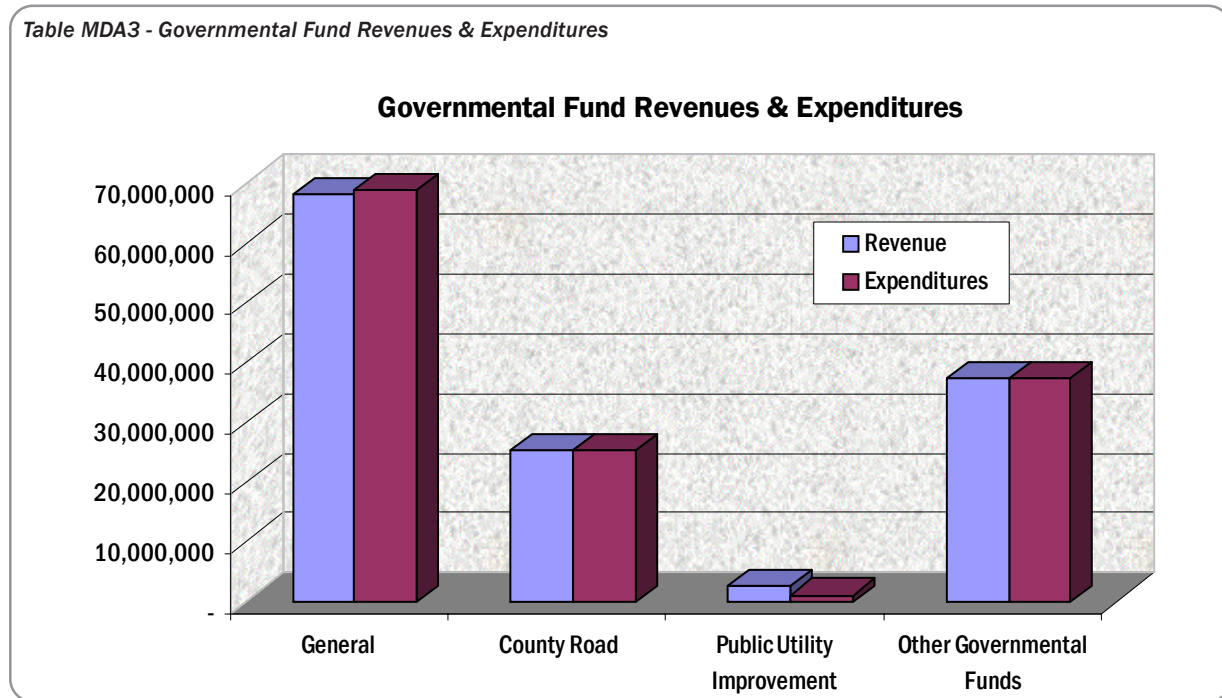
- Retail sales tax collections are \$4.8 million greater than last year, due to strong building activity and additional tax from the construction on the Williams Pipeline and work at the British Petroleum refinery.
- Interest Income is \$1,613,931, or 54 percent, higher than 2005 due to rising interest rates on Whatcom County's investments.
- Operating grants and contributions increased \$2,057,864 or (11 percent) during the year. \$2.2 million was received from local governments to fund jail construction costs, \$489,253 was received from local governments for emergency medical services and revenue received through the HAVA grant decreased \$511,210 from 2005.
- Capital grants and contributions are \$1,470,752, or 20 percent, higher than 2005. Federal grant revenue received for replacement of the Lake Whatcom Boulevard high bridge increased \$1.2 million from 2005.

Financial Analysis of the County's Funds

Governmental Funds The General Fund, County Road Fund and Public Utilities Improvement Fund are the County's major funds. Together these three funds account for 61 percent of total governmental fund assets and 59 percent of total governmental fund balance.

As of December 31, 2006, the County's governmental funds reported combined fund balances of \$73 million. Of the total amount, nearly \$66 million or 91 percent is unreserved and available for spending within designated funds. Reserved fund balance of \$7 million is not available for new spending because it has already been committed to encumbrances, advances, long-term loans, and debt service.

The chart below compares revenues and expenditures for the major governmental funds and all other governmental funds combined for 2006.



In the General Fund, the County budgeted for a decrease in fund balance of \$9,473,611, which was due primarily from transfers of \$9,876,452 to various other funds. Due to actual revenues being more than budgeted and actual expenditures being less than budgeted, the actual fund balance decrease for fiscal year 2006 was \$842,528.

The fund balance of the Public Utilities Improvement Fund increased \$1,573,224 as a result of actual expenditures being less than budgeted.

General Fund Budgetary Highlights

The following table shows a condensed Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund for the year ended December 31, 2006.

Table MDA4 - Condensed General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

General Fund	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$ 33,642,668	\$ 33,706,668	\$ 36,571,064
Intergovernmental	12,554,533	13,559,998	13,015,764
Other	15,043,991	15,147,406	16,535,353
Total revenues	61,241,192	62,414,072	66,122,181
Expenditures:			
Expenditures	64,640,532	64,307,149	60,327,282
Other financing sources (uses)	296,174	(7,580,534)	(6,637,427)
Total expenditures	64,344,358	71,887,683	66,964,709
Change to fund balance	\$ (3,103,166)	\$ (9,473,611)	\$ (842,528)

For more detailed information see page 67 for the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual.

Tax Revenues. Tax revenues exceed budgeted amounts by \$2,864,396, or 8.5 percent. Property tax collections for 2006 totaled \$21,157,888 and are \$858,058 greater than 2005 collections. This increase is a result of new construction added to the tax roll. Sales tax revenues are up \$1.9 million over last year due to strong retail sales.

Intergovernmental Revenues. The budget for intergovernmental revenues was increased \$1,005,465 for grant awards that were received during the year. Total intergovernmental revenue is \$1.4 million less than the prior year. The change was due to Jail revenue of \$1.8 million being moved to the new Jail fund.

Other. Other revenues are \$1.6 million greater than budgeted amounts. Rising interest rates were largely responsible for miscellaneous revenues exceeding expectations. Whatcom County earns interest from investing cash balances. Interest earning are \$1,648,248 or 58 percent greater than 2005.

Expenditures. Overall expenditures for the General Fund are 94 percent of the approved budget at year-end. Continuing appropriations will carry over \$1,298,704 of spending authority into 2007 to complete contract obligations that span fiscal reporting periods. With the exception of Superior Court, all departments' expenditures were within their budgeted authority. Superior Court overspent their budget by \$72,241.

Capital Assets

The County’s capital assets for its governmental activities as of December 31, 2006, totaled \$158 million (net of accumulated depreciation). This includes land, buildings, improvements, machinery and equipment, and infrastructure.

New investment in capital assets for 2006 was \$20.7 million. Depreciation expense in 2006 totaled \$9.2 million, resulting in an \$11.5 million increase in net assets.

The County invested \$8.1 million in infrastructure, which includes roads, bridges and road-related improvements.

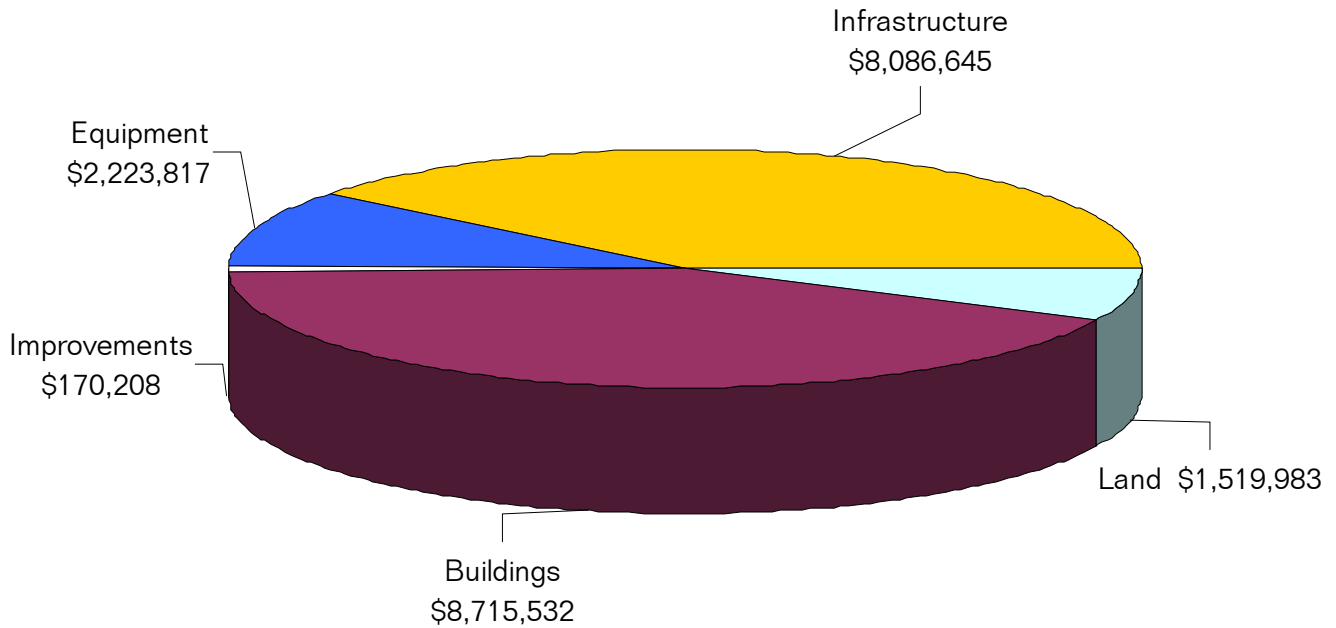
Table MDA5 - Capital Assets

	Governmental Activities	Governmental Activities
	2006	2005
Land	\$28,546,911	\$27,026,928
Buildings	47,340,892	40,054,183
Improvements	1,334,275	1,254,130
Equipment	9,848,851	9,310,086
Infrastructure	70,822,041	68,723,136
Totals	\$157,892,970	\$146,368,463

For more detailed information see page 47 for Capital Asset Activity.

Table MDA6 - Change in Capital Assets

Change in Capital Assets



Whatcom County invested \$8.7 million in buildings for 2006. \$7.7 million was spent on construction of the minimum security jail, \$470,551 was spent on an animal control facility and \$448,304 was spent on the Health department building remodel. Whatcom County purchased \$1.5 million of land, including \$1.3 million for conservation easements. The County's investment in new equipment, including vehicles and road maintenance equipment increased capital assets by \$2.2 million.

Debt Administration

At year-end, the County had \$19.6 million in outstanding debt compared to \$21.5 million last year. That is a decrease of \$1.9 million or 8.8 percent.

Economic Factors and Next Year's Budgets and Rates

The local economy of Whatcom County remains strong. The population of Whatcom County has grown at an average rate of 1.82 percent during the past five years. Per capita income of Whatcom County is growing at approximately 1.68 percent. Unemployment is has remained

Table MDA7 - Outstanding Debt

	Governmental Activities	
	2006	2005
General Obligation Bonds	\$ 10,169,199	\$ 11,558,590
Special Assessment	-	78,013
Capital Leases	394,926	337,571
Estimated Self-Insurance		
Claims	3,118,665	3,598,798
Compensated Absences	5,400,938	5,375,834
Other Long-term Liabilities	517,443	547,096
	<u>\$ 19,601,171</u>	<u>\$ 21,495,902</u>

For more detailed information see page 60 for Changes in Long-Term Debt.

consistent, averaging 6.0 percent over the past five years. The two largest employers in the community, Western Washington University and St. Joseph Hospital, are growing steadily and have both recently made significant investments to expand their facilities. Retail sales have consistently grown over the past five years, averaging approximately 7.8 percent annual growth. Whatcom County is a very desirable place to live. This is reflected in the assessed valuations of property, which grew at an average rate of approximately 15 percent in 2006.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Whatcom County Administrative Services Finance Office at 311 Grand Avenue, Bellingham, Washington, 98225.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 90,276,850	\$ 1,705,672	\$ 91,982,522
Cash with fiscal agent	6,657	-	6,657
Investments	128,481	-	128,481
Receivables	3,064,269	12,639	3,076,908
Due from other governments	6,915,379	-	6,915,379
Internal balances	197	(197)	-
Inventories	1,240,558	-	1,240,558
Capital assets:			
Non-depreciable	27,796,280	-	27,796,280
Depreciable, net	130,096,689	-	130,096,689
Total assets	259,525,360	1,718,114	261,243,474
Liabilities			
Accounts payable and accrued expenses	7,371,579	262,060	7,633,639
Due to other governments	235,967	-	235,967
Unearned revenue	310,414	-	310,414
Noncurrent liabilities(Note 8):			
Due within one year	5,123,406	5,133	5,128,539
Due in more than one year	14,477,763	93,942	14,571,705
Total liabilities	27,519,129	361,135	27,880,264
Net Assets			
Invested in capital assets, net of related debt	147,777,970	-	147,777,970
Restricted for:			
Special revenue	17,998,389	-	17,998,389
Debt service	141,201	-	141,201
Capital projects	18,998,784	-	18,998,784
Unrestricted (deficit)	47,089,887	1,356,979	48,446,866
Total net assets	\$ 232,006,231	\$ 1,356,979	\$ 233,363,210

Notes to the financial statements are an integral part of this statement.

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 25,962,056	\$ 4,465,927	\$ 6,114,540	\$ -	\$ (15,381,589)	\$ -	\$ (15,381,589)
Public safety	32,987,070	5,438,864	6,822,197	-	(20,726,009)	-	(20,726,009)
Physical environment	6,834,562	861,816	1,174,691	-	(4,798,055)	-	(4,798,055)
Transportation	20,255,214	2,086,524	-	8,920,486	(9,248,204)	-	(9,248,204)
Economic environment	1,699,968	619,536	574,335	-	(506,097)	-	(506,097)
Mental and physical health	10,391,837	2,200,935	6,057,304	-	(2,133,598)	-	(2,133,598)
Culture and recreation	4,127,397	357,967	80,496	-	(3,688,934)	-	(3,688,934)
Interest on long-term debt	520,685	-	-	-	(520,685)	-	(520,685)
Total government activities	102,778,789	16,031,569	20,823,563	8,920,486	(57,003,171)	-	(57,003,171)
Business-type activities:							
Whatcom County Investment Pool	166,927	193,543	-	-	-	26,616	26,616
Ferry	1,853,340	891,737	-	-	-	(961,603)	(961,603)
Total Business-Type Activities	2,020,267	1,085,280	-	-	-	(934,987)	(934,987)
Total primary government	\$104,799,056	\$ 17,116,849	\$ 20,823,563	\$ 8,920,486	(57,003,171)	(934,987)	(57,938,158)
General Revenues:							
Taxes:							
Property taxes					40,919,106	-	40,919,106
Timber taxes					198,732	-	198,732
Retail taxes					19,145,002	-	19,145,002
Excise taxes					5,266,333	-	5,266,333
Penalties and interest					1,603,642	-	1,603,642
Unrestricted investment earnings					4,618,179	-	4,618,179
Gain/loss on sale of capital assets					1,070,852	-	1,070,852
Miscellaneous					1,589,307	-	1,589,307
Transfers					(2,153,572)	2,153,572	-
Total general revenues & transfers					72,257,581	2,153,572	74,411,153
Change in net assets					15,254,410	1,218,585	16,472,995
Net assets-beginning					216,751,821	138,394	216,890,215
Net assets-ending					\$ 232,006,231	\$1,356,979	\$ 233,363,210

Notes to the financial statements are an integral part of this statement.

	General	County Road	Public Utilities Improvement	Other Govt'l Funds	Total Govt'l Funds
Assets					
Cash and cash equivalents	\$ 23,255,849	\$ 10,233,428	\$ 7,993,196	\$ 30,173,243	\$ 71,655,716
Deposits with fiscal agent	6,657	-	-	-	6,657
Investments at cost	-	-	-	128,481	128,481
Taxes receivable	713,912	543,572	-	132,454	1,389,938
Accounts receivable	268,490	289,901	-	338,157	896,548
Special assessments	-	-	-	18,218	18,218
Interest receivable	432,208	-	-	495	432,703
Notes receivable	-	-	-	96,895	96,895
Due from other funds	169,779	209,295	-	574,372	953,446
Interfund loan receivable	501,000	-	-	-	501,000
Due from other governments	2,648,811	1,765,154	-	1,030,586	5,444,551
Employee advances	6,549	356	-	133	7,038
Prepayments	4,599	92	-	38	4,729
Long-term assets					
Due from other governments	-	-	1,373,333	-	1,373,333
Notes receivable	5,476	-	-	-	5,476
Total assets	\$ 28,013,330	\$ 13,041,798	\$ 9,366,529	\$ 32,493,072	\$ 82,914,729
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 1,918,449	\$ 937,420	\$ 21,052	\$ 1,265,386	\$ 4,142,307
Due to other funds	775,305	63,175	-	397,830	1,236,310
Interfund loans payable	-	-	-	501,000	501,000
Revenue collected in advance	10,025	6,138	-	50	16,213
Due to other governments	235,967	-	-	-	235,967
Other accrued liabilities	1,163,168	255,457	2,429	189,746	1,610,800
Custodial accounts	-	-	-	26,419	26,419
Other current liabilities	-	115,072	-	-	115,072
Deferred revenue	927,432	833,437	-	247,568	2,008,437
Deferred credits	218,269	31,192	347	30,207	280,015
Total liabilities	5,248,615	2,241,891	23,828	2,658,206	10,172,540
Fund balances					
Reserved for:					
Encumbrances	1,298,704	2,244,466	-	1,030,119	4,573,289
Federal Forest Title III	152,509	-	-	-	152,509
Advances	501,000	-	-	-	501,000
Long-term loans	-	-	1,373,333	-	1,373,333
Debt service	-	-	-	210,454	210,454
Unreserved	20,812,502	8,555,441	7,969,368	-	37,337,311
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	18,950,430	18,950,430
Capital projects funds	-	-	-	9,643,863	9,643,863
Total fund balance	22,764,715	10,799,907	9,342,701	29,834,866	72,742,189
Total liabilities & fund balance	\$ 28,013,330	\$ 13,041,798	\$ 9,366,529	\$ 32,493,072	\$ 82,914,729

Notes to the financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds
Balance Sheet
to the Statement of Net Assets
December 31, 2006



Fund balance - total governmental funds	\$	72,742,189
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		147,684,192
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		25,469,175
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		1,698,023
Liabilities, including \$10,686,642 of bonds payable and \$4,900,706 of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		<u>(15,587,348)</u>
Net assets of governmental activities.	\$	<u>232,006,231</u>

Notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2006



	General	County Road	Public Utilities Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 36,571,064	\$ 14,566,389	\$ 2,672,820	\$ 13,560,070	\$ 67,370,343
Licenses and permits	2,342,169	72,588	-	-	2,414,757
Intergovernmental	13,015,764	8,849,245	-	7,409,888	29,274,897
Charges for service	6,917,033	949,711	-	3,002,169	10,868,913
Fines and forfeits	1,687,947	-	-	653,130	2,341,077
Miscellaneous	5,588,204	25,107	7,500	634,341	6,255,152
Total revenues	66,122,181	24,463,040	2,680,320	25,259,598	118,525,139
Expenditures					
Current:					
General government	21,992,279	290,836	42,354	1,478,795	23,804,264
Public safety	21,314,306	-	-	10,775,916	32,090,222
Physical environment	426,056	-	-	6,374,368	6,800,424
Transportation	-	14,226,412	-	26,293	14,252,705
Economic environment	1,207,995	-	-	491,033	1,699,028
Mental and physical health	10,317,834	-	-	-	10,317,834
Culture and recreation	3,862,302	-	-	161,328	4,023,630
Capital outlay	1,156,289	8,317,040	1,064,742	9,685,474	20,223,545
Debt service:					
Principal	29,654	-	-	1,458,013	1,487,667
Interest	20,567	-	-	493,205	513,772
Total expenditures	60,327,282	22,834,288	1,107,096	30,944,425	115,213,091
Excess (deficiency) of revenues over expenditures	5,794,899	1,628,752	1,573,224	(5,684,827)	3,312,048
Other financing sources (uses)					
Sales of capital assets	434,359	557,868	-	78,625	1,070,852
Transfers in	1,446,034	164,356	-	12,054,365	13,664,755
Transfers out	(8,517,820)	(2,586,282)	-	(6,294,748)	(17,398,850)
Total other financing sources (uses)	(6,637,427)	(1,864,058)	-	5,838,242	(2,663,243)
Net change in fund balances	(842,528)	(235,306)	1,573,224	153,415	648,805
Fund balance as of January 1	23,607,243	11,035,213	7,769,477	29,681,451	72,093,384
Fund balance as of December 31	\$ 22,764,715	\$ 10,799,907	\$ 9,342,701	\$ 29,834,866	\$ 72,742,189

Notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended December 31, 2006



Net change in fund balances-total governmental funds	\$ 648,805
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. This is the amount by which capital outlays (\$19,607,354) exceeded depreciation expense (\$8,311,709) in the current period.	11,295,645
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	1,630,463
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	150,449
In the statement of activities, certain operating expenses-compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.	41,381
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>1,487,667</u>
Change in net assets of governmental activities	<u><u>\$ 15,254,410</u></u>

Notes to the financial statements are an integral part of this statement.

	Enterprise Funds	Internal Service Funds
Assets		
Current assets		
Cash & cash equivalents	\$ 1,705,672	\$ 18,621,134
Accounts receivable	12,634	6,841
Due from other funds	-	488,553
Due from other governments	-	97,495
Inventory	-	1,240,558
Prepayments	5	146
Total current assets	1,718,311	20,454,727
Noncurrent assets		
Land	-	750,631
Building & structures (net)	-	1,534,449
Capital leases (net)	-	413,086
Other improvements (net)	-	184,288
Machinery & equipment (net)	-	7,326,323
Total noncurrent assets	-	10,208,777
Total assets	1,718,311	30,663,504
Liabilities		
Current liabilities		
Accounts payable	20,522	999,485
Claims cost payable	-	3,042,266
Due to other funds	203,650	2,040
Other accrued liabilities	37,888	181,268
Total current liabilities	262,060	4,225,059
Noncurrent liabilities		
Employee leave benefits	99,075	500,230
Other noncurrent liabilities	-	471,325
Total noncurrent liabilities	99,075	971,555
Total liabilities	361,135	5,196,614
Net assets		
Invested in capital assets, net of related debt	-	10,208,777
Unrestricted	1,357,176	15,258,113
Total net assets	1,357,176	\$ 25,466,890

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

	(197)
Net assets of business-type activities	\$ 1,356,979

Notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2006



	Enterprise Funds	Internal Service Funds
Operating revenues		
Intergovernmental	\$ 159,143	\$ 342,473
Charges for service	663,803	10,275,644
Rents and parking	-	5,090,848
Interest income	193,543	-
Fines & foreits	-	3,445
Insurance premiums	-	7,123,316
Other miscellaneous revenues	68,791	26,175
Total operating revenues	1,085,280	22,861,901
Operating expenses		
General operations	1,820,825	20,850,102
General administration	198,147	530,008
Depreciation	-	1,512,936
Total operating expenses	2,018,972	22,893,046
Operating income (loss)	(933,692)	(31,145)
Non-operating revenues (expenses)		
Gain (loss) on sale of capital assets	-	96,079
Interest revenue	-	15
Interest expense	-	(16,304)
Total non-operating revenues (expenses)	-	79,790
Income (loss) before contributions and transfers	(933,692)	48,645
Transfers in	2,153,572	1,993,055
Transfers out	-	(412,532)
Changes in net assets	1,219,880	1,629,168
Total net assets-beginning		23,837,722
Total net assets-ending		\$ 25,466,890
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.		
		(1,295)
Change in net assets of business-type activities	\$ 1,218,585	

Notes to the financial statements are an integral part of this statement.

	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 1,072,641	\$ 23,429,871
Cash payments for goods and services	(586,900)	(16,314,811)
Cash payments to employees	(1,083,870)	(5,543,161)
Net cash provided by operating activities	(598,129)	1,571,899
Cash flows from non-capital financing activities:		
Transfers in	2,153,572	1,766,788
Transfers out	-	(412,532)
Net cash provided by non-capital financing activities	2,153,572	1,354,256
Cash flows from capital financing activities:		
Interest paid on lease purchase	-	(16,304)
Proceeds from sale of assets	-	159,180
Transfer in (out)	-	226,267
Payments For capital assets	-	(1,747,541)
Net cash used by capital financing activities	-	(1,378,398)
Cash flows from investing activities:		
Proceeds from sale of investments	-	15
Total cash flows from investing activities	-	15
Net increase (decrease) in cash and cash	1,555,443	1,547,772
Balances - beginning of the year	150,229	17,073,362
Balances - end of the year	\$ 1,705,672	\$ 18,621,134
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (933,692)	\$ (31,145)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	-	1,512,936
Change in assets and liabilities:		
Receivables, net	(12,639)	568,632
Inventories	-	(467,974)
Accounts and other payables	223,213	(80,676)
Accrued expenses	124,989	70,126
Net cash provided by operating activities	\$ (598,129)	\$ 1,571,899
Noncash investing & capital financing activities:		
Lease purchases	\$ -	\$ 164,359
Total noncash investing & capital financing activities	\$ -	\$ 164,359

Notes to the financial statements are an integral part of this statement.

	Investment Trust Fund	Agency Funds
Assets		
Cash & cash equivalents	\$ -	\$ 16,725,379
Deposits with fiscal agent	-	17,724,979
Assets held in trust-external investment pool	-	150,733,896
Investments at cost	150,733,896	-
Accounts receivable (net)	-	600
	-	600
Total assets	\$ 150,733,896	\$ 185,184,854
Liabilities		
Warrants payable	\$ -	\$ 8,726,943
Accounts payable	-	903,761
Matured long-term debt	-	13,478,612
Matured interest payable	-	4,246,367
Other accrued liabilities	-	74,366
Revenue collected in advance	-	475,067
Custodial accounts	-	157,279,738
	-	157,279,738
Total liabilities	-	\$ 185,184,854
Net Assets		
Held in trust for pool participants	\$ 150,733,896	

Notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 December 31, 2006



	Investment Trust Fund
Additions	
Contributions	\$ 172,477,518
Net Investment earnings (losses)	
Interest	4,832,986
Total additions	177,310,504
Deductions	
Distributions	117,692,433
Change in net assets	59,618,071
Net assets - January 1, 2006	91,115,824
Net assets - December 31, 2006	\$ 150,733,895

Notes to the financial statements are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Whatcom County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

Whatcom County was incorporated on March 3, 1854 and operates under the laws of the State of Washington applicable to a home-rule charter county with a full-time, nonpartisan, elected County Executive and a seven member, part-time, County Council.

Whatcom County is a general purpose government providing public safety, fire inspection, road improvement, parks and recreation, judicial administration, health, social, and general administrative services. In addition, the county owns and operates a ferry.

As required by the generally accepted accounting principles the financial statements present Whatcom County – the primary government and one blended component unit for which the County is financially accountable. Blended component units are legally separate entities, but are in substance a part of the County’s operations and therefore the data from this unit is combined with the data from the primary government.

Blended Component Unit: The Flood Control Zone District was established in 1991 to implement and oversee the river improvement program and flood hazard management program. The current County Council serves as the entire governing body. The Flood Control Zone District is reported as a special revenue fund.

B. Financial Statement Presentation, Measurement Focus, Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activities of the County are not included in these statements.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The statement of activities presents changes in net assets and demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services, operating grants and contributions, and capital grants

and contributions. Under the accrual basis of accounting, revenues are recognized in the period which they are earned while expenses are recognized in the period in which the liability is incurred.

Eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated.

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements.

The County reports the following major governmental funds:

General Fund: This fund is the general operating fund of the county. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Road Fund: This fund finances the design, construction and maintenance of county roads.

Public Utilities Improvement Fund: This fund accounts for the collection of a rural county sales or use tax (pursuant to RCW 82.14.370) that provides funds for financing public facilities.

Governmental fund financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The County considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Property tax, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, capital assets are reported as expenditures when purchased and debt service and compensated absences are recorded as expenditures when paid.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

The County reports the following non-major proprietary funds:

Enterprise Funds: These funds are used to report any activity for which a fee is charged to external users for goods or services. The Whatcom County Investment Pool and the Ferry System are the County's enterprise funds.

Internal Service Funds: These funds account for operations that provide goods or services to other departments or funds of the County on a cost reimbursement basis. The County's internal service funds are Equipment Rental and Revolving, Whatcom County Supplemental Retirement and Administrative Services.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The County has elected not to apply to its enterprise funds FASB Statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Financial Statements include a Statement of Net Assets and a Statement of Changes in Net Assets (for Investment Trust Funds). Fiduciary Funds are accounted for using the accrual basis of accounting, as are proprietary funds explained above. Whatcom County has two types of Fiduciary Funds: Investment Trust Funds and Agency Funds.

Investment Trust Funds are used to report investment activity conducted by Whatcom County on behalf of legally separate entities such as special purpose districts that are not part of the County's reporting entity.

Agency Funds account for cash received and disbursed in the County's capacity as ex officio treasurer or collection agent for special purpose districts. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Budgetary Information

Scope of Budget: Annual appropriated budgets are adopted on the modified accrual basis of accounting for all funds except the following special revenue funds: Tax Refund, REET Electronic Technology, Countywide Emergency Medical Services, Park ORV, Whatcom County Trial Court Improvement, Emergency Contingency, Drug Task Force, Imminent Threat Grant, Sewer Improvement District 1, Emergency Communications, and Sumas Sub-Flood Control Zone District; debt service funds: 1977 Fair General Obligation Bond, 1978 Ltd. Tax General Obligation Bond, 1981 Ltd. Tax General Obligation Bond, 1982 Ltd. Tax General Obligation Bond, 1983 Ltd. Tax General Obligation Bond, CRID No. 4 General Debt, CRID No. 5 General Debt, 1991 Ltd. Tax General Obligation Bond, and 1993 Ltd. Tax General Obligation Bond; and capital project funds: 1983 Sewer Construction, Courthouse Expansion Construction, Road Improvement District No. 10 Construction, County Park Improvement, and Civic Center Building Improvement, which are not budgeted. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles.

Annual appropriated budgets are adopted at the level of the fund, except in the general fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Whatcom County implemented project budgeting in 2006. Project budgets are limited to capital appropriations. Project budgets may be adopted by project phase or for the entire project. Once adopted, project budgets continue until the project is complete, abandoned, or until no expenditures have been made for three years.

Except for project budgets, appropriations for all funds lapse at year-end. Expenditure authority for projects extending beyond one year is granted through a continuing appropriation procedure.

Amending the Budget: The County Executive is authorized to approve transfers between accounts and between departments in the General Fund. However, any revisions that alter total expenditures of a fund or that affect the number of authorized employee positions must be approved by the County Council.

When the County Council determines that it is in the best interest of the county to increase or decrease the appropriations for a particular fund or department, it may do so by ordinance approved by a simple majority.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by legally authorized supplemental appropriations.

D. Assets, Liabilities and Equities

Cash and Cash Equivalents: Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County follows the practice of pooling cash and investments of all funds held by the County Treasurer, except when otherwise requested, in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Balances in cash and pooled investments are available on a demand basis to each fund. Earnings on cash and cash equivalents accrue to the county's general fund. Investments are shown on the balance sheet at cost, net of amortized premium or discount.

Temporary Investments: See Note 3.

Receivables: Taxes receivable consist of property taxes due as of December 31 (See Note 4). Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments. (See Note 8.)

Accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

Notes receivable primarily consist of amounts due from private individuals for home improvement loans granted through the Federal Community Development Block Grant Program. Repayment of these loans is due upon sale or exchange of the improved property. These loans are secured by a lien on the benefited properties and all are considered ultimately collectible.

Amounts Due to and from Other Governmental Units: These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services, which are expected to be received within 60 days. Amounts due to other governmental units also reflect the liability for net monetary assets being held by the county in its trustee or agency capacity.

Amounts Due to and from Other Funds; Interfund Loans: Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund loans receivable/ payable." All other outstanding balances between funds are reported as "due to/ from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." A separate schedule of interfund loans receivable and payable is furnished in Note 11 (Interfund Balances and Transfers).

Inventories: Inventories are stated at cost. Inventories in proprietary funds are valued at First In First Out inventory basis.

Capital Assets and Depreciation - See Note 5. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets purchased or acquired are valued at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Table FN1 - Capital Assets & Depreciation

Capital Asset	Useful Life	Capitalization Threshold
Buildings	50 years	\$5,000
Capital Leases	3-30 years	\$5,000
Improvements	5-30 years	\$5,000
Machinery & Equipment	3-10 years	\$5,000
Infrastructure	20-50 years	\$50,000

Custodial Accounts: This account reflects the liability for net monetary assets being held by the county in its trustee or agency capacity.

Compensated Absences: The county records all accumulated unused vacation and sick leave. Vacation pay, which may be accumulated up to 30 days, is payable upon resignation, retirement or death. Sick leave may accumulate up to 120 days. Employees hired before May 15, 1984 can receive a cash payout of 50 percent of their accrued sick leave balance. An employee hired after that date with three years of service can receive 25 percent of their accrued sick leave. The amount reported for the employee leave benefit accrual includes 100 percent of the vacation leave accrual as of December 31, 2006 and 2005. Sick leave accruals are recorded at 50 percent if hired prior to May 15, 1984 or 25 percent sick leave accrual if hired after.

All vacation and sick pay is accrued when incurred in the governmental-wide and proprietary fund financial statements.

Unearned Revenues: This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met. (See Note 1B).

Long-Term Debt - See Note 8.

Fund Reserves: In the fund financial statements, governmental funds report reservations of fund balance for

amounts that are legally committed for specific future uses such as continuing appropriations and where assets are not available for appropriation because they have been advanced to another fund, used to establish revolving funds, or because they are non-current receivables.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions in any of the funds of the county. Expenditures exceeded legal appropriation in Superior Court by \$ 72,241. Professional services for drug-related inpatient treatment was overspent along with salaries for Commissioner Pro Tems. The Tax Refund Fund was over budget by \$246,436. Per RCW 84.86.030, the county is required to pay the amount of any final judgement where it was determined that tax was unlawfully collected. The Ferry System's expenditures exceeded legal appropriations by \$48,205. This was due to sick and vacation accruals that were not budgeted.

NOTE 3 – DEPOSITS AND INVESTMENTS

Whatcom County is authorized by RCW's 36.29.020, 39.58, 39.59.020, 39.59.030, 39.60.010, 39.60.050 and 43.84.080 to invest in the following types of securities: U.S. Treasury Obligations, U.S. Government Agency obligations and U.S. Government Sponsored Enterprises (GSE's), Banker's Acceptances (BA's) purchased through State of Washington Financial Institutions and authorized broker/dealers, Commercial Paper, Non-negotiable Certificates of Deposit, Deposit Notes of Financial Institutions, Repurchase Agreements, Bonds of the State of Washington and any local government in the State of Washington, General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, registered warrants and notes for Whatcom County and those districts in Whatcom County for which the Treasurer is the ex-official Treasurer (subject to compliance with RCW 39.56.030), the Washington State Local Government Investment Pool (LGIP) and as defined in RCW 39.59.030, mutual bond funds as and subject to the arbitrage provisions of Section 148 of the Federal Internal Revenue Code (if bond covenants permit investment in mutual funds).

RCW 39.58.130 authorizes the investment of municipal funds in deposits in qualified public depositories provided that the total in public deposits does not exceed the total net worth of the bank. As of December 31, 2006 the carrying amount of the county's cash demand deposits was \$108,707,900.

The County's cash and investments are subject to several types of risk, which are examined in more detail on the following pages.

Custodial Credit Risk of Bank Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. Whatcom County's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral

pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$100,000 of the county's deposits. The deposit balances over \$100,000 are insured by the WPDPC. State statute permits additional amounts to be assessed on a pro rata basis to members of the WPDPC pool in the event the pool's collateral should be insufficient to cover a loss.

Custodial Credit Risk of Investments: Custodial credit risk of investments is the risk that, in the event of the failure of a counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county investment policy requires that all deliverable securities will be settled delivery versus payment (DVP), which ensures that securities are deposited at a third party, such as a safekeeping and custodian bank acting as an agent for the county. A signed safekeeping and custodial agreement(s) shall be entered into with a federally-regulated financial institution, currently Union Bank of California. The custodian institution shall hold the securities as evidenced by a safekeeping receipt. Non-negotiable CD's, public funds deposit accounts and investments in the LGIP are not handled on a DVP basis, and therefore are exempt from this process. In addition, BA's and repurchase agreements (provided a signed master repurchase agreement is on file) shall be held in the Trust safekeeping department of the financial institution in the name of the county. Certificates of deposit in the County Treasurer's name, or a copy thereof, will be delivered to and held by the Treasurer's Office.

The Local Government Investment Pool (LGIP) is an unrated 2a7-like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category 1 risk level investments. They are either insured or held by a third-party custody provider in the LGIP's name.

As of December 31, 2006, the county had the following investments and maturities:

Table FN2 - Investment Maturities

Investments and Maturities (In Years)

Investment Type	Fair Value	Less Than 1	1 to 5
LGIP	\$ 30,593,241	\$ 30,593,241	\$ -
US Treasury	3,973,440	3,973,440	-
Federal Farm Credit Bank	13,913,460	-	13,913,460
Federal Home Loan Bank	63,412,194	36,395,855	27,016,339
Federal Home Loan Mortgage	34,838,800	24,892,620	9,946,180
Federal National Mortgage Assoc.	50,786,789	18,951,280	31,835,509
Government National Mortgage Assoc.	1,467,711	-	1,467,711
General Obligation Municipal Bonds	9,567,954	5,957,410	3,610,544
Bank Deposit Note	3,967,540	1,993,460	1,974,080
Public Funds Deposit	25,115,805	25,115,805	-
Certificates of Deposit	20,073,978	15,000,000	5,073,978
Total	\$ 257,710,912	\$ 162,873,111	\$ 94,837,801

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the county diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The county coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to five years from the purchase date unless matched to a specific cash flow. In the case of collateralized mortgage obligations, the average expected life at time of purchase must be under five years.

Credit Risk. State law and county policy limit investments to those authorized by state statute. Allowable investments must have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency. The county allows 100 percent investment in US Treasuries or the LGIP. The county limits its holdings in US Government operated and sponsored entities to 90 percent of the portfolio; certificates of deposit, public funds deposit accounts and repurchase agreements to 40 percent of the portfolio; bankers acceptances to 25 percent of the portfolio; commercial paper to 25 percent of the portfolio; WA state and local government bonds to 20 percent general obligation bonds outside the state of WA to 15 percent and deposit notes of financial institutions and reverse repurchase agreements to 10 percent of the portfolio. At December 31, 2006 the county held no investments in bankers acceptances, repurchase agreements or commercial paper.

As of year-end, the credit quality ratings of debt securities (other than US government and US government guaranteed) are as follows:

Table FN3 - Credit Quality Distribution for Secutiries with Credit Exposure as a Percentage of Total Investments

Investment Type	Standard and Poor's Rating	Percentage of Portfolio
Federal Farm Credit Bank	AAA	5%
Federal Home Loan Bank	AAA	24%
Federal Home Loan Mortgage	AAA	13%
Federal National Mortgage Association	AAA	20%
General Obligation Municipal Bonds	AAA	1%
General Obligation Municipal Bonds	AA	2%
Bank Deposit Note	AA	2%
LGIP	Not Rated	12%

Concentration Risk. The county allows 100 percent investment in US Treasuries and the LGIP. The county limits its holdings in US Government operated and sponsored entities to 90 percent of the portfolio and 35 percent per issuer; certificates of deposit, public funds deposit accounts and repurchase agreements to 40 percent of the portfolio and 10 percent per issuer; bankers acceptances to 25 percent of the portfolio and 10 percent per issuer; commercial paper to 25 percent of the portfolio and 5 percent per issuer; WA state and local government bonds to 20 percent, general obligation bonds outside the state of WA to 15 percent, and deposit notes of financial institutions and reverse repurchase agreements to 10 percent of the portfolio.

GASB statement 31 requires adjustments be made to the financial statements to reflect the difference between amortized cost and fair value of investments. Fair value of investments has been determined using quoted market prices and is equivalent to market value. In 2006, the difference between amortized cost and fair value was not material. Therefore, no adjustments have been made. Investments are shown on the balance sheet at cost, net of amortized premium or discount. Gains or losses on investments sold or exchanged are recognized at the time the transactions are completed.

NOTE 4 - PROPERTY TAXES

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

Property Tax Calendar

- January 1 Taxes are levied and become an enforceable lien against properties.
- February 14 Tax bills are mailed.
- April 30 First of two equal 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 an unearned revenue. During the year, property tax revenues are recognized when cash is collected. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The tax collection record for Whatcom County is as follows:

Table FN4 - Tax Collection Record

Collection Year	Regular Assessed Valuation (1)	Ad Valorem Tax Levy (2)	Year of Levy Tax Collection
2006	\$16,740,749,814	\$22,187,688	97.7%
2005	14,531,776,570	21,301,986	97.7%
2004	13,069,729,631	20,261,087	97.5%
2003	12,616,676,560	18,328,751	96.6%
2002	12,153,907,948	17,871,228	96.4%
2001	11,546,689,565	17,293,477	96.9%
2000	10,954,893,516	16,707,418	97.5%

(1) Assessed valuation is based upon 100 percent of estimated actual valuation.
 (2) Does not include conservation futures, county road district, and flood control zone district levies.

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

1. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 106 percent of the previous year’s levy, after adjustments for new construction.
2. Chapter 84.52 RCW establishes a limitation on the levies for ports, public utilities, state school, emergency medical services, counties, roads, and cities and towns. All other regular levies are reduced by a priority schedule if a composite rate of \$5.55 per thousand is exceeded.

3. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1000 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, with the exception of port districts, public utility districts, and new state school construction.

The County's regular levy for 2006 was \$1.32537 per \$1,000 on an assessed valuation of \$16.7 billion for a regular levy of \$22,187,688. This levy was used for general governmental purposes.

The road fund levied \$1.89050 per \$1,000 on an assessed value of \$8.0 billion in 2006. This resulted in a total levy of \$15,113,480 to be used for county road maintenance and construction.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2006 was as follows:

Table FN5 - Capital Assets Activity

Governmental activities	January 1	Increases	Decreases	December 31
Not being depreciated:				
Land	\$ 27,026,928	\$ 1,522,483	\$ (2,500)	\$ 28,546,911
Subtotal	27,026,928	1,522,483	(2,500)	28,546,911
Other capital assets:				
Buildings	56,985,228	8,715,532	-	65,700,760
Improvements	4,999,790	170,208	-	5,169,998
Equipment	29,369,574	2,935,323	(711,506)	31,593,391
Infrastructure	110,577,968	8,086,645	-	118,664,613
Subtotal	201,932,560	19,907,708	(711,506)	221,128,762
Accumulated depreciation				
Buildings	(16,931,045)	(1,428,823)	-	(18,359,868)
Improvements	(3,745,660)	(90,063)	-	(3,835,723)
Equipment	(20,059,488)	(2,318,018)	632,966	(21,744,540)
Infrastructure	(41,854,832)	(5,987,740)	-	(47,842,572)
Subtotal	(82,591,025)	(9,824,644)	632,966	(91,782,703)
Net other capital assets	119,341,535	10,083,064	(78,540)	129,346,059
Net capital assets	\$ 146,368,463	\$ 11,605,547	\$ (81,040)	\$ 157,892,970

Depreciation expense was charged to functions/programs of the primary government as follows:

Table FN6 - Depreciation Expense

Governmental activities:	
General governments	\$1,656,841
Public safety	804,202
Physical environment	32,998
Transportation	7,172,525
Economic environment	6,170
Mental & physical health	66,505
Culture & recreation	85,403
Total depreciation expense	<u><u>\$9,824,644</u></u>

NOTE 6 - PENSION PLANS

Substantially all county 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, Communications 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*.

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: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. 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 age 60 with five years of service, or at age 55 with 25 years of service. The annual benefit 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 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 an employee completes five years of eligible service. Plan 2 members may retire at age 65 with five years of service, or at age 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 the 65 receive 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. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire will full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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 1,181 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

Table FN7 - PERS Membership

Retirees and Beneficiaries Receiving Benefits	68,609
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	22,567
Active Plan Members Vested	104,574
Active Plan Members Nonvested	51,004
TOTAL	246,754

The County covered payroll for the year ended December 31, 2006 was \$43,988,706. The County’s total current year payroll for all employees was \$49,516,418.

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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. 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, 2006, were as follows:

Table FN8 - PERS Contribution Rates

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	3.69%	3.69%	3.69%**
Employee	6.00%	3.50%***	

*The employer rates include the employer administrative expense fee currently set at 0.18%.

**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 Whatcom County and the employees made the required contributions. The County’s required contributions for the years ending December 31 were as follows:

Table FN9 - County Contribution to PERS

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2006	\$ 108,857	\$ 897,629	\$ 338,949
2005	\$ 74,173	\$ 525,705	\$ 184,754
2004	\$ 55,665	\$ 359,046	\$ 119,126

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. 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. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003 being an exception. In addition, effective July 24, 2006, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. LEOFF defined benefits are financed from a combination of investment earnings, employer 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:

Table FN10 - LEOFF Plan 1 Benefit Calculation

Term of Service	Percent of Final Average
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 and reflect the choice of a survivor option. 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 376 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

Table FN11 - LEOFF Membership

Retirees and Beneficiaries Receiving Benefits	8,723
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	577
Active Plan Members Vested	12,348
Active Plan Members Nonvested	<u>3,543</u>
TOTAL	25,191

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 LEOFF Plan 2 Retirement Board in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature has the ability, by means of a special funding arrangement, to appropriate money from the state General Fund to supplement the current service liability and fund the prior service costs of Plans 1 and 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 County's covered payroll for the year ended December 31, 2006 was \$5,377,379. The County's total current year payroll for all employees was \$49,516,418.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2006, were:

Table FN12 - LEOFF Contribution Rates

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	4.90%
Employee	0.00%	7.85%
State	N/A	3.13%

**The employer rates include the employer administrative expense fee currently set at 0.18%.*

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

Table FN13 - County Contribution to LEOFF

	LEOFF Plan 1	LEOFF Plan 2
2006	\$ 229	\$243,845
2005	\$ 237	\$192,250
2004	\$ 285	\$159,336

Public Safety Employees' Retirement System (PSERS) Plans 2

Plan Description

PSERS was created by the 2004 legislature and became effective July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system comprised of a single benefit plan, PSERS Plan 2.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A covered employer is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections; Parks and Recreation.

Commission, Gambling Commissions, Washington State Patrol, and Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job: OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals: OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020: OR
- have primary responsibility to supervise eligible members who meet the above criteria

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service and attains the age of 65. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. 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.

The first actuarial valuation of the PSERS system will be effective as of September, 2006 and reported in the year 2007.

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All Employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

The County’s covered payroll for the year ended December 31, 2006 was \$150,333. The County’s total current year payroll for all employees was \$49,516,418.

The required contributions rates expressed as a percentage of current-year covered payroll, as of December 31, 2006, were as follows:

Table FN14 - PSERS Required Contribution Rates

	PSERS Plan 2
Employer*	6.76%
Employee	6.57%

**The employer rates include the employer administrative expense fee at 0.18%.*

Both County and the employees made the required contributions. The County’s required contributions for the year ended December 31, 2006 were as follows:

Table FN15 - County Contribution to PSERS

	PSERS Plan 2
2006	\$10,162

NOTE 7 - RISK MANAGEMENT

The County maintains insurance against most normal hazards except for unemployment insurance, workers’ compensation, medical insurance, and dental insurance where it has elected to become self-insured. Claims for these risks are processed by independent claims managers. Interfund premiums are assessed on the basis of claims experience and are reported as revenues in the Administrative Services Fund (an internal service fund) and expenses or expenditures in the paying fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At December 31, 2006, the amount of these liabilities was \$3,118,665. Changes in the balances of claims liabilities during 2005 and 2006 were as follows:

Table FN16 - Claims Liability Balance Changes

	Beginning of Year Claims Liability	Claims Paid During the Year	Estimated Additional Liability Incurred	Balance at Year End
2005	\$ 3,362,795	\$ (4,331,209)	\$ 4,567,212	\$ 3,598,798
2006	\$ 3,598,798	\$ (4,182,544)	\$ 3,702,411	\$ 3,118,665

In 2004, Whatcom County settled a claim that requires the county to pay medical coverage for a former employee from January 2004 to the employee's 65th birthday in March of 2015. As of December 31, 2006, the estimate of the present value of the future cash payments totals \$85,158.

Whatcom County is a member of the Washington Counties Risk Pool ("Pool"). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/ or joint self-insuring and/ or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed on August 18, 1988 when several counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and related administrative services. Thirty counties have belonged to the Pool for some years since its inception, and twenty eight counties are members presently.

The Pool allows members to jointly purchase property and excess liability insurance, to establish a plan of self-insurance, and to provide and / or obtain related services such as risk management, etc. All Pool joint self-insurance liability coverages, including public officials' errors and omissions, and the property insurance program are on an "occurrence" basis. The Pool provides the following forms of group purchased insurance coverage for its members: "following form" excess liability, and property that includes vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc.

Members make an annual contribution to fund the Pool. The Pool acquires liability reinsurance and "following form" excess insurance from unrelated underwriters that is subject to a per-occurrence self-insured retention of \$100,000 or the member-selected deductible, which ever is greater. Based upon their individual deductible selections, members are responsible for the first \$10,000 to \$50,000 of each claim, while the Pool is responsible for the remaining self-insured retention up to \$100,000. Insurance carriers cover all losses above the \$100,000 to \$500,000 self-insured retention to the maximum limits of each policy.

Since the Pool is a cooperative program, there is joint liability among the participating members. This contingent liability is established if a program's assets are insufficient to cover the program's liabilities. Deficits of the Pool

are financed through retroactive assessments of the responsible members. The Pool's to-date reassessments receivable balance as of December 31, 2006 is \$947,956. Whatcom County's reassessments responsibilities have been satisfied.

The Pool also acquires member-option property insurance from unrelated underwriters that is subject to a member-selected per-occurrence deductible of between \$5,000 and \$50,000. Members are responsible for the entire deductible amount of each claim. Insurance carriers cover all losses over the member deductibles to the maximum limits of each policy.

Each new member pays the Pool an admittance fee. This amount covers the member's share of organizational expenses and the cost of analyzing their loss data and risk profile. Members contract to remain in the Pool for a minimum of five years, and may terminate their memberships at the conclusion of any Pool fiscal year if the county has timely provided the required twelve months' notice. The Interlocal Governmental Agreement is renewed automatically each year after the initial 5-year period. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Pool is fully funded by its member participants. Claims are filed by members and handled by the Pool's staff. Reserves are established for both reported and unreported insured events and include estimates of the undiscounted future cash payments of losses and related claim adjustment expenses.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. An executive committee is elected from the member designated directors and alternate directors at the annual meeting. Also at the annual meeting, the Pool's officers (president and secretary-treasurer) are elected from the executive committee persons. The officers and the executive committee are responsible for conducting the business affairs of the Pool.

Summarized financial information as of September 30, 2006 is presented below.

Table FN17 - Washington Counties Risk Pool

**Washington Counties Risk Pool
As of September 30, 2006**

Total Assets	\$22,547,307
Total Liabilities	<u>\$17,791,283</u>
Total Restricted Net Assets	\$4,756,024
 Total Revenues	 \$13,182,913
Total Expenses	<u>\$9,186,999</u>
Changes in Net Assets	<u><u>\$3,995,914</u></u>

NOTE 8 - LONG-TERM DEBT AND CAPITAL LEASES

General Obligation Bonds

The county issued general obligation bonds in the amount of \$9,990,000 in 1997 to refinance the 1991 issue of bonds for the remodeling of the County courthouse and to pay off interfund loans for the remodeling of the County courthouse. Interest on these bond issues are fixed at 4.0-5.5 percent (depending on maturity date) with final maturity in 2012. These bonds will be repaid from General Fund revenues. As of December 31, 2006, bonds outstanding total \$5,440,000.

In 1998, the county issued \$3,360,000 in general obligation bonds to pay off an interfund loan for the purchase of the Civic Center Building. Interest rate on these bonds are fixed at 3.75-4.7 percent (depending on maturity date) with final maturity in 2018. Repayment will be made from General Fund revenues. As of December 31, 2006, outstanding bonds totaled \$2,330,000.

Whatcom County issued general obligation bonds in the amount of \$3,385,000 (interest rate 2.00 percent - 3.35 percent) in 2003 to refinance the 1993 issue of bonds for the addition to the Whatcom County courthouse. This debt issue matures in full in 2012. As of December 31, 2006, outstanding bonds totaled \$2,345,000. Repayment will be made from General Fund revenues.

Special Assessment Debt for Road Improvements

Debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. The assessments are liens against the property and subject to foreclosure. Whatcom County has established a Road Improvement District (RID) Guaranty Fund to set aside a reserve to meet debt service requirements on RID debt in the event that assessment collections are insufficient. This reserve is funded by an assessment against RID funds as they are established. At December 31, 2006, a reserve of \$105,999 was available in the RID Guaranty Fund.

RID 9 debt represents loans from Washington Community Economic Revitalization Board (CERB) for road, water and sewer improvements to an area within Whatcom County known as Cordata Business Park. In November 1987, the County formed Road Improvement District #9 and levied assessments to service these loans. The special assessment debt balance is payable from assessments receivable. The outstanding loan balance was paid off in 2006.

Governmental activities annual debt service requirements to maturity for general obligation bonds are as follows:

Table FN18 - GO Bonds

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2007	\$ 1,440,000	\$ 424,453
2008	1,530,000	360,505
2009	1,600,000	293,617
2010	1,685,000	220,913
2011	1,750,000	142,725
2012 - 2016	1,630,000	273,956
2017 - 2021	480,000	34,075
Total	<u>\$ 10,115,000</u>	<u>\$ 1,750,244</u>

In proprietary funds, unamortized debt issue costs and bond discounts are recorded as deferred charges. Annual interest expense is increased by amortization of debt costs and discounts.

At December 31, 2006, the County had \$69,254 available in debt service funds to service the general bonded debt. In addition, \$141,200 was available to service RID debt.

Changes In Long-Term Debt

During the year ended December 31, 2006, the following changes occurred in long-term liabilities:

Table FN19 - Changes in Long-Term Debt

Governmental Activities	January 1	Additions	Reductions	December 31	Due Within One Year
Bonds payable					
General obligation debt	\$ 11,495,000	\$ -	\$ 1,380,000	\$ 10,115,000	\$ 1,440,000
Special assessment debt	78,013	-	78,013	-	-
Less deferred amounts for issuance discounts/premiums	63,590	-	9,391	54,199	-
Total bonds payable	<u>11,636,603</u>	<u>-</u>	<u>1,467,404</u>	<u>10,169,199</u>	<u>1,440,000</u>
Capital leases	337,571	215,907	158,552	394,926	143,122
Claims and judgements (see Note 7)	3,598,798	3,702,411	4,182,544	3,118,665	3,042,266
Compensated absences	5,375,834	302,513	277,409	5,400,938	466,141
Loans payable	297,096	-	29,653	267,443	31,877
Landfill post-closure costs	250,000	-	-	250,000	-
Total Governmental Activities	<u>\$ 21,495,902</u>	<u>\$ 4,220,831</u>	<u>\$ 6,115,562</u>	<u>\$ 19,601,171</u>	<u>\$ 5,123,406</u>
Business-Type Activities					
Compensated absences	\$ 10,762	\$ 88,313	\$ -	\$ 99,075	\$ 5,133
Total Business-Type Activities	<u>\$ 10,762</u>	<u>\$ 88,313</u>	<u>\$ -</u>	<u>\$ 99,075</u>	<u>\$ 5,133</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

Compensated Absences

For governmental activities, the compensated absences liability will be paid from the General Fund, County Road, Election Reserve, Whatcom County Jail, Solid Waste, Victim Witness Assistance, and Emergency Management special revenue funds, Public Utilities Improvement capital projects fund, and Equipment Rental and Revolving and Administrative Services internal service funds.

Capital Leases

Whatcom County has entered into a lease agreement for copiers that qualifies as a capital lease for accounting purposes. The leased copiers and related obligations are accounted for in the Proprietary Fund, Administrative Services. The assets acquired through capital leases are as follows:

Table FN20 - Capital Lease Assets

	Governmental Activities	
Asset:		
Machinery and equipment	\$	814,946
Less: Accumulated depreciation		(401,860)
Total	<u>\$</u>	<u>413,086</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006 are as follows:

Table FN21 - Future Minimum Lease Obligations

	Governmental Activities	
	2007	\$159,702
	2008	110,527
	2009	88,051
	2010	55,893
	2011	29,468
	2012 and Beyond	-
Total Minimum Lease Payments		<u>443,641</u>
Less: Interest		<u>48,715</u>
Present Value of Minimum Lease Payments		<u>\$394,926</u>

Debt Limitations

The amount of long-term debt that can be incurred by a county is limited by state statute. The table below presents the remaining unused long-term debt capacity available to the county based upon the limits set by statute.

Table FN22 - Long-Term Debt Capacity

Purpose of Indebtedness	Remaining Capacity
General Government (No vote required)	\$ 285,244,823
General Government (With 3/5 majority vote)	\$ 488,035,268

NOTE 9 – CONTINGENCIES

Whatcom County has claims and lawsuits pending at this time. All these claims and lawsuits were forwarded to the Washington Counties Risk Pool (see Note 7) and will not have a material adverse effect on the financial condition of the County.

The County participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representative. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. County management believes that such disallowances, if any, will be immaterial.

NOTE 10 - COMMITMENTS

The City of Bellingham provides countywide emergency medical care and transportation services. These services are funded by a combination of sales taxes, user fees and contributions from Whatcom County's General Fund and the City of Bellingham's General Fund. Beginning in 2007, Whatcom County will contribute \$1,349,562 and the City of Bellingham will contribute \$1,005,982. Both the City and the County contributions will increase by 1% per year. If revenues and contributions are inadequate to fund emergency medical services, the City and the County have agreed to split the deficit equally.

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund receivables and payables are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, and are similarly treated when they involve other funds of the county. At December 31, 2006, due to and from other funds balances were as follows:

Table FN23 - Due To / From Other Funds

Due To	Due From				
	General Fund	County Road	Internal Service	All Others	Total
General Fund	\$ -	\$ 49,591	\$ 492	\$ 119,696	\$ 169,779
County Road	394	-	1,053	207,848	209,295
Flood Control Zone Dist.	283,230	-	408	217,426	501,064
Internal Service	466,723	2,616	87	19,129	488,555
Other	24,958	10,968	-	37,383	73,309
Total	\$775,305	\$ 63,175	\$ 2,040	\$ 601,482	\$1,442,002

The Interfund balances resulted from the time lag between the dates when interfund goods and services were provided or reimbursable expenditures incurred and when interfund payments were made.

Interfund loans outstanding as of 12/31/06 were as follows:

Table FN24 - Interfund Loans Receivable / Payable

Interfund Loan Receivable	Interfund Loan Payable		
	Election Reserve	Jail Construction Project	Total
General Fund	\$ 116,000	\$ 385,000	\$ 501,000
Total	\$ 116,000	\$ 385,000	\$ 501,000

Interfund Transfers

Transfers provide funding for capital projects, debt service, reallocations of special revenues, and to support the operations of other funds. Interfund transfers for the year ended December 31, 2006, consisted of the following:

Table FN25 - Interfund Transfers

Transfer To	Transfers From				Total
	General Fund	County Road	Internal Service	All Others	
General Fund	\$ 14,195	\$ 92,291	\$ 125,532	\$ 1,214,016	\$ 1,446,034
County Road	77,108	86,189	-	1,059	164,356
Internal Service	1,739,447	174,347	3,600	75,662	1,993,056
All Others	6,687,070	2,233,455	283,400	5,004,013	14,207,938
Total	\$8,517,820	\$2,586,282	\$ 412,532	\$ 6,294,750	\$17,811,384

NOTE 12 - JOINT VENTURES

Whatcom County participates with the City of Bellingham and other local governmental jurisdictions to provide a law enforcement, fire and emergency medical communications dispatching service (What-Comm Communications Center). The governing board of What-Comm consists of three members from the county, three from the city, one representing county fire districts and one elected official to be selected by the other members. The board is responsible for establishing the budget for What-Comm and for establishing the annual financial contributions to be made by the member jurisdictions. Whatcom County and the City of Bellingham share the expenditures equally. Whatcom County contributed \$637,330 as its share of operations in 2006. Whatcom County did not have an equity interest in What-Comm in 2006. Financial statements for What-Comm Communications Center can be obtained from the City of Bellingham, 210 Lottie Street, Bellingham, Washington 98225.

NOTE 13 – POSTRETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 6, Whatcom County provides postretirement health care benefits, in accordance with the Washington Law Enforcement Officers and Fire Fighters Retirement Systems (LEOFF) Act (RCW 41.26), to employees who were law enforcement officers and established membership in the LEOFF I retirement system on or before September 30, 1977. Currently, 24 retirees meet those eligibility requirements.

Whatcom County pays for health insurance and medical costs not covered by insurance for pre-Medicare retirees. The County also pays a fixed amount of \$135 to \$192 per month for a Medicare supplement for each retiree eligible for Medicare.

During the year, expenditures of \$381,168 were recognized for postretirement health care.

NOTE 14 – POSTCLOSURE CARE COST

Whatcom County owns four closed solid waste landfills. These are Birch-Bay Lynden, Y Road, and Pt. Roberts, which were closed in the 1980's and Cedarville, which was closed in 1992. Whatcom County is required by the Department of Ecology to perform postclosure monitoring of the landfills for a minimum of 30 years. The County complies with this requirement by monitoring ground water of all the landfills and disposal of leachate from the Cedarville landfill. In 2001, an addition of a sheet-pile cut-off wall at Cedarville reduced the quantity of leachate collected, reducing the treatment and disposal costs in half (an estimated reduction of \$37,000 per year). Other than the project at Cedarville, no further capital improvements are anticipated at this time. However, the actual cost of postclosure care may change due to inflation or deflation, technology, or applicable laws or regulations. A reserve of \$250,000 was established in the Solid Waste Fund in 1992 to cover postclosure care costs.

As of 1999, the Solid Waste Fund was reclassified from an enterprise fund to a special revenue fund.

NOTE 15 - OTHER DISCLOSURES

Fund Changes

During 2006, the following funds were added: Countywide Emergency Medical Services and Ferry System.



Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
General Fund
Year Ended December 31, 2006



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 33,642,668	\$ 33,706,668	\$ 36,571,064	\$ 2,864,396
Licenses and permits	2,418,150	2,618,150	2,342,169	(275,981)
Intergovernmental	12,554,533	13,559,998	13,015,764	(544,234)
Charges for service	7,020,462	6,959,223	6,917,033	(42,190)
Fines and forfeits	1,577,580	1,597,546	1,687,947	90,401
Miscellaneous	4,027,799	3,972,487	5,588,204	1,615,717
Total revenues	61,241,192	62,414,072	66,122,181	3,708,109
Expenditures				
Current:				
General government	22,360,306	23,402,194	21,992,279	1,409,915
Public safety	26,622,588	21,326,069	21,314,306	11,763
Physical environment	376,011	427,667	426,056	1,611
Economic environment	1,314,464	1,851,142	1,207,995	643,147
Mental and physical health	10,317,577	11,669,265	10,317,834	1,351,431
Culture and recreation	3,582,800	3,979,051	3,862,302	116,749
Capital outlay	66,786	1,651,761	1,156,289	495,472
Debt service:				
Principal	-	-	29,654	(29,654)
Interest	-	-	20,567	(20,567)
Total expenditures	64,640,532	64,307,149	60,327,282	3,979,867
Excess (deficiency) of revenues over expenditures	(3,399,340)	(1,893,077)	5,794,899	7,687,976
Other financing sources (uses)				
Sales of capital assets	754,000	754,000	434,359	(319,641)
Transfers in	1,189,291	1,541,918	1,446,034	(95,884)
Transfers out	(1,647,117)	(9,876,452)	(8,517,820)	1,358,632
Total other financing sources (uses)	296,174	(7,580,534)	(6,637,427)	943,107
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(3,103,166)	(9,473,611)	(842,528)	8,631,083
Fund balance as of January 1	-	6,370,446	23,607,243	17,236,797
Fund balance as of December 31	\$ (3,103,166)	\$ (3,103,165)	\$ 22,764,715	\$ 25,867,880

Notes to required supplemental information are an integral part of this schedule.

Schedule of Revenues, Expenditures and Changes in Fund
 Balance - Budget and Actual
 County Road
 Year Ended December 31, 2006



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,522,000	\$ 13,522,000	\$ 14,566,389	\$ 1,044,389
Licenses and permits	40,100	40,100	72,588	32,488
Intergovernmental	5,086,856	9,790,856	8,849,245	(941,611)
Charges for service	1,177,731	692,524	949,711	257,187
Miscellaneous	13,000	13,000	25,107	12,107
Total revenues	19,839,687	24,058,480	24,463,040	404,560
Expenditures				
Current:				
General government	152,000	152,000	290,836	(138,836)
Transportation	17,429,115	16,870,597	14,226,412	2,644,185
Capital outlay	23,400	14,641,417	8,317,040	6,324,377
Total expenditures	17,604,515	31,664,014	22,834,288	8,829,726
Excess (deficiency) of revenues over expenditures	2,235,172	(7,605,534)	1,628,752	9,234,286
Other financing sources (uses)				
Sales of capital assets	900,000	900,000	557,868	(342,132)
Transfers in	78,387	104,254	164,356	60,102
Transfers out	(293,034)	(2,879,023)	(2,586,282)	292,741
Total other financing sources (uses)	685,353	(1,874,769)	(1,864,058)	10,711
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	2,920,525	(9,480,303)	(235,306)	9,244,997
Fund balance as of January 1	-	13,403,702	11,035,213	(2,368,489)
Fund balance as of December 31	\$ 2,920,525	\$ 3,923,399	\$ 10,799,907	\$ 6,876,508

Notes to required supplemental information are an integral part of this schedule.

A. Budgetary Basis

Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects and all proprietary funds on the modified accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles.

B. Material Violations

There were no material violations of finance-related legal or contractual provisions in the general fund and special revenue funds. In addition, these fund's expenditures did not exceed legal appropriation for 2006.



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established in Whatcom County pursuant to State statutes or local ordinance in order to segregate resources that are designated to be used for specified purposes. Both revenues and expenditures are budgeted in compliance with procedures established in Article 6 of the Whatcom County Charter.

Appropriations are authorized by ordinance at the fund level. The modified accrual basis of accounting is applied. The following lists all Special Revenue Funds included in this report.

Election Reserve - A fund to finance elections and election equipment.

Veteran's Relief - A fund to finance emergency financial assistance to veterans and their survivors.

Tax Refund - This fund is used for administrative refunds such as errors, appeals and senior citizen petition as per RCW 84.69.

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

Water Resources - A fund established to administer and coordinate the water related activities of the county.

Whatcom County Jail - A fund to finance the operations of the Whatcom County Jail.

REET Electronic Technology - A fund to account for a fee collected through the real estate excise tax. The funds are to be used to develop, implement, and maintain an electronic processing and reporting system for real estate excise tax affidavits.

Low-Income Housing - A fund used to collect a ten dollar surcharge on each recorded document. The amount collected provides funding for low-income housing.

Homeless Housing - A fund used to collect a ten dollar surcharge on each recorded document. The amount collected provides funding for homeless housing programs.

Countywide Emergency Medical Services - A fund to account for an additional sales and use tax in the amount of one-tenth of one percent. Two-thirds of the tax is to be used solely for costs associated with the provisions of countywide emergency medical services, and one-third is to be used for criminal justice purposes, as authorized by RCW 82.14.450.

Park Off Road Vehicle - A fund to finance the planning, acquisition, development and management of off road vehicle trails and areas.

Whatcom County Trial Court Improvement - A fund to collect funding received from Washington State to improve Superior and District Court staffing, facilities, and services.

Solid Waste Management – A fund to account for the provision of solid waste services to the residents of Whatcom County.

Convention Center - A fund to account for hotel motel tax revenue, used to promote tourism.

Victim Witness Assistance - A fund established to administer the victim witness programs. The fund is financed by the 20% of penalties assessed by the County Courts.

Community Economic Revitalization Board (CERB) - A fund to finance and account for the loans proceeds from the State CERB Fund and the repayment of the loan.

Emergency Contingency - A fund to finance emergency expenditures due to disaster or other unanticipated emergency.

Drug Task Force - A fund to finance and account for the multi-jurisdictional function of drug enforcement.

Community Development - A fund to finance and account for delayed payment loans to low and moderate income single family home owners. The fund was originally established with a Federal Community Development Block Grant.

Imminent Threat Grant - A fund established by an Emergency Imminent Threat Grant from the Washington Department of Community Development. An emergency occurred in the community of Acme, Washington which threatened their water supply. The grant funds were used to dig a new well and provide the community with a safe water source.

Sewer Improvement District No. 1 - A fund to finance maintenance of the sewers in the Birchwood District, that are outside of the City of Bellingham limits.

Emergency Communication - A fund established for collection of the excise tax of \$.50 per month per telephone access line, approved by the voters of Whatcom County.

Whatcom County Drug - Moneys from convicted drug offenders have been placed into this fund by court order and will be used to fight the battle against drugs in Whatcom County.

Auditor's Operation and Maintenance - A fund created with a state mandated \$2 surcharge on all instruments recorded by Auditor. Expenditures from this fund shall be used for installation and maintenance of an improved system for copying, reserving, and indexing documents recorded in the county.

Emergency Management - A fund created to carry out federal and state mandated programs to prepare the community (emergency services systems and the public) to respond to emergency disasters beyond the capacity of regular emergency services.

Sumas Sub-Flood Control Zone District - A fund created as a result of voters approving a one year excess levy in 1990 authorizing matching funds to conduct flood control work on the Sumas River.

Flood Control Zone District - This fund finances the maintenance and operations of flood control projects.

Point Roberts Fuel Tax - A fund created to address the transportation needs of the Point Roberts area.

Conservation Futures - A fund to account for a special tax levy to be used to purchase land within Whatcom County for conservation purposes.

Lake Management District No. 1 - A fund used to account for special assessments collected and used to manage water issues in the Lake Samish area.

Road Improvement Districts - A fund financed by special assessments to account for maintenance and operation road and street lighting improvement districts.

Lynden/ Everson Sub-Zone - A fund established to account for charges to those who are receiving or will receive benefit from flood control work in the Lynden/ Everson Sub-Zone.

Sumas/ Nooksack/ Everson Sub-Zone - A fund established to account for charges to those who are receiving or will receive benefit from flood control work in the Sumas/ Nooksack/ Everson Sub-Zone.

Acme/ Van Zandt Sub-Zone - A fund established to account for charges to those who are receiving or will receive benefit from flood control work in the Acme/ Van Zandt Sub-Zone.

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, assessment debt, interest, and related costs. Whatcom County appropriates current year expenditures and anticipated revenue. The modified accrual basis of accounting is applied. A description of each type of fund follows:

General Obligation Bond - A fund to account for redemption of bonds which are general obligations of the county. The county has ten general obligation bond funds.

Road Improvement District Special Assessment Bond - A fund to account for redemption of bonds which will be repaid from the proceeds of special assessments that have been levied against the affected property owners. The county has four road improvement district special assessment bond funds.

Capital Project Funds

Capital Projects Funds are established in Whatcom County to account for financial resources to be used for the acquisition or construction of major capital facilities. Both revenues and expenditures are budgeted in compliance with procedures established in the RCW 36.40. The modified accrual basis of accounting is applied. A description of each fund follows:

Real Estate Excise Tax II - A fund to account for an additional excise tax on the sale of real property in the unincorporated portion of Whatcom County.

1983 Sewer Construction - A fund to account for acquisition, construction and installation of sewerage facilities in the Nor-Bell Care area.

Real Estate Excise Tax I - A fund to account for an excise tax on each sale of real property, imposed on the unincorporated areas of the County.

Courthouse Expansion Construction - A reserve fund set up for remodeling of the Courthouse.

Road Improvement District No. 10 Construction - A fund supported by special assessments for construction of infrastructure improvements to the Horton Road area.

County Park Improvement - A fund established to account for repair, replacement, improvements and maintenance of existing facilities and equipment for parks, recreation equipment, and senior centers. The funding for expenditure was approved by a vote of the people, authorizing a one year excess property tax levy in the amount of \$2,500,000.

Civic Center Building Improvement - A fund created to account for the acquisition of the Civic Center Building.

Jail Construction Project - A fund established to finance the construction of the minimum security jail.

NON-MAJOR PROPRIETARY FUNDS

Internal Service Funds

Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of Whatcom County, or to other governments, on a cost reimbursement basis. The accrual basis of accounting is used in the following funds:

Equipment Rental and Revolving - A fund to finance the maintenance and operation of equipment used by the Public Works Department and other departments. This fund also maintains an inventory of road construction materials for the County.

Whatcom County Supplemental Retirement - A fund to account for Whatcom County's Supplemental Retirement.

Administrative Services - A fund to finance the central services of Whatcom County. These activities include finance, human resources, information services, and records. Also, to account for the County's self insurance activities, tort claims, and facilities management.

Enterprise Funds

Enterprise funds are used by Whatcom County to account for operations that are financed and operated in a manner similar to a private business enterprise.

Whatcom County Investment Pool - A fund established to account for the operations of the WCIP, and to provide greater accountability to all pool participants.

Ferry System - A fund established to account for the Lummi Island Ferry operations.

FIDUCIARY FUNDS

Investment Trust Funds

Investment Trust Funds are established to account for the investment activity conducted by Whatcom County on behalf of legally separate entities such as special purpose districts.

Agency Funds

Agency Funds are established to account for assets held by Whatcom County acting in the capacity of agent. Agency Funds are funds over which the county has no oversight responsibility or financial interdependency. Many independent districts are required by state statute to process all monies through the County Treasurer's office. Such funds do not represent assets of Whatcom County. Agency Funds are custodial in nature and therefore do not involve measurement of results of operations. Each independent district is responsible for preparing its own annual financial report.

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2006



	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 19,959,808	\$ 210,454	\$ 10,002,981	\$ 30,173,243
Investments at cost	-	-	128,481	128,481
Taxes receivable	132,444	10	-	132,454
Accounts receivable	336,569	-	1,588	338,157
Special assessments	10,935	7,283	-	18,218
Interest receivable	-	-	495	495
Notes receivable	96,895	-	-	96,895
Due from other funds	574,372	-	-	574,372
Due from other governments	989,816	-	40,770	1,030,586
Employee advances	133	-	-	133
Prepayments	38	-	-	38
Total assets	\$ 22,101,010	\$ 217,747	\$ 10,174,315	\$ 32,493,072
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 1,138,531	\$ -	\$ 126,855	\$ 1,265,386
Due to other funds	391,546	-	6,284	397,830
Interfund loans payable	116,000	-	385,000	501,000
Revenue collected in advance	-	-	50	50
Other accrued liabilities	189,746	-	-	189,746
Custodial accounts	26,419	-	-	26,419
Deferred revenue	240,275	7,293	-	247,568
Deferred credits	30,207	-	-	30,207
Total liabilities	2,132,724	7,293	518,189	2,658,206
Fund balances				
Reserved for:				
Encumbrances	1,017,856	-	12,263	1,030,119
Debt service	-	210,454	-	210,454
Unreserved, reported in:				
Special revenue funds	18,950,430	-	-	18,950,430
Capital projects funds	-	-	9,643,863	9,643,863
Total fund balance	19,968,286	210,454	9,656,126	29,834,866
Total liabilities and fund balance	\$ 22,101,010	\$ 217,747	\$ 10,174,315	\$ 32,493,072

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Non-Major Governmental Funds
 Year Ended December 31, 2006



	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
Revenues				
Taxes	\$ 9,009,085	\$ -	\$ 4,550,985	\$ 13,560,070
Intergovernmental	5,201,868	-	2,208,020	7,409,888
Charges for service	3,002,169	-	-	3,002,169
Fines and forfeits	653,130	-	-	653,130
Miscellaneous	526,701	79,193	28,447	634,341
Total revenues	18,392,953	79,193	6,787,452	25,259,598
Expenditures				
Current:				
General government	1,478,795	-	-	1,478,795
Public safety	10,775,916	-	-	10,775,916
Physical environment	6,360,637	-	13,731	6,374,368
Transportation	26,293	-	-	26,293
Economic environment	491,033	-	-	491,033
Culture and recreation	161,328	-	-	161,328
Capital outlay	1,868,742	-	7,816,732	9,685,474
Debt service:				
Principal	78,013	1,380,000	-	1,458,013
Interest	5,305	487,900	-	493,205
Total expenditures	21,246,062	1,867,900	7,830,463	30,944,425
Excess (deficiency) of revenues over expenditures	(2,853,109)	(1,788,707)	(1,043,011)	(5,684,827)
Other financing sources (uses)				
Sales of capital assets	78,625	-	-	78,625
Transfers in	6,503,280	1,875,636	3,675,449	12,054,365
Transfers out	(3,966,112)	(83,257)	(2,245,379)	(6,294,748)
Total other financing sources (uses)	2,615,793	1,792,379	1,430,070	5,838,242
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(237,316)	3,672	387,059	153,415
Fund balance as of January 1	20,205,602	206,782	9,269,067	29,681,451
Fund balance as of December 31	\$ 19,968,286	\$ 210,454	\$ 9,656,126	\$ 29,834,866

Combining Balance Sheet
 Non-Major Special Revenue Funds

December 31, 2006

Page 1 of 4

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O & M	Water Resources	Whatcom County Jail	REET Electronic Technology
Assets							
Cash and cash equivalents	\$ 110,999	\$ 347,022	\$ 59	\$ 195,196	\$ 316,195	\$ 1,317,405	\$ 69,080
Taxes receivable	11,679	5,797	20	-	-	-	-
Accounts receivable	-	-	-	-	-	120,675	-
Special assessments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	23,703	-	-	-	-	49,332	-
Due from other governments	60,981	-	-	-	-	309,708	-
Employee advances	-	-	-	-	-	133	-
Prepayments	-	-	-	-	-	38	-
Total assets	\$ 207,362	\$ 352,819	\$ 79	\$ 195,196	\$ 316,195	\$ 1,797,291	\$ 69,080
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ 6,146	\$ 74	\$ -	\$ 11	\$ -	\$ 533,772	\$ -
Due to other funds	369	-	-	100	-	24,917	-
Interfund loans payable	116,000	-	-	-	-	-	-
Other accrued liabilities	9,282	280	-	-	-	167,562	-
Custodial accounts	-	-	-	-	-	-	-
Deferred revenue	11,679	5,797	20	-	-	-	-
Deferred credits	1,194	46	-	-	-	27,363	-
Total liabilities	144,670	6,197	20	111	-	753,614	-
Fund balances							
Reserved for:							
Encumbrances	-	-	-	-	264,557	39,124	-
Unreserved, reported in:							
Special revenue funds	62,692	346,622	59	195,085	51,638	1,004,553	69,080
Total fund balance	62,692	346,622	59	195,085	316,195	1,043,677	69,080
Total liabilities & fund balance	\$ 207,362	\$ 352,819	\$ 79	\$ 195,196	\$ 316,195	\$ 1,797,291	\$ 69,080

Low-Income Housing	Homeless Housing	Countywide Emergency Medical Services	Park ORV	WC Trial Court Impr	Solid Waste Mgmt	Convention Center	Victim/Witness Assist.	CERB	Emerg. Contingency	Drug Task Force
\$ 1,057,674	\$ 448,864	\$ 1,516,384	\$ -	\$ 20,716	\$ 1,413,403	\$ 315,202	\$ 76,431	\$ -	\$ 5,250	\$ 16,170
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	212,225	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	73,685	-	-	8,520	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 1,057,674</u>	<u>\$ 448,864</u>	<u>\$ 1,590,069</u>	<u>\$ -</u>	<u>\$ 20,716</u>	<u>\$ 1,634,148</u>	<u>\$ 315,202</u>	<u>\$ 76,431</u>	<u>\$ -</u>	<u>\$ 5,250</u>	<u>\$ 16,170</u>
\$ 102,474	\$ -	\$ -	\$ -	\$ -	\$ 96,459	\$ 33,243	\$ 894	\$ -	\$ -	\$ -
-	-	90,337	-	14,099	198	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,409	-	1,598	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	420	-	199	-	-	-
<u>102,474</u>	<u>-</u>	<u>90,337</u>	<u>-</u>	<u>14,099</u>	<u>100,486</u>	<u>33,243</u>	<u>2,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	21,042	-	-	-	-	-
955,200	448,864	1,499,732	-	6,617	1,512,620	281,959	73,740	-	5,250	16,170
955,200	448,864	1,499,732	-	6,617	1,533,662	281,959	73,740	-	5,250	16,170
<u>\$ 1,057,674</u>	<u>\$ 448,864</u>	<u>\$ 1,590,069</u>	<u>\$ -</u>	<u>\$ 20,716</u>	<u>\$ 1,634,148</u>	<u>\$ 315,202</u>	<u>\$ 76,431</u>	<u>\$ -</u>	<u>\$ 5,250</u>	<u>\$ 16,170</u>

continued on next page

Combining Balance Sheet
 Non-Major Special Revenue Funds

December 31, 2006

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	Community Develop- ment	Imminent Threat Grant	Sewer Imp Dist No. 1	Emergency Communi- cations	Whatcom County Drug	Auditor's O & M	Emergency Management
Assets							
Cash and cash equivalents	\$ 18,077	\$ 3	\$ 5,066	\$ 26,419	\$ 1,257,400	\$ 462,168	\$ 137,934
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes receivable	96,895	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	144,032
Employee advances	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-
Total assets	\$ 114,972	\$ 3	\$ 5,066	\$ 26,419	\$ 1,257,400	\$ 462,168	\$ 281,966
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 53,370	\$ 11,423	\$ 140,511
Due to other funds	-	-	-	-	1,648	-	-
Interfund loans payable	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-	7,615
Custodial accounts	-	-	-	26,419	-	-	-
Deferred revenue	96,895	-	-	-	-	-	-
Deferred credits	-	-	-	-	-	-	985
Total liabilities	96,895	-	-	26,419	55,018	11,423	149,111
Fund balances							
Reserved for:							
Encumbrances	-	-	-	-	-	35,100	130,815
Unreserved, reported in:							
Special revenue funds	18,077	3	5,066	-	1,202,382	415,645	2,040
Total fund balance	18,077	3	5,066	-	1,202,382	450,745	132,855
Total liabilities & fund balance	\$ 114,972	\$ 3	\$ 5,066	\$ 26,419	\$ 1,257,400	\$ 462,168	\$ 281,966

Sumas Sub- Flood Control Zone Dist	Flood Control Zone District	Point Roberts Fuel Tax	Conser- vation Futures	Lake Mgmt District No. 1	Road Improve- ment Districts	Lynden/ Everson Sub-Zone	Sumas/ Nooksack/ Everson Sub-Zone	Acme/ Van Zandt Sub-Zone	Total Non Major Special Revenue Funds
-	\$ 6,644,370	\$ 218,333	\$ 2,941,088	\$ 6,057	\$ 171,739	\$ 254,203	\$ 501,766	\$ 89,135	\$ 19,959,808
-	87,511	-	27,437	-	-	-	-	-	132,444
-	3,669	-	-	-	-	-	-	-	336,569
-	1,661	-	-	-	1,602	877	5,306	1,489	10,935
-	-	-	-	-	-	-	-	-	96,895
-	501,064	-	-	-	-	273	-	-	574,372
-	392,890	-	-	-	-	-	-	-	989,816
-	-	-	-	-	-	-	-	-	133
-	-	-	-	-	-	-	-	-	38
\$ -	\$ 7,631,165	\$ 218,333	\$ 2,968,525	\$ 6,057	\$ 173,341	\$ 255,353	\$ 507,072	\$ 90,624	\$ 22,101,010
-	\$ 157,052	\$ -	\$ -	\$ 390	\$ 2,227	\$ -	\$ -	\$ 485	\$ 1,138,531
-	42,452	-	-	-	-	55,029	159,440	2,957	391,546
-	-	-	-	-	-	-	-	-	116,000
-	-	-	-	-	-	-	-	-	189,746
-	-	-	-	-	-	-	-	-	26,419
-	89,172	-	27,437	-	1,602	878	5,306	1,489	240,275
-	-	-	-	-	-	-	-	-	30,207
-	288,676	-	27,437	390	3,829	55,907	164,746	4,931	2,132,724
-	527,218	-	-	-	-	-	-	-	1,017,856
-	6,815,271	218,333	2,941,088	5,667	169,512	199,446	342,326	85,693	18,950,430
-	7,342,489	218,333	2,941,088	5,667	169,512	199,446	342,326	85,693	19,968,286
\$ -	\$ 7,631,165	\$ 218,333	\$ 2,968,525	\$ 6,057	\$ 173,341	\$ 255,353	\$ 507,072	\$ 90,624	\$ 22,101,010

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 Year Ended December 31, 2006

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O & M	Water Resources	Whatcom County Jail	REET Electronic Technology
Revenues							
Taxes	\$ 364,264	\$ 189,839	\$ 137	\$ -	\$ -	\$ 3,279,216	\$ 5,090
Intergovernmental	153,992	10	-	-	-	1,807,350	40,762
Charges for service	380,199	-	-	94,324	-	826,545	-
Fines and forfeits	-	-	-	-	-	-	-
Miscellaneous	4,239	11,672	214,966	2,801	-	203,402	-
Total revenues	902,694	201,521	215,103	97,125	-	6,116,513	45,852
Expenditures							
Current:							
General government	1,126,352	-	246,436	17,530	-	-	-
Public safety	-	-	-	-	-	9,857,598	-
Physical environment	-	-	-	-	64	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	106,927	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	21,264	-	-	-	-	190,982	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	1,147,616	106,927	246,436	17,530	64	10,048,580	-
Excess (deficiency) of revenues over expenditures	(244,922)	94,594	(31,333)	79,595	(64)	(3,932,067)	45,852
Other financing sources (uses)							
Sales of capital assets	6,880	3,405	-	-	-	-	-
Transfers in	49,106	-	-	-	-	5,798,939	-
Transfers out	-	-	-	(67,819)	(162,014)	(2,480,198)	-
Total other financing sources (uses)	55,986	3,405	-	(67,819)	(162,014)	3,318,741	-
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(188,936)	97,999	(31,333)	11,776	(162,078)	(613,326)	45,852
Fund balance as of January 1	251,628	248,623	31,392	183,309	478,273	1,657,003	23,228
Fund balance as of Dec. 31	\$ 62,692	\$ 346,622	\$ 59	\$ 195,085	\$ 316,195	\$ 1,043,677	\$ 69,080

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 Year Ended December 31, 2006

Low- Income Housing	Home- less Housing	County- wide Emerg. Medical Srv	Park ORV	WC Trial Court Improve- ment	Solid Waste Mgmt	Conven- tion Center	Victim/ Witness Assist- ance	CERB	Emer- gency Contin- gency	Drug Task Force
\$ -	\$ -	\$ 1,100,815	\$ -	\$ -	\$ -	\$ 181,561	\$ -	\$ -	\$ -	\$ -
-	-	489,254	-	17,444	283,599	-	10,670	-	-	-
304,859	314,328	-	-	-	860,493	-	87,086	-	-	-
-	-	-	-	-	-	-	24,043	-	-	-
-	-	-	-	631	1,350	-	-	-	-	-
<u>304,859</u>	<u>314,328</u>	<u>1,590,069</u>	<u>-</u>	<u>18,075</u>	<u>1,145,442</u>	<u>181,561</u>	<u>121,799</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	64,037	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,041,928	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
372,566	9,315	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	161,328	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	78,013	-	-
-	-	-	-	-	-	-	-	5,305	-	-
<u>372,566</u>	<u>9,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,041,928</u>	<u>161,328</u>	<u>64,037</u>	<u>83,318</u>	<u>-</u>	<u>-</u>
(67,707)	305,013	1,590,069	-	18,075	103,514	20,233	57,762	(83,318)	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	83,257	-	-
-	(4,856)	(90,337)	-	(15,679)	(79,865)	-	(63,986)	-	-	-
-	(4,856)	(90,337)	-	(15,679)	(79,865)	-	(63,986)	83,257	-	-
(67,707)	300,157	1,499,732	-	2,396	23,649	20,233	(6,224)	(61)	-	-
<u>1,022,907</u>	<u>148,707</u>	<u>-</u>	<u>-</u>	<u>4,221</u>	<u>1,510,013</u>	<u>261,726</u>	<u>79,964</u>	<u>61</u>	<u>5,250</u>	<u>16,170</u>
<u>\$ 955,200</u>	<u>\$ 448,864</u>	<u>\$ 1,499,732</u>	<u>\$ -</u>	<u>\$ 6,617</u>	<u>\$ 1,533,662</u>	<u>\$ 281,959</u>	<u>\$ 73,740</u>	<u>\$ -</u>	<u>\$ 5,250</u>	<u>\$ 16,170</u>

continued on next page

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Special Revenue Funds

Year Ended December 31, 2006

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	Communi- ty Develop- ment	Imminent Threat Grant	Sewer Imp Dist No. 1	Emergency Communi- cations	Whatcom County Drug	Auditor's O & M	Emergency Manage- ment
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	109,578	865,569
Charges for service	-	-	-	-	-	133,012	-
Fines and forfeits	-	-	-	-	629,087	-	-
Miscellaneous	-	-	-	-	57,919	-	25,102
Total revenues	-	-	-	-	687,006	242,590	890,671
Expenditures							
Current:							
General government	-	-	-	-	-	24,440	-
Public safety	-	-	-	-	210,333	-	707,985
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	12,949	174,360	97,161
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	223,282	198,800	805,146
Excess (deficiency) of revenues over expenditures	-	-	-	-	463,724	43,790	85,525
Other financing sources (uses)							
Sales of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	106,734
Transfers out	(5,000)	-	-	-	(484,907)	(72,449)	(165,028)
Total other financing sources (uses)	(5,000)	-	-	-	(484,907)	(72,449)	(58,294)
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(5,000)	-	-	-	(21,183)	(28,659)	27,231
Fund balance as of January 1	23,077	3	5,066	-	1,223,565	479,404	105,624
Fund balance as of Dec. 31	\$ 18,077	\$ 3	\$ 5,066	\$ -	\$ 1,202,382	\$ 450,745	\$ 132,855

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 Year Ended December 31, 2006

Sumas Sub-Flood Control Zone Dist.	Flood Control Zone District	Point Roberts Fuel Tax	Conservation Futures	Lake Management District No. 1	Road Improvement Districts	Lynden/Everson Sub-Zone	Sumas/Nooksack/Everson Sub-Zone	Acme/Van Zandt Sub-Zone	Total Non Major Special Revenue Funds
\$ -	\$ 2,823,633	\$ 41,668	\$ 870,886	\$ -	\$ 26,942	\$ 26,579	\$ 78,192	\$ 20,263	\$ 9,009,085
-	890,820	-	532,547	-	-	273	-	-	5,201,868
-	1,323	-	-	-	-	-	-	-	3,002,169
-	-	-	-	-	-	-	-	-	653,130
-	2,990	-	571	-	1,058	-	-	-	526,701
-	3,718,766	41,668	1,404,004	-	28,000	26,852	78,192	20,263	18,392,953
-	-	-	-	-	-	-	-	-	1,478,795
-	-	-	-	-	-	-	-	-	10,775,916
-	5,080,730	-	-	5,665	-	55,784	171,909	4,557	6,360,637
-	-	-	-	-	26,293	-	-	-	26,293
-	-	-	2,225	-	-	-	-	-	491,033
-	-	-	-	-	-	-	-	-	161,328
-	218,691	-	1,153,335	-	-	-	-	-	1,868,742
-	-	-	-	-	-	-	-	-	78,013
-	-	-	-	-	-	-	-	-	5,305
-	5,299,421	-	1,155,560	5,665	26,293	55,784	171,909	4,557	21,246,062
-	(1,580,655)	41,668	248,444	(5,665)	1,707	(28,932)	(93,717)	15,706	(2,853,109)
-	52,151	-	16,189	-	-	-	-	-	78,625
-	465,244	-	-	-	-	-	-	-	6,503,280
-	(265,180)	-	-	-	(8,794)	-	-	-	(3,966,112)
-	252,215	-	16,189	-	(8,794)	-	-	-	2,615,793
-	(1,328,440)	41,668	264,633	(5,665)	(7,087)	(28,932)	(93,717)	15,706	(237,316)
-	8,670,929	176,665	2,676,455	11,332	176,599	228,378	436,043	69,987	20,205,602
\$ -	\$ 7,342,489	\$ 218,333	\$ 2,941,088	\$ 5,667	\$ 169,512	\$ 199,446	\$ 342,326	\$ 85,693	\$ 19,968,286

Schedule of Revenues, Expenditures and Changes in Fund

Balance

Budget and Actual (GAAP Basis)

Election Reserve

Year Ended December 31, 2006

(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 362,000	\$ 364,264	\$ 2,264	\$ 367,601
Intergovernmental	309,549	153,992	(155,557)	665,219
Charges for service	344,249	380,199	35,950	511,742
Miscellaneous	-	4,239	4,239	152
Total revenues	<u>1,015,798</u>	<u>902,694</u>	<u>(113,104)</u>	<u>1,544,714</u>
Expenditures				
Current:				
General government	1,130,814	1,126,352	4,462	1,076,249
Capital outlay	27,622	21,264	6,358	444,463
Total expenditures	<u>1,158,436</u>	<u>1,147,616</u>	<u>10,820</u>	<u>1,520,712</u>
Excess (deficiency) of revenues over expenditures	<u>(142,638)</u>	<u>(244,922)</u>	<u>(102,284)</u>	<u>24,002</u>
Other financing sources (uses)				
Sales of capital assets	12,000	6,880	(5,120)	12,680
Transfers in	49,106	49,106	-	-
Total other financing sources (uses)	<u>61,106</u>	<u>55,986</u>	<u>(5,120)</u>	<u>12,680</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(81,532)</u>	<u>(188,936)</u>	<u>(107,404)</u>	<u>36,682</u>
Fund balance as of January 1	3,726	251,628	247,902	214,946
Fund balance as of December 31	<u>\$ (77,806)</u>	<u>\$ 62,692</u>	<u>\$ 140,498</u>	<u>\$ 251,628</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Veteran's Relief
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 158,254	\$ 189,839	\$ 31,585	\$ 165,814
Intergovernmental	-	10	10	17
Miscellaneous	-	11,672	11,672	5,528
Total revenues	<u>158,254</u>	<u>201,521</u>	<u>43,267</u>	<u>171,359</u>
Expenditures				
Current:				
Transportation	-	-	-	2,129
Economic environment	162,381	106,927	55,454	105,788
Total expenditures	<u>162,381</u>	<u>106,927</u>	<u>55,454</u>	<u>107,917</u>
Excess (deficiency) of revenues over expenditures	<u>(4,127)</u>	<u>94,594</u>	<u>98,721</u>	<u>63,442</u>
Other financing sources (uses)				
Sales of capital assets	4,127	3,405	(722)	5,688
Total other financing sources (uses)	<u>4,127</u>	<u>3,405</u>	<u>(722)</u>	<u>5,688</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>-</u>	<u>97,999</u>	<u>97,999</u>	<u>69,130</u>
Fund balance as of January 1	-	248,623	248,623	179,493
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 346,622</u>	<u>\$ 346,622</u>	<u>\$ 248,623</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Treasurer's O & M
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for service	\$ 218,693	\$ 94,324	\$ (124,369)	\$ 90,968
Miscellaneous	-	2,801	2,801	-
Total revenues	<u>218,693</u>	<u>97,125</u>	<u>(121,568)</u>	<u>90,968</u>
Expenditures				
Current:				
General government	162,314	17,530	144,784	27,416
Capital outlay	2,049	-	2,049	19,470
Total expenditures	<u>164,363</u>	<u>17,530</u>	<u>146,833</u>	<u>46,886</u>
Excess (deficiency) of revenues over expenditures	<u>54,330</u>	<u>79,595</u>	<u>25,265</u>	<u>44,082</u>
Other financing sources (uses)				
Transfers out	(35,000)	(67,819)	(32,819)	(66,609)
Total other financing sources (uses)	<u>(35,000)</u>	<u>(67,819)</u>	<u>(32,819)</u>	<u>(66,609)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>19,330</u>	<u>11,776</u>	<u>(7,554)</u>	<u>(22,527)</u>
Fund balance as of January 1	-	183,309	183,309	205,836
Fund balance as of December 31	<u>\$ 19,330</u>	<u>\$ 195,085</u>	<u>\$ 175,755</u>	<u>\$ 183,309</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Water Resources
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Physical environment	\$ 110,471	\$ 64	\$ 110,407	\$ -
Total expenditures	<u>110,471</u>	<u>64</u>	<u>110,407</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(110,471)</u>	<u>(64)</u>	<u>110,407</u>	<u>-</u>
Other financing sources (uses)				
Transfers out	(341,100)	(162,014)	179,086	(17,000)
Total other financing sources (uses)	<u>(341,100)</u>	<u>(162,014)</u>	<u>179,086</u>	<u>(17,000)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(451,571)</u>	<u>(162,078)</u>	<u>289,493</u>	<u>(17,000)</u>
Fund balance as of January 1	-	478,273	478,273	495,273
Fund balance as of December 31	<u>\$ (451,571)</u>	<u>\$ 316,195</u>	<u>\$ 767,766</u>	<u>\$ 478,273</u>

Schedule of Revenues, Expenditures and Changes in Fund

Balance

Budget and Actual (GAAP Basis)

Whatcom County Jail

Year Ended December 31, 2006

(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 3,349,112	\$ 3,279,216	\$ (69,896)	\$ 1,767,211
Intergovernmental	1,729,653	1,807,350	77,697	-
Charges for service	721,132	826,545	105,413	-
Miscellaneous	135,970	203,402	67,432	-
Total revenues	<u>5,935,867</u>	<u>6,116,513</u>	<u>180,646</u>	<u>1,767,211</u>
Expenditures				
Current:				
Public safety	10,248,190	9,857,598	390,592	159,538
Capital outlay	227,878	190,982	36,896	-
Total expenditures	<u>10,476,068</u>	<u>10,048,580</u>	<u>427,488</u>	<u>159,538</u>
Excess (deficiency) of revenues over expenditures	<u>(4,540,201)</u>	<u>(3,932,067)</u>	<u>608,134</u>	<u>1,607,673</u>
Other financing sources (uses)				
Transfers in	5,842,526	5,798,939	(43,587)	49,330
Transfers out	(2,486,226)	(2,480,198)	6,028	-
Total other financing sources (uses)	<u>3,356,300</u>	<u>3,318,741</u>	<u>(37,559)</u>	<u>49,330</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(1,183,901)</u>	<u>(613,326)</u>	<u>570,575</u>	<u>1,657,003</u>
Fund balance as of January 1	1,183,901	1,657,003	473,102	-
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 1,043,677</u>	<u>\$ 1,043,677</u>	<u>\$ 1,657,003</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Low-Income Housing
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for service	\$ 341,700	\$ 304,859	\$ (36,841)	\$ 357,094
Total revenues	<u>341,700</u>	<u>304,859</u>	<u>(36,841)</u>	<u>357,094</u>
Expenditures				
Current:				
Economic environment	614,580	372,566	242,014	245,320
Total expenditures	<u>614,580</u>	<u>372,566</u>	<u>242,014</u>	<u>245,320</u>
Excess (deficiency) of revenues over expenditures	(272,880)	(67,707)	205,173	111,774
Fund balance as of January 1	72,880	1,022,907	950,027	911,133
Fund balance as of December 31	<u>\$ (200,000)</u>	<u>\$ 955,200</u>	<u>\$ 1,155,200</u>	<u>\$ 1,022,907</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Homeless Housing
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for service	\$ 350,000	\$ 314,328	\$ (35,672)	\$ 158,607
Total revenues	<u>350,000</u>	<u>314,328</u>	<u>(35,672)</u>	<u>158,607</u>
Expenditures				
Current:				
Economic environment	350,000	9,315	340,685	9,900
Total expenditures	<u>350,000</u>	<u>9,315</u>	<u>340,685</u>	<u>9,900</u>
Excess (deficiency) of revenues over expenditures	-	305,013	305,013	148,707
Other financing sources (uses)				
Transfers out	-	(4,856)	(4,856)	-
Total other financing sources (uses)	<u>-</u>	<u>(4,856)</u>	<u>(4,856)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	300,157	300,157	148,707
Fund balance as of January 1	-	148,707	148,707	-
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 448,864</u>	<u>\$ 448,864</u>	<u>\$ 148,707</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Solid Waste Management
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 264,200	\$ 283,599	\$ 19,399	\$ 161,179
Charges for service	780,000	860,493	80,493	836,351
Miscellaneous	1,800	1,350	(450)	1,350
Total revenues	1,046,000	1,145,442	99,442	998,880
Expenditures				
Current:				
Physical environment	1,200,157	1,041,928	158,229	1,008,074
Capital outlay	-	-	-	29,472
Total expenditures	1,200,157	1,041,928	158,229	1,037,546
Excess (deficiency) of revenues over expenditures	(154,157)	103,514	257,671	(38,666)
Other financing sources (uses)				
Transfers out	(113,293)	(79,865)	33,428	(116,363)
Total other financing sources (uses)	(113,293)	(79,865)	33,428	(116,363)
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(267,450)	23,649	291,099	(155,029)
Fund balance as of January 1	76,824	1,510,013	1,433,189	1,665,042
Fund balance as of December 31	\$ (190,626)	\$ 1,533,662	\$ 1,724,288	\$ 1,510,013

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Convention Center
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 150,000	\$ 181,561	\$ 31,561	\$ 159,122
Total revenues	<u>150,000</u>	<u>181,561</u>	<u>31,561</u>	<u>159,122</u>
Expenditures				
Current:				
Culture & recreation	171,584	161,328	10,256	160,296
Total expenditures	<u>171,584</u>	<u>161,328</u>	<u>10,256</u>	<u>160,296</u>
Excess (deficiency) of revenues over expenditures	<u>(21,584)</u>	<u>20,233</u>	<u>41,817</u>	<u>(1,174)</u>
Fund balance as of January 1	18,000	261,726	243,726	262,900
Fund balance as of December 31	<u>\$ (3,584)</u>	<u>\$ 281,959</u>	<u>\$ 285,543</u>	<u>\$ 261,726</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Victim/Witness Assistance
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 9,000	\$ 10,670	\$ 1,670	\$ 10,717
Charges for service	79,800	87,086	7,286	80,658
Fines & forfeits	25,000	24,043	(957)	22,451
Total revenues	113,800	121,799	7,999	113,826
Expenditures				
Current:				
General government	64,145	64,037	108	60,110
Total expenditures	64,145	64,037	108	60,110
Excess (deficiency) of revenues over expenditures	49,655	57,762	8,107	53,716
Other financing sources (uses)				
Transfers out	(66,222)	(63,986)	2,236	(63,986)
Total other financing sources (uses)	(66,222)	(63,986)	2,236	(63,986)
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(16,567)	(6,224)	10,343	(10,270)
Fund balance as of January 1	4,320	79,964	75,644	90,234
Fund balance as of December 31	\$ (12,247)	\$ 73,740	\$ 85,987	\$ 79,964

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
CERB



Year Ended December 31, 2006

(With comparative totals for December 31, 2005)

	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Principal	\$ 182,530	\$ 78,013	\$ 104,517	\$ 116,468
Interest	6,830	5,305	1,525	13,225
Total expenditures	<u>189,360</u>	<u>83,318</u>	<u>106,042</u>	<u>129,693</u>
Excess (deficiency) of revenues over expenditures	(189,360)	(83,318)	106,042	(129,693)
Other financing sources (uses)				
Transfers in	189,360	83,257	(106,103)	129,693
Total other financing sources (uses)	<u>189,360</u>	<u>83,257</u>	<u>(106,103)</u>	<u>129,693</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	(61)	(61)	-
Fund balance as of January 1	61	61	-	61
Fund balance as of December 31	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ (61)</u>	<u>\$ 61</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Community Development
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ 14,511
Total revenues	-	-	-	14,511
Excess (deficiency) of revenues over expenditures	-	-	-	14,511
Other financing sources (uses)				
Transfers out	(5,000)	(5,000)	-	(5,000)
Total other financing sources (uses)	(5,000)	(5,000)	-	(5,000)
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(5,000)	(5,000)	-	9,511
Fund balance as of January 1	-	23,077	23,077	13,566
Fund balance as of December 31	\$ (5,000)	\$ 18,077	\$ 23,077	\$ 23,077

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Whatcom County Drug
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 13,740
Fines & forfeits	335,000	629,087	294,087	715,951
Miscellaneous	15,000	57,919	42,919	29,749
Total revenues	<u>350,000</u>	<u>687,006</u>	<u>337,006</u>	<u>759,440</u>
Expenditures				
Current:				
Public safety	232,000	210,333	21,667	137,832
Capital outlay	50,000	12,949	37,051	-
Total expenditures	<u>282,000</u>	<u>223,282</u>	<u>58,718</u>	<u>137,832</u>
Excess (deficiency) of revenues over expenditures	<u>68,000</u>	<u>463,724</u>	<u>395,724</u>	<u>621,608</u>
Other financing sources (uses)				
Transfers out	(484,907)	(484,907)	-	(440,472)
Total other financing sources (uses)	<u>(484,907)</u>	<u>(484,907)</u>	<u>-</u>	<u>(440,472)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(416,907)</u>	<u>(21,183)</u>	<u>395,724</u>	<u>181,136</u>
Fund balance as of January 1	58,500	1,223,565	1,165,065	1,042,429
Fund balance as of December 31	<u>\$ (358,407)</u>	<u>\$ 1,202,382</u>	<u>\$ 1,560,789</u>	<u>\$ 1,223,565</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Auditor's O & M
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 55,000	\$ 109,578	\$ 54,578	\$ 64,908
Charges for service	70,400	133,012	62,612	116,742
Total revenues	<u>125,400</u>	<u>242,590</u>	<u>117,190</u>	<u>181,650</u>
Expenditures				
Current:				
General government	100,044	24,440	75,604	51,744
Capital outlay	156,872	174,360	(17,488)	-
Total expenditures	<u>256,916</u>	<u>198,800</u>	<u>58,116</u>	<u>51,744</u>
Excess (deficiency) of revenues over expenditures	<u>(131,516)</u>	<u>43,790</u>	<u>175,306</u>	<u>129,906</u>
Other financing sources (uses)				
Transfers out	(79,393)	(72,449)	6,944	(71,166)
Total other financing sources (uses)	<u>(79,393)</u>	<u>(72,449)</u>	<u>6,944</u>	<u>(71,166)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(210,909)</u>	<u>(28,659)</u>	<u>182,250</u>	<u>58,740</u>
Fund balance as of January 1	226,299	479,404	253,105	420,664
Fund balance as of December 31	<u>\$ 15,390</u>	<u>\$ 450,745</u>	<u>\$ 435,355</u>	<u>\$ 479,404</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Emergency Management
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 1,125,257	\$ 865,569	\$ (259,688)	\$ 1,016,279
Miscellaneous	25,000	25,102	102	4,120
Total revenues	<u>1,150,257</u>	<u>890,671</u>	<u>(259,586)</u>	<u>1,020,399</u>
Expenditures				
Current:				
Public safety	1,008,969	707,985	300,984	942,783
Capital outlay	101,500	97,161	4,339	104,490
Total expenditures	<u>1,110,469</u>	<u>805,146</u>	<u>305,323</u>	<u>1,047,273</u>
Excess (deficiency) of revenues over expenditures	<u>39,788</u>	<u>85,525</u>	<u>45,737</u>	<u>(26,874)</u>
Other financing sources (uses)				
Transfers in	106,734	106,734	-	108,403
Transfers out	(152,175)	(165,028)	(12,853)	(37,651)
Total other financing sources (uses)	<u>(45,441)</u>	<u>(58,294)</u>	<u>(12,853)</u>	<u>70,752</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(5,653)</u>	<u>27,231</u>	<u>32,884</u>	<u>43,878</u>
Fund balance as of January 1	3,000	105,624	102,624	61,746
Fund balance as of December 31	<u>\$ (2,653)</u>	<u>\$ 132,855</u>	<u>\$ 135,508</u>	<u>\$ 105,624</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Flood Control Zone District
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 2,500,000	\$ 2,823,633	\$ 323,633	\$ 2,744,206
Intergovernmental	904,372	890,820	(13,552)	739,780
Charges for service	76,000	1,323	(74,677)	48
Miscellaneous	2	2,990	2,988	6,804
Total revenues	<u>3,480,374</u>	<u>3,718,766</u>	<u>238,392</u>	<u>3,490,838</u>
Expenditures				
Current:				
Physical environment	7,790,760	5,080,730	2,710,030	3,100,107
Capital outlay	353,000	218,691	134,309	419,623
Total expenditures	<u>8,143,760</u>	<u>5,299,421</u>	<u>2,844,339</u>	<u>3,519,730</u>
Excess (deficiency) of revenues over expenditures	(4,663,386)	(1,580,655)	3,082,731	(28,892)
Other financing sources (uses)				
Sales of capital assets	-	52,151	52,151	93,177
Transfer In	855,472	465,244	(390,228)	-
Transfers out	(279,677)	(265,180)	14,497	(207,450)
Total other financing sources (uses)	<u>575,795</u>	<u>252,215</u>	<u>(323,580)</u>	<u>(114,273)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(4,087,591)	(1,328,440)	2,759,151	(143,165)
Fund balance as of January 1	3,433,660	8,670,929	5,237,269	8,814,094
Fund balance as of December 31	<u>\$ (653,931)</u>	<u>\$ 7,342,489</u>	<u>\$ 7,996,420</u>	<u>\$ 8,670,929</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Point Roberts Fuel Tax
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 30,000	\$ 41,668	\$ 11,668	\$ 43,689
Total revenues	<u>30,000</u>	<u>41,668</u>	<u>11,668</u>	<u>43,689</u>
Expenditures				
Current:				
Transportation	94,849	-	94,849	-
Total expenditures	<u>94,849</u>	<u>-</u>	<u>94,849</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(64,849)</u>	<u>41,668</u>	<u>106,517</u>	<u>43,689</u>
Fund balance as of January 1	159,698	176,665	16,967	132,976
Fund balance as of December 31	<u>\$ 94,849</u>	<u>\$ 218,333</u>	<u>\$ 123,484</u>	<u>\$ 176,665</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Conservation Futures
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 861,312	\$ 870,886	\$ 9,574	\$ 840,651
Intergovernmental	532,546	532,547	1	519,184
Miscellaneous	366	571	205	325
Total revenues	<u>1,394,224</u>	<u>1,404,004</u>	<u>9,780</u>	<u>1,360,160</u>
Expenditures				
Current:				
Economic environment	25,000	2,225	22,775	3,500
Capital outlay	1,160,700	1,153,335	7,365	1,680,017
Total expenditures	<u>1,185,700</u>	<u>1,155,560</u>	<u>30,140</u>	<u>1,683,517</u>
Excess (deficiency) of revenues over expenditures	208,524	248,444	39,920	(323,357)
Other financing sources (uses)				
Sales of capital assets	27,348	16,189	(11,159)	28,925
Total other financing sources (uses)	<u>27,348</u>	<u>16,189</u>	<u>(11,159)</u>	<u>28,925</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>235,872</u>	<u>264,633</u>	<u>28,761</u>	<u>(294,432)</u>
Fund balance as of January 1	578,200	2,676,455	2,098,255	2,970,887
Fund balance as of December 31	<u>\$ 814,072</u>	<u>\$ 2,941,088</u>	<u>\$ 2,127,016</u>	<u>\$ 2,676,455</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Lake Management District No. 1
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Physical environment	\$ 10,120	\$ 5,665	\$ 4,455	\$ 4,837
Total expenditures	<u>10,120</u>	<u>5,665</u>	<u>4,455</u>	<u>4,837</u>
Excess (deficiency) of revenues over expenditures	<u>(10,120)</u>	<u>(5,665)</u>	<u>4,455</u>	<u>(4,837)</u>
Fund balance as of January 1	11,708	11,332	(376)	16,169
Fund balance as of December 31	<u>\$ 1,588</u>	<u>\$ 5,667</u>	<u>\$ 4,079</u>	<u>\$ 11,332</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Road Improvement Districts
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 25,595	\$ 26,942	\$ 1,347	\$ 26,845
Miscellaneous	1,039	1,058	19	1,039
Total revenues	<u>26,634</u>	<u>28,000</u>	<u>1,366</u>	<u>27,884</u>
Expenditures				
Current:				
Transportation	28,500	26,293	2,207	25,549
Total expenditures	<u>28,500</u>	<u>26,293</u>	<u>2,207</u>	<u>25,549</u>
Excess (deficiency) of revenues over expenditures	(1,866)	1,707	3,573	2,335
Other financing sources (uses)				
Transfers in	-	-	-	20,387
Transfers out	(53,667)	(8,794)	44,873	(1,039)
Total other financing sources (uses)	<u>(53,667)</u>	<u>(8,794)</u>	<u>44,873</u>	<u>19,348</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(55,533)	(7,087)	48,446	21,683
Fund balance as of January 1	211,063	176,599	(34,464)	154,916
Fund balance as of December 31	<u>\$ 155,530</u>	<u>\$ 169,512</u>	<u>\$ 13,982</u>	<u>\$ 176,599</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Lynden/Everson Sub-Zone
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 23,730	\$ 26,579	\$ 2,849	\$ 25,893
Intergovernmental	-	273	273	-
Total revenues	<u>23,730</u>	<u>26,852</u>	<u>3,122</u>	<u>25,893</u>
Expenditures				
Current:				
Physical environment	<u>58,000</u>	<u>55,784</u>	<u>2,216</u>	<u>14,078</u>
Total expenditures	<u>58,000</u>	<u>55,784</u>	<u>2,216</u>	<u>14,078</u>
Excess (deficiency) of revenues over expenditures	<u>(34,270)</u>	<u>(28,932)</u>	<u>5,338</u>	<u>11,815</u>
Fund balance as of January 1	-	228,378	228,378	216,563
Fund balance as of December 31	<u>\$ (34,270)</u>	<u>\$ 199,446</u>	<u>\$ 233,716</u>	<u>\$ 228,378</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Sumas/Nooksack/Everson Sub-Zone
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 68,841	\$ 78,192	\$ 9,351	\$ 78,251
Total revenues	<u>68,841</u>	<u>78,192</u>	<u>9,351</u>	<u>78,251</u>
Expenditures				
Current:				
Physical environment	259,419	171,909	87,510	62,079
Total expenditures	<u>259,419</u>	<u>171,909</u>	<u>87,510</u>	<u>62,079</u>
Excess (deficiency) of revenues over expenditures	<u>(190,578)</u>	<u>(93,717)</u>	<u>96,861</u>	<u>16,172</u>
Fund balance as of January 1	142,169	436,043	293,874	419,871
Fund balance as of December 31	<u>\$ (48,409)</u>	<u>\$ 342,326</u>	<u>\$ 390,735</u>	<u>\$ 436,043</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Acme/Van Zandt Sub-Zone
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 13,617	\$ 20,263	\$ 6,646	\$ 21,026
Total revenues	<u>13,617</u>	<u>20,263</u>	<u>6,646</u>	<u>21,026</u>
Expenditures				
Current:				
Physical environment	25,000	4,557	20,443	124
Total expenditures	<u>25,000</u>	<u>4,557</u>	<u>20,443</u>	<u>124</u>
Excess (deficiency) of revenues over expenditures	<u>(11,383)</u>	<u>15,706</u>	<u>27,089</u>	<u>20,902</u>
Fund balance as of January 1	-	69,987	69,987	49,085
Fund balance as of December 31	<u>\$ (11,383)</u>	<u>\$ 85,693</u>	<u>\$ 97,076</u>	<u>\$ 69,987</u>



Combining Balance Sheet
 Non-Major Debt Service Funds
 December 31, 2006

	1977 Fair GO Bond	1978 Ltd. Tax GO Bond	1981 Ltd. Tax GO Bond	1982 Ltd. Tax GO Bond	1983 Ltd. Tax GO Bond	CRID No. 4 General Debt
Assets						
Cash and cash equivalents	\$ 30,891	\$ 22,312	\$ -	\$ 8,406	\$ 5,271	\$ 219
Taxes receivable	10	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Total assets	\$ 30,901	\$ 22,312	\$ -	\$ 8,406	\$ 5,271	\$ 219
Liabilities and fund balance						
Liabilities						
Deferred revenue	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	10	-	-	-	-	-
Fund balances						
Reserved for:						
Debt service	30,891	22,312	-	8,406	5,271	219
Total fund balance	30,891	22,312	-	8,406	5,271	219
Total liabilities and fund balance	\$ 30,901	\$ 22,312	\$ -	\$ 8,406	\$ 5,271	\$ 219

CRID No. 5 General Debt	CRID No. 9 General Debt	LRID No. 10 General Debt	1991 Ltd. Tax GO Bond	1993 Ltd. Tax GO Bond	1997 Ltd. Tax GO Bond	1998 Ltd. Tax GO Bond	2003 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
\$ 14,602	\$ 7,996	\$ 118,383	\$ 1,337	\$ 188	\$ 154	\$ 353	\$ 342	\$ 210,454
-	-	-	-	-	-	-	-	10
-	7,283	-	-	-	-	-	-	7,283
<u>\$ 14,602</u>	<u>\$ 15,279</u>	<u>\$ 118,383</u>	<u>\$ 1,337</u>	<u>\$ 188</u>	<u>\$ 154</u>	<u>\$ 353</u>	<u>\$ 342</u>	<u>\$ 217,747</u>
\$ -	\$ 7,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,293
-	7,283	-	-	-	-	-	-	7,293
14,602	7,996	118,383	1,337	188	154	353	342	210,454
<u>14,602</u>	<u>7,996</u>	<u>118,383</u>	<u>1,337</u>	<u>188</u>	<u>154</u>	<u>353</u>	<u>342</u>	<u>210,454</u>
<u>\$ 14,602</u>	<u>\$ 15,279</u>	<u>\$ 118,383</u>	<u>\$ 1,337</u>	<u>\$ 188</u>	<u>\$ 154</u>	<u>\$ 353</u>	<u>\$ 342</u>	<u>\$ 217,747</u>

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Non-Major Debt Service Funds
 Year Ended December 31, 2006

	1977 Fair GO Bond	1978 Ltd. Tax GO Bond	1981Ltd. Tax GO Bond	1982 Ltd. Tax GO Bond	1983 Ltd. Tax GO Bond	CRID No. 4 General Debt
Revenues						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-	-
Expenditures						
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	-	-	-	-	-
Fund balance as of January 1	30,891	22,312	-	8,406	5,271	219
Fund balance as of December 31	\$ 30,891	\$ 22,312	\$ -	\$ 8,406	\$ 5,271	\$ 219

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Non-Major Debt Service Funds
 Year Ended December 31, 2006

CRID No. 5 General Debt	CRID No. 9 General Debt	LRID No. 10 General Debt	1991 Ltd. Tax GO Bond	1993 Ltd. Tax GO Bond	1997 Ltd. Tax GO Bond	1998 Ltd. Tax GO Bond	2003 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
\$ -	\$ 71,241	\$ 7,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,193
-	71,241	7,952	-	-	-	-	-	79,193
-	-	-	-	-	880,000	145,000	355,000	1,380,000
-	-	-	-	-	305,431	108,448	74,021	487,900
-	-	-	-	-	1,185,431	253,448	429,021	1,867,900
-	71,241	7,952	-	-	(1,185,431)	(253,448)	(429,021)	(1,788,707)
-	7,736	-	-	-	1,185,500	253,400	429,000	1,875,636
-	(83,257)	-	-	-	-	-	-	(83,257)
-	(75,521)	-	-	-	1,185,500	253,400	429,000	1,792,379
-	(4,280)	7,952	-	-	69	(48)	(21)	3,672
14,602	12,276	110,431	1,337	188	85	401	363	206,782
\$ 14,602	\$ 7,996	\$ 118,383	\$ 1,337	\$ 188	\$ 154	\$ 353	\$ 342	\$ 210,454

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 C.R.I.D. No. 9 General Debt
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ 189,360	\$ 71,241	\$ (118,119)	\$ 157,767
Total revenues	<u>189,360</u>	<u>71,241</u>	<u>(118,119)</u>	<u>157,767</u>
Excess (deficiency) of revenues over expenditures	189,360	71,241	(118,119)	157,767
Other financing sources (uses)				
Transfers in	-	7,736	7,736	-
Transfers out	(189,360)	(83,257)	106,103	(150,080)
Total other financing sources (uses)	<u>(189,360)</u>	<u>(75,521)</u>	<u>113,839</u>	<u>(150,080)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	(4,280)	(4,280)	7,687
Fund balance as of January 1	-	12,276	12,276	4,589
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 7,996</u>	<u>\$ 7,996</u>	<u>\$ 12,276</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 L.R.I.D. No. 10 General Debt
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ 13,806	\$ 7,952	\$ (5,854)	\$ 53,781
Total revenues	<u>13,806</u>	<u>7,952</u>	<u>(5,854)</u>	<u>53,781</u>
Excess (deficiency) of revenues over expenditures	<u>13,806</u>	<u>7,952</u>	<u>(5,854)</u>	<u>53,781</u>
Fund balance as of January 1	-	110,431	110,431	56,650
Fund balance as of December 31	<u>\$ 13,806</u>	<u>\$ 118,383</u>	<u>\$ 104,577</u>	<u>\$ 110,431</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 1997 Ltd. Tax General Obligation Bond
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$ 880,000	\$ 880,000	\$ -	\$ 825,000
Interest	306,128	305,431	697	352,318
Total expenditures	<u>1,186,128</u>	<u>1,185,431</u>	<u>697</u>	<u>1,177,318</u>
Excess (deficiency) of revenues over expenditures	<u>(1,186,128)</u>	<u>(1,185,431)</u>	<u>697</u>	<u>(1,177,318)</u>
Other financing sources (uses)				
Transfers in	1,186,128	1,185,500	(628)	1,176,615
Total other financing sources (uses)	<u>1,186,128</u>	<u>1,185,500</u>	<u>(628)</u>	<u>1,176,615</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>-</u>	<u>69</u>	<u>69</u>	<u>(703)</u>
Fund balance as of January 1	-	85	85	788
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 154</u>	<u>\$ 154</u>	<u>\$ 85</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 1998 Ltd. Tax General Obligation Bond
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$ 145,000	\$ 145,000	\$ -	\$ 140,000
Interest	109,145	108,448	697	113,839
Total expenditures	<u>254,145</u>	<u>253,448</u>	<u>697</u>	<u>253,839</u>
Excess (deficiency) of revenues over expenditures	(254,145)	(253,448)	697	(253,839)
Other financing sources (uses)				
Transfers in	254,145	253,400	(745)	253,200
Total other financing sources (uses)	<u>254,145</u>	<u>253,400</u>	<u>(745)</u>	<u>253,200</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	(48)	(48)	(639)
Fund balance as of January 1	-	401	401	1,040
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 353</u>	<u>\$ 401</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
2003 Ltd. Tax General Obligation Bond
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$ 355,000	\$ 355,000	\$ -	\$ 345,000
Interest	74,718	74,021	697	80,921
Total expenditures	<u>429,718</u>	<u>429,021</u>	<u>697</u>	<u>425,921</u>
Excess (deficiency) of revenues over expenditures	(429,718)	(429,021)	697	(425,921)
Other financing sources (uses)				
Transfers in	429,718	429,000	(718)	421,200
Total other financing sources (uses)	<u>429,718</u>	<u>429,000</u>	<u>(718)</u>	<u>421,200</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	(21)	(21)	(4,721)
Fund balance as of January 1	-	363	363	5,084
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 342</u>	<u>\$ 342</u>	<u>\$ 363</u>



Combining Balance Sheet
 Non-Major Capital Project Funds
 December 31, 2006

	Real Estate Excise Tax II	1983 Sewer Construction	Real Estate Excise Tax I	Courthouse Expansion Construction	Road Improvement Dist. No. 10 Construction
Assets					
Cash and cash equivalents	\$ 5,914,410	\$ -	\$ 3,351,294	\$ 43	\$ -
Investments at cost	-	-	-	-	-
Accounts receivable (net)	-	-	-	-	-
Interest receivable	-	-	-	-	-
Due from other governments	-	-	40,770	-	-
Total assets	\$ 5,914,410	\$ -	\$ 3,392,064	\$ 43	\$ -
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 2,362	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	6,284	-	-
Interfund loans payable	-	-	-	-	-
Revenue collected in advance	-	-	-	-	-
Total liabilities	2,362	-	6,284	-	-
Fund balances					
Reserved for:					
Encumbrances	-	-	642	-	-
Unreserved, reported in:					
Capital Projects	5,912,048	-	3,385,138	43	-
Total fund balance	5,912,048	-	3,385,780	43	-
Total liabilities and fund balance	\$ 5,914,410	\$ -	\$ 3,392,064	\$ 43	\$ -

Combining Balance Sheet
 Non-Major Capital Project Funds
 December 31, 2006

County Park Improvement	Civic Center Building Improvement	Jail Construction Project	Total Non Major Capital Project Funds
\$ 6,000	\$ 32,211	\$ 699,023	\$ 10,002,981
128,481	-	-	128,481
-	-	1,588	1,588
495	-	-	495
-	-	-	40,770
<u>\$ 134,976</u>	<u>\$ 32,211</u>	<u>\$ 700,611</u>	<u>\$ 10,174,315</u>
\$ -	\$ -	\$ 124,493	\$ 126,855
-	-	-	6,284
-	-	385,000	385,000
50	-	-	50
<u>50</u>	<u>-</u>	<u>509,493</u>	<u>518,189</u>
-	-	11,621	12,263
134,926	32,211	179,497	9,643,863
<u>134,926</u>	<u>32,211</u>	<u>191,118</u>	<u>9,656,126</u>
<u>\$ 134,976</u>	<u>\$ 32,211</u>	<u>\$ 700,611</u>	<u>\$ 10,174,315</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Capital Project Funds
 Year Ended December 31, 2006

	Real Estate Excise Tax II	1983 Sewer Construction	Real Estate Excise Tax I	Courthouse Expansion Construction	Road Improvement District No. 10 Construction
Revenues					
Taxes	\$ 2,271,738	\$ -	\$ 2,279,247	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Miscellaneous	(352)	-	(352)	-	-
Total revenues	<u>2,271,386</u>	<u>-</u>	<u>2,278,895</u>	<u>-</u>	<u>-</u>
Expenditures					
Current:					
Physical environment	12,500	-	1,231	-	-
Capital outlay	124,759	-	-	-	-
Total expenditures	<u>137,259</u>	<u>-</u>	<u>1,231</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,134,127</u>	<u>-</u>	<u>2,277,664</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(2,245,379)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,245,379)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>2,134,127</u>	<u>-</u>	<u>32,285</u>	<u>-</u>	<u>-</u>
Fund balance as of January 1	3,777,921	-	3,353,495	43	-
Fund balance as of December 31	<u>\$ 5,912,048</u>	<u>\$ -</u>	<u>\$ 3,385,780</u>	<u>\$ 43</u>	<u>\$ -</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Capital Project Funds
 Year Ended December 31, 2006

County Park Improvement	Civic Center Building Improvement	Jail Construction Project	Total Non Major Capital Project Funds
\$ -	\$ -	\$ -	\$ 4,550,985
-	-	2,208,020	2,208,020
25,651	-	3,500	28,447
<u>25,651</u>	<u>-</u>	<u>2,211,520</u>	<u>6,787,452</u>
-	-	-	13,731
-	-	7,691,973	7,816,732
-	-	7,691,973	7,830,463
<u>25,651</u>	<u>-</u>	<u>(5,480,453)</u>	<u>(1,043,011)</u>
-	-	3,675,449	3,675,449
-	-	-	(2,245,379)
-	-	3,675,449	1,430,070
<u>25,651</u>	<u>-</u>	<u>(1,805,004)</u>	<u>387,059</u>
<u>109,275</u>	<u>32,211</u>	<u>1,996,122</u>	<u>9,269,067</u>
<u>\$ 134,926</u>	<u>\$ 32,211</u>	<u>\$ 191,118</u>	<u>\$ 9,656,126</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Real Estate Excise Tax II
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 1,636,600	\$ 2,271,738	\$ 635,138	\$ 2,367,326
Miscellaneous	-	(352)	(352)	-
Total revenues	<u>1,636,600</u>	<u>2,271,386</u>	<u>634,786</u>	<u>2,367,326</u>
Expenditures				
Current:				
Physical environment	100,621	12,500	88,121	129,368
Capital outlay	223,400	124,759	98,641	-
Total expenditures	<u>324,021</u>	<u>137,259</u>	<u>186,762</u>	<u>129,368</u>
Excess (deficiency) of revenues over expenditures	<u>1,312,579</u>	<u>2,134,127</u>	<u>821,548</u>	<u>2,237,958</u>
Fund balance as of January 1	324,021	3,777,921	3,453,900	1,539,963
Fund balance as of December 31	<u>\$ 1,636,600</u>	<u>\$ 5,912,048</u>	<u>\$ 4,275,448</u>	<u>\$ 3,777,921</u>

Schedule of Revenues, Expenditures and Changes in Fund
Balance
Budget and Actual (GAAP Basis)
Real Estate Excise Tax I
Year Ended December 31, 2006
(With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 1,636,600	\$ 2,279,247	\$ 642,647	\$ 2,377,036
Miscellaneous	-	(352)	(352)	(100)
Total revenues	<u>1,636,600</u>	<u>2,278,895</u>	<u>642,295</u>	<u>2,376,936</u>
Expenditures				
Current:				
Physical environment	275,000	1,231	273,769	6,700
Capital outlay	100,000	-	100,000	-
Total expenditures	<u>375,000</u>	<u>1,231</u>	<u>373,769</u>	<u>6,700</u>
Excess (deficiency) of revenues over expenditures	<u>1,261,600</u>	<u>2,277,664</u>	<u>1,016,064</u>	<u>2,370,236</u>
Other financing sources (uses)				
Transfers out	(2,432,830)	(2,245,379)	187,451	(1,176,615)
Total other financing sources (uses)	<u>(2,432,830)</u>	<u>(2,245,379)</u>	<u>187,451</u>	<u>(1,176,615)</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(1,171,230)</u>	<u>32,285</u>	<u>1,203,515</u>	<u>1,193,621</u>
Fund balance as of January 1	1,521,702	3,353,495	1,831,793	2,159,874
Fund balance as of December 31	<u>\$ 350,472</u>	<u>\$ 3,385,780</u>	<u>\$ 3,035,308</u>	<u>\$ 3,353,495</u>

Schedule of Revenues, Expenditures and Changes in Fund
 Balance
 Budget and Actual (GAAP Basis)
 Jail Construction Project
 Year Ended December 31, 2006
 (With comparative totals for December 31, 2005)



	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental revenues	\$ 2,260,000	\$ 2,208,020	\$ (51,980)	\$ 400,000
Miscellaneous	-	3,500	3,500	-
Total revenues	<u>2,260,000</u>	<u>2,211,520</u>	<u>(48,480)</u>	<u>400,000</u>
Expenditures				
Current:				
Capital outlay	7,950,236	7,691,973	258,263	1,166,825
Total expenditures	<u>7,950,236</u>	<u>7,691,973</u>	<u>258,263</u>	<u>1,166,825</u>
Excess (deficiency) of revenues over expenditures	<u>(5,690,236)</u>	<u>(5,480,453)</u>	<u>209,783</u>	<u>(766,825)</u>
Other financing sources (uses)				
Transfers in	3,675,449	3,675,449	-	2,762,947
Total other financing sources (uses)	<u>3,675,449</u>	<u>3,675,449</u>	<u>-</u>	<u>2,762,947</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>(2,014,787)</u>	<u>(1,805,004)</u>	<u>209,783</u>	<u>1,996,122</u>
Fund balance as of January 1	2,014,787	1,996,122	(18,665)	-
Fund balance as of December 31	<u>\$ -</u>	<u>\$ 191,118</u>	<u>\$ 191,118</u>	<u>\$ 1,996,122</u>

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Public Utilities Improvement
Year Ended December 31, 2006



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,408,096	\$ 2,408,096	\$ 2,672,820	\$ 264,724
Miscellaneous	-	-	7,500	7,500
Total revenues	<u>2,408,096</u>	<u>2,408,096</u>	<u>2,680,320</u>	<u>272,224</u>
Expenditures				
Current:				
General government	25,000	1,107,942	42,354	1,065,588
Capital outlay	106,184	1,456,851	1,064,742	392,109
Total expenditures	<u>131,184</u>	<u>2,564,793</u>	<u>1,107,096</u>	<u>1,457,697</u>
Excess (deficiency) of revenues over expenditures	<u>2,276,912</u>	<u>(156,697)</u>	<u>1,573,224</u>	<u>1,729,921</u>
Fund balance as of January 1	-	2,433,609	7,769,477	5,335,868
Fund balance as of December 31	<u>\$ 2,276,912</u>	<u>\$ 2,276,912</u>	<u>\$ 9,342,701</u>	<u>\$ 7,065,789</u>

	Equipment Rental	Whatcom County Supplemental Retirement	Administrative Services	Total
Assets				
Current assets				
Cash & cash equivalents	\$ 8,409,081	\$ 203,193	\$ 10,008,860	\$ 18,621,134
Accounts receivable	3,323	-	3,518	6,841
Due from other funds	63,058	-	425,495	488,553
Due from other governments	3,327	-	94,168	97,495
Inventory	1,229,033	-	11,525	1,240,558
Prepayments	20	-	126	146
Total current assets	9,707,842	203,193	10,543,692	20,454,727
Noncurrent assets				
Land	750,631	-	-	750,631
Building & structures (net)	1,526,317	-	8,132	1,534,449
Capital leases (net)	-	-	413,086	413,086
Other improvements (net)	184,288	-	-	184,288
Machinery & equipment (net)	6,759,909	-	566,414	7,326,323
Total noncurrent assets	9,221,145	-	987,632	10,208,777
Total assets	18,928,987	203,193	11,531,324	30,663,504
Liabilities				
Current liabilities				
Accounts payable	435,111	-	564,374	999,485
Claims cost payable	-	-	3,042,266	3,042,266
Due to other funds	1,893	-	147	2,040
Other accrued liabilities	36,639	-	144,629	181,268
Total current liabilities	473,643	-	3,751,416	4,225,059
Noncurrent liabilities				
Employee leave benefits	181,651	-	318,579	500,230
Other liabilities	-	-	471,325	471,325
Total noncurrent liabilities	181,651	-	789,904	971,555
Total liabilities	655,294	-	4,541,320	5,196,614
Net assets				
Invested in capital assets, net of related debt	9,221,145	-	987,632	10,208,777
Unrestricted	9,052,548	203,193	6,002,372	15,258,113
Total net assets	\$ 18,273,693	\$ 203,193	\$ 6,990,004	\$ 25,466,890

Combining Statement of Revenues, Expenses and
Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2006



	Equipment Rental	Whatcom County Supplemental Retirement	Administrative Services	Total
Operating Revenue				
Intergovernmental	\$ -	\$ -	\$ 342,473	\$ 342,473
Charges for service	4,528,827	-	5,746,817	10,275,644
Rents and parking	4,371,796	-	719,052	5,090,848
Fines & forfeits	-	-	3,445	3,445
Insurance premiums	-	-	7,123,316	7,123,316
Other miscellaneous revenues	-	-	26,175	26,175
Total operating revenues	8,900,623	-	13,961,278	22,861,901
General operations	6,872,622	-	13,977,480	20,850,102
General administration	530,008	-	-	530,008
Depreciation	1,124,408	-	388,528	1,512,936
Total operating expenses	8,527,038	-	14,366,008	22,893,046
Operating income (loss)	373,585	-	(404,730)	(31,145)
Non-operating revenues (expenses)				
Gain (loss) on sale of capital assets	96,079	-	-	96,079
Interest revenue	-	-	15	15
Interest expense	-	-	(16,304)	(16,304)
Total non-operating revenues (expenses)	96,079	-	(16,289)	79,790
Income (loss) before contributions and transfers	469,664	-	(421,019)	48,645
Transfers in	226,267	-	1,766,788	1,993,055
Transfers out	(3,600)	-	(408,932)	(412,532)
Changes in net assets	692,331	-	936,837	1,629,168
Total net assets-beginning	17,581,362	203,193	6,053,167	23,837,722
Total net assets-ending	\$ 18,273,693	\$ 203,193	\$ 6,990,004	\$ 25,466,890

	Equipment Rental	Whatcom Co. Supplemental Retirement	Administrative Services	Total
Cash flows from operating activities:				
Cash received from customers	\$ 9,219,591	\$ -	\$ 14,210,280	\$ 23,429,871
Cash payments for goods and services	(6,654,795)	-	(9,660,016)	(16,314,811)
Cash payments to employees	(1,055,975)	-	(4,487,186)	(5,543,161)
Net cash provided by operating activities	1,508,821	-	63,078	1,571,899
Cash flows from non-capital financing activities:				
Transfers in	-	-	1,766,788	1,766,788
Transfers out	(3,600)	-	(408,932)	(412,532)
Net cash provided by non-capital financing activities	(3,600)	-	1,357,856	1,354,256
Cash flows from capital financing activities:				
Interest paid on lease purchase	-	-	(16,304)	(16,304)
Proceeds from sale of assets	159,180	-	-	159,180
Transfer in (out)	226,267	-	-	226,267
Payments for capital assets	(1,362,988)	-	(384,553)	(1,747,541)
Net cash used by capital financing activities	(977,541)	-	(400,857)	(1,378,398)
Cash flows from investing activities:				
Proceeds from sale of investments	-	-	15	15
Total cash flows from investing activities	-	-	15	15
Net Increase (decrease) in cash and cash equivalents	527,680	-	1,020,092	1,547,772
Balances - beginning of the year	7,881,401	203,193	8,988,768	17,073,362
Balances - end of the year	\$ 8,409,081	\$ 203,193	\$ 10,008,860	\$ 18,621,134
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 373,585	\$ -	\$ (404,730)	\$ (31,145)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,124,408	-	388,528	1,512,936
Change in assets and liabilities:				
Receivables	319,631	-	249,001	568,632
Inventories	(506,566)	-	38,592	(467,974)
Accounts and other payables	180,776	-	(261,452)	(80,676)
Accrued expenses	16,987	-	53,139	70,126
Net cash provided by operating activities	\$ 1,508,821	\$ -	\$ 63,078	\$ 1,571,899
Noncash investing & capital financing activities:				
Lease purchases	\$ -	\$ -	\$ 164,359	\$ 164,359
Total noncash investing & capital financing activities	\$ -	\$ -	\$ 164,359	\$ 164,359

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
Assets			
Current assets			
Cash & cash equivalents	\$ 178,699	\$ 1,526,973	\$ 1,705,672
Accounts receivable	-	12,634	12,634
Prepayments	-	5	5
Total current assets	<u>178,699</u>	<u>1,539,612</u>	<u>1,718,311</u>
Liabilities			
Current liabilities			
Accounts payable	852	19,670	20,522
Due to other funds	-	203,650	203,650
Other accrued liabilities	1,640	36,248	37,888
Total current liabilities	<u>2,492</u>	<u>259,568</u>	<u>262,060</u>
Noncurrent liabilities			
Employee leave benefits	12,262	86,813	99,075
Total noncurrent liabilities	<u>12,262</u>	<u>86,813</u>	<u>99,075</u>
Total liabilities	<u>14,754</u>	<u>346,381</u>	<u>361,135</u>
Net assets			
Unrestricted	163,945	1,193,231	1,357,176
Total net assets	<u>\$ 163,945</u>	<u>\$ 1,193,231</u>	<u>\$ 1,357,176</u>

Combining Statement of Revenues, Expenses, and
 Changes in Fund Net Assets
 Non-major Enterprise Funds
 December 31, 2006



	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
Operating revenues			
Intergovernmental	\$ -	\$ 159,143	\$ 159,143
Charges for service	-	663,803	663,803
Interest income	193,543	-	193,543
Other miscellaneous revenues	-	68,791	68,791
Total operating revenues	<u>193,543</u>	<u>891,737</u>	<u>1,085,280</u>
Operating expenses			
General operations	166,894	1,653,931	1,820,825
General administration	-	198,147	198,147
Total operating expenses	<u>166,894</u>	<u>1,852,078</u>	<u>2,018,972</u>
Operating income (loss)	<u>26,649</u>	<u>(960,341)</u>	<u>(933,692)</u>
Transfers in	-	2,153,572	2,153,572
Changes in net assets	<u>26,649</u>	<u>1,193,231</u>	<u>1,219,880</u>
Total net assets-beginning	<u>137,296</u>	<u>-</u>	<u>137,296</u>
Total net assets-ending	<u>\$ 163,945</u>	<u>\$ 1,193,231</u>	<u>\$ 1,357,176</u>

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 193,543	\$ 879,098	\$ 1,072,641
Cash payments for goods and services	(53,695)	(533,205)	(586,900)
Cash payments to employees	(111,378)	(972,492)	(1,083,870)
Net cash provided by operating activities	<u>28,470</u>	<u>(626,599)</u>	<u>(598,129)</u>
Cash flows from non-capital financing activities:			
Transfers in	-	2,153,572	2,153,572
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,153,572</u>	<u>2,153,572</u>
Net increase (decrease) in cash and cash	28,470	1,526,973	1,555,443
Balances - beginning of the year	150,229	-	150,229
Balances - end of the year	<u>\$ 178,699</u>	<u>\$ 1,526,973</u>	<u>\$ 1,705,672</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 26,649	\$ (960,341)	\$ (933,692)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Receivables, net	-	(12,639)	(12,639)
Accounts and other payables	(107)	223,320	223,213
Accrued expenses	1,928	123,061	124,989
Net cash provided by operating activities	<u>\$ 28,470</u>	<u>\$ (626,599)</u>	<u>\$ (598,129)</u>

	Investment Trust Fund
Assets	
Certificates of deposit & saving accounts	\$ 26,962,776
Taxable municipal notes	5,575,946
US treasury notes	2,309,110
US agency notes	94,951,837
LGIP	17,756,958
Bank deposit note	2,307,512
CMO	869,755
Total assets	<u>150,733,894</u>
Net assets	
Held in trust for pool participants	150,733,894
Total net assets	<u>\$ 150,733,894</u>

Combining Statement of Changes in Net Assets
Investment Trust Funds
Year Ended December 31, 2006



	Investment Trust Fund
Additions	
Contributions	\$ 172,477,518
Net investment earnings (losses)	
Interest	4,832,986
Total additions	177,310,504
Deductions	
Distributions	117,692,433
Change in net assets	59,618,071
Net assets - January 1, 2006	91,115,824
Net assets - December 31, 2006	\$ 150,733,895

Combining Balance Sheet
 Agency Funds
 December 31, 2006

	Cemetery Districts	Drainage, Diking & Flood Cntr Districts	Park & Recreation Districts	Watershed Mngmt Project Joint Board	Rural Library	Northwest Regional Council
Assets						
Cash & cash equivalents	\$ 527,818	\$ 120,557	\$ 40,439	\$ 1,075,169	\$ 183,016	\$ 1,805,385
Deposits with fiscal agent	-	-	-	-	-	-
Assets held in trust-external investment pool	1,201,013	368,837	755,122	-	4,458,928	176,315
Accounts receivable (net)	-	-	-	-	-	-
Total assets	\$1,728,831	\$ 489,394	\$ 795,561	\$ 1,075,169	\$4,641,944	\$ 1,981,700
Liabilities						
Warrants payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	13,050	6,233	2,656	3,167	110,350	386,811
Matured long-term debt	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	(1,386)	624
Revenue collected in advance	-	-	-	-	-	-
Custodial accounts	1,715,781	483,161	792,905	1,072,002	4,532,980	1,594,265
Total liabilities	\$1,728,831	\$ 489,394	\$ 795,561	\$ 1,075,169	\$4,641,944	\$ 1,981,700

Council of Government	Hospital Districts	Port	P. U. D. District	Whatcom Transit	School Districts	Bertrand Watershed	Fire Districts
\$ 22,661	\$ 8,573	\$ 79,189	\$ 30,124	\$ -	\$ 6,553,669	\$ 7,550	\$ 643,098
-	-	-	-	-	17,724,979	-	-
298,520	146,617	-	4,012,094	31,266,611	93,879,811	-	12,270,709
-	-	-	-	-	-	-	-
<u>\$ 321,181</u>	<u>\$ 155,190</u>	<u>\$ 79,189</u>	<u>\$ 4,042,218</u>	<u>\$ 31,266,611</u>	<u>\$ 118,158,459</u>	<u>\$ 7,550</u>	<u>\$ 12,913,807</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,318,601	\$ -	\$ -
112	12,538	-	2,969	-	-	6,055	169,992
-	-	-	-	-	13,478,612	-	-
-	-	-	-	-	4,246,367	-	-
(15)	-	-	388	-	23,271	-	(664)
-	-	-	-	-	-	-	-
321,084	142,652	79,189	4,038,861	31,266,611	94,091,608	1,495	12,744,479
<u>\$ 321,181</u>	<u>\$ 155,190</u>	<u>\$ 79,189</u>	<u>\$ 4,042,218</u>	<u>\$ 31,266,611</u>	<u>\$ 118,158,459</u>	<u>\$ 7,550</u>	<u>\$ 12,913,807</u>

continued on next page

Combining Balance Sheet
 Agency Funds
 December 31, 2006

	Water Districts	Treasurer's Suspense	Inmate Trust Fund	Claims Fund	Salary Fund	Total
Assets						
Cash & cash equivalents	\$ 427,486	\$ 2,738,726	\$ 51,897	\$ 2,408,342	\$ 1,680	\$ 16,725,379
Deposits with fiscal agent	-	-	-	-	-	17,724,979
Assets held in trust-external investment pool	1,899,319	-	-	-	-	150,733,896
Accounts receivable (net)	-	600	-	-	-	600
Total assets	\$ 2,326,805	\$ 2,739,326	\$ 51,897	\$ 2,408,342	\$ 1,680	\$ 185,184,854
Liabilities						
Warrants payable	\$ -	\$ -	\$ -	\$ 2,408,342	\$ -	\$ 8,726,943
Accounts payable	189,828	-	-	-	-	903,761
Matured long-term debt	-	-	-	-	-	13,478,612
Matured interest payable	-	-	-	-	-	4,246,367
Other accrued liabilities	251	-	51,897	-	-	74,366
Revenue collected in advance	-	475,067	-	-	-	475,067
Custodial accounts	2,136,726	2,264,259	-	-	1,680	157,279,738
Total liabilities	\$ 2,326,805	\$ 2,739,326	\$ 51,897	\$ 2,408,342	\$ 1,680	\$ 185,184,854

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Cemetery Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 516,477	\$ 947,008	\$ 935,667	\$ 527,818
Assets held in trust-external investment pool	1,318,860	193,250	311,097	1,201,013
Total assets	\$ 1,835,337	\$ 1,140,258	\$ 1,246,764	\$ 1,728,831
Liabilities				
Accounts payable	\$ 26,661	\$ 567,953	\$ 581,564	\$ 13,050
Other accrued liabilities	-	250,841	250,841	-
Custodial accounts	1,808,676	-	92,895	1,715,781
Total liabilities	\$ 1,835,337	\$ 818,794	\$ 925,300	\$ 1,728,831

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Drainage, Diking & Flood Control Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 115,126	\$ 152,761	\$ 147,330	\$ 120,557
Assets held in trust-external investment pool	376,674	15,397	23,234	368,837
Total Assets	\$ 491,800	\$ 168,158	\$ 170,564	\$ 489,394
Liabilities				
Accounts payable	\$ 20,909	\$ 140,754	\$ 155,430	\$ 6,233
Custodial accounts	470,891	12,270	-	483,161
Total liabilities	\$ 491,800	\$ 153,024	\$ 155,430	\$ 489,394

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Park & Recreation Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 44,844	\$ 232,117	\$ 236,522	\$ 40,439
Assets held in trust-external investment pool	732,580	30,270	7,728	755,122
Total Assets	\$ 777,424	\$ 262,387	\$ 244,250	\$ 795,561
Liabilities				
Accounts payable	\$ 4,877	\$ 42,825	\$ 45,046	\$ 2,656
Other accrued liabilities	-	6,121	6,121	-
Custodial accounts	772,547	20,358	-	792,905
Total liabilities	\$ 777,424	\$ 69,304	\$ 51,167	\$ 795,561

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Watershed Mgmt Project Joint Board
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 1,137,140	\$ -	\$ 61,971	\$ 1,075,169
Total assets	\$ 1,137,140	\$ -	\$ 61,971	\$ 1,075,169
Liabilities				
Accounts payable	\$ -	\$ 65,139	\$ 61,972	\$ 3,167
Custodial accounts	1,137,140	-	65,138	1,072,002
Total liabilities	\$ 1,137,140	\$ 65,139	\$ 127,110	\$ 1,075,169

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Rural Library
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 248,893	\$ 8,515,917	\$ 8,581,794	\$ 183,016
Assets held in trust-external investment pool	4,736,976	2,923,710	3,201,758	4,458,928
Total assets	\$ 4,985,869	\$ 11,439,627	\$ 11,783,552	\$ 4,641,944
Liabilities				
Accounts payable	\$ 323,774	\$ 2,519,998	\$ 2,733,422	\$ 110,350
Other accrued liabilities	-	3,931,835	3,933,221	(1,386)
Custodial accounts	4,662,095	-	129,115	4,532,980
Total liabilities	\$ 4,985,869	\$ 6,451,833	\$ 6,795,758	\$ 4,641,944

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Northwest Regional Council
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 1,483,994	\$ 8,733,394	\$ 8,412,003	\$ 1,805,385
Assets held in trust-external Investment pool	169,433	7,034	152	176,315
Total assets	\$ 1,653,427	\$ 8,740,428	\$ 8,412,155	\$ 1,981,700
Liabilities				
Accounts payable	\$ 369,663	\$ 5,827,781	\$ 5,810,633	\$ 386,811
Other accrued liabilities	270	3,654,852	3,654,498	624
Custodial accounts	1,283,494	310,771	-	1,594,265
Total liabilities	\$ 1,653,427	\$ 9,793,404	\$ 9,465,131	\$ 1,981,700

	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 74,714	\$ 2,868,793	\$ 2,920,846	\$ 22,661
Assets held in trust-external investment pool	376,269	1,358,213	1,435,962	298,520
Total assets	\$ 450,983	\$ 4,227,006	\$ 4,356,808	\$ 321,181
Liabilities				
Accounts payable	\$ 48,283	\$ 958,772	\$ 1,006,943	\$ 112
Other accrued liabilities	-	816,850	816,865	(15)
Custodial accounts	402,700	-	81,616	321,084
Total liabilities	\$ 450,983	\$ 1,775,622	\$ 1,905,424	\$ 321,181

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Hospital Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 322	\$ 342,568	\$ 334,317	\$ 8,573
Assets held in trust-external investment pool	2,505	174,053	29,941	146,617
Total assets	\$ 2,827	\$ 516,621	\$ 364,258	\$ 155,190
Liabilities				
Accounts payable	\$ -	\$ 138,891	\$ 126,353	\$ 12,538
Other accrued liabilities	-	18,927	18,927	-
Custodial accounts	2,827	139,825	-	142,652
Total liabilities	\$ 2,827	\$ 297,643	\$ 145,280	\$ 155,190

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Port
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 74,383	\$ 6,579,329	\$ 6,574,523	\$ 79,189
Total assets	\$ 74,383	\$ 6,579,329	\$ 6,574,523	\$ 79,189
Liabilities				
Custodial accounts	\$ 74,383	\$ 4,806	\$ -	\$ 79,189
Total liabilities	\$ 74,383	\$ 4,806	\$ -	\$ 79,189

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 P.U.D. District
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 38,479	\$ 35,970,477	\$ 35,978,832	\$ 30,124
Assets held in trust-external investment pool	2,506,823	18,249,585	16,744,314	4,012,094
Total assets	\$ 2,545,302	\$ 54,220,062	\$ 52,723,146	\$ 4,042,218
Liabilities				
Accounts payable	\$ 58,706	\$ 1,982,720	\$ 2,038,457	\$ 2,969
Other accrued liabilities	196	1,393,410	1,393,218	388
Custodial accounts	2,486,400	1,552,461	-	4,038,861
Total liabilities	\$ 2,545,302	\$ 4,928,591	\$ 3,431,675	\$ 4,042,218

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Whatcom Transit
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ -	\$ 37,276,575	\$ 37,276,575	\$ -
Assets held in trust-external investment pool	27,525,366	20,516,665	16,775,420	31,266,611
Total assets	\$ 27,525,366	\$ 57,793,240	\$ 54,051,995	\$ 31,266,611
Liabilities				
Custodial accounts	\$ 27,525,366	\$ 3,741,245	\$ -	\$ 31,266,611
Total liabilities	\$ 27,525,366	\$ 3,741,245	\$ -	\$ 31,266,611

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 School Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 7,227,241	\$ 366,484,411	\$ 367,157,983	\$ 6,553,669
Deposits with fiscal agent	60,000	20,814,051	3,149,072	17,724,979
Assets held in trust-external investment pool	33,873,514	122,690,142	62,683,845	93,879,811
Total assets	\$ 41,160,755	\$ 509,988,604	\$ 432,990,900	\$ 118,158,459
Liabilities				
Warrants payable	\$ 6,238,995	\$ 116,687,264	\$ 116,607,658	\$ 6,318,601
Matured long-term debt	60,000	14,228,958	810,346	13,478,612
Matured interest payable	-	6,872,096	2,625,729	4,246,367
Other accrued liabilities	23,271	-	-	23,271
Custodial accounts	34,838,489	59,253,119	-	94,091,608
Total liabilities	\$ 41,160,755	\$ 197,041,437	\$ 120,043,733	\$ 118,158,459

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Bertrand Watershed
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 34,622	\$ 171,887	\$ 198,959	\$ 7,550
Total assets	\$ 34,622	\$ 171,887	\$ 198,959	\$ 7,550
Liabilities				
Accounts payable	\$ -	\$ 205,110	\$ 199,055	\$ 6,055
Custodial accounts	34,622	-	33,127	1,495
Total liabilities	\$ 34,622	\$ 205,110	\$ 232,182	\$ 7,550

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Fire Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 1,837,723	\$ 23,562,285	\$ 24,756,910	\$ 643,098
Assets held in trust-external investment pool	9,823,719	8,921,875	6,474,885	12,270,709
Total assets	\$ 11,661,442	\$ 32,484,160	\$ 31,231,795	\$ 12,913,807
Liabilities				
Accounts payable	\$ 355,343	\$ 7,971,411	\$ 8,156,762	\$ 169,992
Other accrued liabilities	611	3,263,736	3,265,011	(664)
Custodial accounts	11,305,488	1,438,991	-	12,744,479
Total liabilities	\$ 11,661,442	\$ 12,674,138	\$ 11,421,773	\$ 12,913,807

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Water Districts
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 685,014	\$ 21,281,147	\$ 21,538,675	\$ 427,486
Assets held in trust-external investment pool	9,673,106	3,406,163	11,179,950	1,899,319
Total assets	\$ 10,358,120	\$ 24,687,310	\$ 32,718,625	\$ 2,326,805
Liabilities				
Accounts payable	\$ 340,504	\$ 5,457,342	\$ 5,608,018	\$ 189,828
Other accrued liabilities	-	1,909,075	1,908,824	251
Custodial accounts	10,017,616	-	7,880,890	2,136,726
Total liabilities	\$ 10,358,120	\$ 7,366,417	\$ 15,397,732	\$ 2,326,805

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Treasurer's Suspense
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 5,403,365	\$ 114,819,110	\$ 117,483,749	\$ 2,738,726
Accounts receivable (net)	(11,862)	1,433,189	1,420,727	600
Total assets	\$ 5,391,503	\$ 116,252,299	\$ 118,904,476	\$ 2,739,326
Liabilities				
Revenue collected in advance	\$ 230,573	\$ 527,825	\$ 283,331	\$ 475,067
Custodial accounts	5,160,930	-	2,896,671	2,264,259
Total liabilities	\$ 5,391,503	\$ 527,825	\$ 3,180,002	\$ 2,739,326

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Inmate Trust Fund
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 68,401	\$ 477,355	\$ 493,859	\$ 51,897
Total assets	<u>\$ 68,401</u>	<u>\$ 477,355</u>	<u>\$ 493,859</u>	<u>\$ 51,897</u>
Liabilities				
Other accrued liabilities	\$ 68,401	\$ 1,480,927	\$ 1,497,431	\$ 51,897
Total liabilities	<u>\$ 68,401</u>	<u>\$ 1,480,927</u>	<u>\$ 1,497,431</u>	<u>\$ 51,897</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Claims Fund
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 2,508,720	\$ 197,262,909	\$ 197,363,287	\$ 2,408,342
Total assets	<u>\$ 2,508,720</u>	<u>\$ 197,262,909</u>	<u>\$ 197,363,287</u>	<u>\$ 2,408,342</u>
Liabilities				
Warrants payable	\$ 2,508,720	\$ 100,750,409	\$ 100,850,787	\$ 2,408,342
Total liabilities	<u>\$ 2,508,720</u>	<u>\$ 100,750,409</u>	<u>\$ 100,850,787</u>	<u>\$ 2,408,342</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Salary Fund
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 1,680	\$ -	\$ -	\$ 1,680
Total assets	\$ 1,680	\$ -	\$ -	\$ 1,680
Liabilities				
Custodial accounts	\$ 1,680	\$ -	\$ -	\$ 1,680
Total liabilities	\$ 1,680	\$ -	\$ -	\$ 1,680

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Total Agency Funds
 For the Year Ended December 31, 2006



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & cash equivalents	\$ 21,501,138	\$ 825,678,043	\$ 830,453,802	\$ 16,725,379
Deposits with fiscal agent	60,000	20,814,051	3,149,072	17,724,979
Assets held in trust-external investment pool	91,115,825	178,486,357	118,868,286	150,733,896
Accounts receivable (net)	(11,862)	1,433,189	1,420,727	600
Total assets	\$ 112,665,101	\$ 1,026,411,640	\$ 953,891,887	\$ 185,184,854
Liabilities				
Warrants payable	\$ 8,747,715	\$ 217,437,673	\$ 217,458,445	\$ 8,726,943
Accounts payable	1,548,720	25,878,696	26,523,655	903,761
Matured long-term debt	60,000	14,228,958	810,346	13,478,612
Matured interest payable	-	6,872,096	2,625,729	4,246,367
Other accrued liabilities	92,749	16,726,574	16,744,957	74,366
Revenue collected in advance	230,573	527,825	283,331	475,067
Custodial accounts	101,985,344	66,473,846	11,179,452	157,279,738
Total liabilities	\$ 112,665,101	\$ 348,145,668	\$ 275,625,915	\$ 185,184,854

Schedule of Expenditures - Budget and Actual
 General Fund by Department
 Year Ended December 31, 2006



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Expenditures*				
Assessor	\$ 2,108,599	\$ 2,200,768	\$ 2,146,138	\$ 54,630
Auditor	1,073,219	1,097,440	1,045,632	51,808
County Council	822,224	956,348	832,169	124,179
County Executive	449,970	488,118	485,354	2,764
Planning & Development Services	4,290,128	6,328,893	5,696,442	632,451
Treasurer	1,215,310	1,271,540	1,230,648	40,892
Sheriff	9,538,742	11,027,771	10,888,519	139,252
Jail	7,966,641	-	-	-
District Court	1,479,894	1,524,033	1,459,591	64,442
District Court Probation	1,342,164	1,374,927	1,330,205	44,722
Hearing Examiner	150,859	153,025	144,959	8,066
Juvenile	3,719,719	3,786,913	3,612,287	174,626
Prosecuting Attorney	4,184,554	4,394,865	4,362,055	32,810
Public Defender	2,647,661	3,256,006	3,188,984	67,022
Superior Court	2,436,733	3,208,444	3,280,685	(72,241)
County Clerk	999,450	1,372,947	1,256,027	116,920
Cooperative Extension	325,864	328,567	307,136	21,431
Non-Departmental	8,391,329	16,435,775	14,040,268	2,395,507
Park	3,246,496	3,680,650	3,571,130	109,520
Public Health	9,898,093	11,296,571	9,966,873	1,329,698
Total expenditures	\$ 66,287,649	\$ 74,183,601	\$ 68,845,102	\$ 5,338,499

*Includes transfers out.



Statistical Section

Net Assets by Component
 Last Five Fiscal Years
(accrual basis of accounting)
 Table 1



	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 120,458,158	\$ 122,122,886	\$ 127,722,278	\$ 134,873,463	\$ 147,777,970
Restricted	22,531,548	25,159,510	28,799,551	35,266,155	37,138,374
Unrestricted	41,521,643	45,316,845	45,698,449	46,612,203	47,089,887
Total governmental activities net assets	<u>\$ 184,511,349</u>	<u>\$ 192,599,241</u>	<u>\$ 202,220,278</u>	<u>\$ 216,751,821</u>	<u>\$ 232,006,231</u>
Business-type activities					
Unrestricted	\$ 2,088	\$ 4,157	\$ 62,298	\$ 138,394	\$ 1,356,979
Total business-type activities net assets	<u>\$ 2,088</u>	<u>\$ 4,157</u>	<u>\$ 62,298</u>	<u>\$ 138,394</u>	<u>\$ 1,356,979</u>
Primary government					
Invested in capital assets, net of related debt	\$ 120,458,158	\$ 122,122,886	\$ 127,722,278	\$ 134,873,463	\$ 147,777,970
Restricted	22,531,548	25,159,510	28,799,551	35,266,155	37,138,374
Unrestricted	41,523,731	45,321,002	45,760,747	46,750,597	48,446,866
Total primary government net assets	<u>\$ 184,513,437</u>	<u>\$ 192,603,398</u>	<u>\$ 202,282,576</u>	<u>\$ 216,890,215</u>	<u>\$ 233,363,210</u>

Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
Table 2

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 17,983,238	\$ 19,215,312	\$ 20,640,020	\$ 23,079,350	\$ 25,962,056
Public safety	22,976,236	24,030,011	27,370,451	30,495,277	32,987,070
Physical environment	6,538,602	5,897,760	4,241,623	4,735,305	6,834,562
Transportation	18,049,900	19,011,206	20,089,939	21,254,817	20,255,214
Economic environment	1,320,929	1,430,023	1,768,412	2,095,684	1,699,968
Mental and physical health	9,217,719	9,236,054	9,226,067	9,893,505	10,391,837
Culture and recreation	3,490,177	3,800,758	3,737,864	3,918,909	4,127,397
Interest on long-term debt	909,179	824,720	635,089	586,099	520,685
Total governmental activities expenses	<u>80,485,980</u>	<u>83,445,844</u>	<u>87,709,465</u>	<u>96,058,946</u>	<u>102,778,789</u>
Business-type activities:					
Whatcom County Investment Pool	186,763	192,156	163,494	162,519	166,927
Whatcom County Ferry System	-	-	-	-	1,853,340
Total business-type activities expense	<u>186,763</u>	<u>192,156</u>	<u>163,494</u>	<u>162,519</u>	<u>2,020,267</u>
Total primary government expenses	<u>\$ 80,672,743</u>	<u>\$ 83,638,000</u>	<u>\$ 87,872,959</u>	<u>\$ 96,221,465</u>	<u>\$ 104,799,056</u>
Program Revenues					
Governmental activities:					
Charges for services	\$ 12,454,797	\$ 14,499,905	\$ 14,514,182	\$ 16,571,715	\$ 16,031,569
Operating grants and contributions	14,394,509	13,876,354	16,080,469	18,765,699	20,823,563
Capital grants and contributions	6,600,775	5,544,945	5,952,476	7,449,734	8,920,486
Total governmental activities program revenues	<u>33,450,081</u>	<u>33,921,204</u>	<u>36,547,127</u>	<u>42,787,148</u>	<u>45,775,618</u>
Business-type activities:					
Charges for services	188,851	194,225	221,635	238,615	1,085,280
Total business-type activities program revenues	<u>188,851</u>	<u>194,225</u>	<u>221,635</u>	<u>238,615</u>	<u>1,085,280</u>
Total primary government program revenues	<u>\$ 33,638,932</u>	<u>\$ 34,115,429</u>	<u>\$ 36,768,762</u>	<u>\$ 43,025,763</u>	<u>\$ 46,860,898</u>
Net (Expense)/Revenue					
Governmental activities	\$ (47,035,899)	\$ (49,524,640)	\$ (51,162,338)	\$ (53,271,798)	\$ (57,003,171)
Business-type activities	2,088	2,069	58,141	76,096	(934,987)
Total primary government net expense	<u>\$ (47,033,811)</u>	<u>\$ (49,522,571)</u>	<u>\$ (51,104,197)</u>	<u>\$ (53,195,702)</u>	<u>\$ (57,938,158)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 32,594,343	\$ 32,197,138	\$ 37,287,454	\$ 39,217,958	\$ 40,919,106
Timber taxes	263,688	417,291	166,270	165,567	198,732
Retail taxes	10,158,252	10,924,526	11,631,120	14,343,922	19,145,002
Excise taxes	5,752,026	6,250,210	4,222,852	5,363,992	5,266,333
Penalties and interest	1,665,074	1,929,056	1,970,312	2,016,817	1,603,642
Unrestricted investment earnings	3,114,455	2,371,918	2,076,569	3,004,248	4,618,179
Gain/loss on sale of capital assets	1,349,487	1,948,251	1,984,251	1,887,188	1,070,852
Miscellaneous	1,267,730	1,574,142	1,314,903	1,803,649	1,589,307
Transfers	-	-	-	-	(2,153,572)
Total governmental activities	<u>56,165,055</u>	<u>57,612,532</u>	<u>60,653,731</u>	<u>67,803,341</u>	<u>72,257,581</u>
Business-type activities:					
Transfers	-	-	-	-	2,153,572
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,153,572</u>
Total primary government	<u>\$ 56,165,055</u>	<u>\$ 57,612,532</u>	<u>\$ 60,653,731</u>	<u>\$ 67,803,341</u>	<u>\$ 74,411,153</u>
Change in Net Assets					
Governmental activities	\$ 9,129,156	\$ 8,087,892	\$ 9,491,393	\$ 14,531,543	\$ 17,407,982
Business-type activities	2,088	2,069	58,141	76,096	(934,987)
Total primary government	<u>\$ 9,131,244</u>	<u>\$ 8,089,961</u>	<u>\$ 9,549,534</u>	<u>\$ 14,607,639</u>	<u>\$ 16,472,995</u>

Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 3

	Fiscal Year				
	1997	1998	1999	2000	2001
General Fund					
Reserved	\$ 400,470	\$ 601,285	\$ 2,279,442	\$ 1,859,298	\$ 1,838,556
Unreserved	6,308,259	9,992,014	10,885,502	14,994,427	14,303,932
Total general fund	<u>\$ 6,708,729</u>	<u>\$ 10,593,299</u>	<u>\$ 13,164,944</u>	<u>\$ 16,853,725</u>	<u>\$ 16,142,488</u>
All Other Governmental Funds					
Reserved	\$ 814,107	\$ 1,171,925	\$ 891,713	\$ 1,130,083	\$ 2,485,350
Unreserved, reported in:					
Special revenue funds	19,626,295	18,871,894	24,643,725	25,817,186	26,218,701
Capital projects funds	495,243	1,460,005	1,921,217	3,742,542	5,702,098
Debt service funds	573,530	382,924	-	-	-
Total all other governmental funds	<u>\$ 21,509,175</u>	<u>\$ 21,886,748</u>	<u>\$ 27,456,655</u>	<u>\$ 30,689,811</u>	<u>\$ 34,406,149</u>

Fund Balances, Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Table 3

Fiscal Year				
2002	2003	2004	2005	2006
\$ 1,022,792	\$ 602,066	\$ 961,837	\$ 1,533,073	\$ 1,500,338
15,472,644	18,891,088	21,314,448	22,074,170	21,264,377
<u>\$ 16,495,436</u>	<u>\$ 19,493,154</u>	<u>\$ 22,276,285</u>	<u>\$ 23,607,243</u>	<u>\$ 22,764,715</u>
\$ 3,469,088	\$ 4,969,099	\$ 4,521,743	\$ 4,649,640	\$ 3,555,539
24,294,072	25,034,534	27,062,122	29,301,974	27,435,371
7,556,558	9,193,792	10,481,786	14,534,527	18,986,564
-	-	-	-	-
<u>\$ 35,319,718</u>	<u>\$ 39,197,425</u>	<u>\$ 42,065,651</u>	<u>\$ 48,486,141</u>	<u>\$ 49,977,474</u>

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues					
Taxes	\$ 38,250,989	\$ 39,438,336	\$ 42,343,802	\$ 45,620,265	\$ 47,424,567
Licenses and permits	1,340,274	1,351,354	1,415,442	1,531,267	1,580,226
Intergovernmental	18,017,481	19,508,309	17,887,435	20,829,740	21,212,913
Charges for services	6,085,563	6,053,392	7,042,730	7,316,680	7,776,574
Fines and forfeits	1,619,031	1,466,255	1,705,223	1,686,828	1,763,991
Miscellaneous	4,124,352	4,753,738	4,796,489	5,411,509	5,582,089
Total Revenues	<u>69,437,690</u>	<u>72,571,384</u>	<u>75,191,121</u>	<u>82,396,289</u>	<u>85,340,360</u>
Expenditures					
General government	12,306,263	14,227,461	15,047,278	15,410,234	16,713,972
Public safety	15,058,746	17,003,381	18,509,529	19,267,342	21,470,121
Physical environment	2,762,472	2,366,215	2,834,910	4,975,846	4,757,938
Transportation	10,809,665	10,990,385	11,444,117	13,154,686	13,528,035
Economic environment	1,489,764	1,183,325	1,235,673	1,126,322	1,167,559
Mental and physical health	7,130,541	7,730,267	8,028,398	8,219,522	9,078,653
Culture and recreation	2,731,892	2,911,750	3,020,587	3,371,446	3,417,835
Capital outlay	13,672,004	13,599,996	6,423,027	7,944,968	8,617,635
Debt service:					
Principal	1,161,774	1,596,406	1,672,398	1,559,956	1,232,728
Interest	1,399,694	1,160,153	1,205,670	1,089,706	1,005,247
Total expenditures	<u>68,522,815</u>	<u>72,769,339</u>	<u>69,421,587</u>	<u>76,120,028</u>	<u>80,989,723</u>
Excess of revenues over (under) expenditures	914,875	(197,955)	5,769,534	6,276,261	4,350,637
Other Financing Sources (Uses)					
Proceeds of refunding long-term debt	2,072,227	3,305,755	-	-	-
Payments to refunded debt escrow agent	-	-	-	-	-
Proceeds-other note	-	-	-	-	348,526
Sales of capital assets	2,645,759	1,740,249	2,141,340	1,216,708	1,935,288
Transfers in	3,354,764	6,041,467	5,785,319	5,606,683	5,577,417
Transfers out	(5,553,189)	(6,628,467)	(6,373,941)	(6,177,715)	(8,858,241)
Total other financing sources (uses)	<u>2,519,561</u>	<u>4,459,004</u>	<u>1,552,718</u>	<u>645,676</u>	<u>(997,010)</u>
Net change in fund balance	<u>\$ 3,434,436</u>	<u>\$ 4,261,049</u>	<u>\$ 7,322,252</u>	<u>\$ 6,921,937</u>	<u>\$ 3,353,627</u>
Debt service as a percentage of noncapital expenditures	4.7%	4.7%	4.6%	3.9%	3.1%

Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Table 4

Fiscal Year				
2002	2003	2004	2005	2006
\$ 49,257,944	\$ 51,872,132	\$ 55,452,648	\$ 61,728,366	\$ 67,370,343
1,760,008	2,243,794	2,390,146	2,734,130	2,414,757
20,968,672	19,404,333	21,763,095	25,326,753	29,274,897
8,696,953	10,022,119	10,163,856	11,344,374	10,868,913
1,946,964	2,675,698	2,124,567	2,242,373	2,341,077
4,296,233	3,864,099	3,388,809	4,874,670	6,255,152
<u>86,926,774</u>	<u>90,082,175</u>	<u>95,283,121</u>	<u>108,250,666</u>	<u>118,525,139</u>
16,863,877	18,270,858	19,443,137	21,788,506	23,812,063
22,879,744	23,597,879	25,866,906	29,133,971	32,082,423
6,544,045	5,866,598	4,167,394	4,690,061	6,800,424
14,126,042	14,371,656	14,761,101	15,371,674	14,265,469
1,322,618	1,424,252	1,758,741	2,112,155	1,686,264
9,194,004	9,180,782	9,151,500	9,758,671	10,317,834
3,363,082	3,639,514	3,623,601	3,822,326	4,023,630
7,800,595	5,715,028	10,215,134	12,328,740	20,223,545
1,873,976	1,339,612	1,366,817	1,454,054	1,487,667
925,316	761,804	630,680	582,938	513,772
<u>84,893,299</u>	<u>84,167,983</u>	<u>90,985,011</u>	<u>101,043,096</u>	<u>115,213,091</u>
2,033,475	5,914,192	4,298,110	7,207,570	3,312,048
-	4,535	-	-	-
-	(700,000)	-	-	-
-	-	-	-	-
1,349,487	1,948,251	1,984,251	1,887,188	1,070,852
7,117,775	7,024,604	3,282,824	6,308,650	13,664,755
(9,234,220)	(7,316,157)	(3,913,828)	(7,651,960)	(17,398,850)
<u>(766,958)</u>	<u>961,233</u>	<u>1,353,247</u>	<u>543,878</u>	<u>(2,663,243)</u>
<u>\$ 1,266,517</u>	<u>\$ 6,875,425</u>	<u>\$ 5,651,357</u>	<u>\$ 7,751,448</u>	<u>\$ 648,805</u>
3.6%	2.7%	2.5%	2.3%	2.1%

Assessed Value of Taxable Property
 Last Ten Fiscal Years
 Table 5



Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Public Utilities And Water Craft	Total Assessed Value	Total Direct Tax Rate
1997	\$ 9,655,317,130	\$ 410,421,086	\$ 378,523,956	\$ 10,444,262,172	\$ 3.76
1998	\$ 9,938,624,420	\$ 427,546,605	\$ 337,392,696	\$ 10,703,563,721	3.72
1999	\$ 10,130,282,150	\$ 448,738,355	\$ 375,873,011	\$ 10,954,893,516	3.77
2000	\$ 10,606,397,230	\$ 497,440,860	\$ 442,851,475	\$ 11,546,689,565	3.81
2001	\$ 11,152,456,630	\$ 507,675,185	\$ 493,776,133	\$ 12,153,907,948	3.72
2002	\$ 11,594,611,940	\$ 504,666,885	\$ 517,397,735	\$ 12,616,676,560	3.67
2003	\$ 12,090,284,345	\$ 479,760,180	\$ 499,685,106	\$ 13,069,729,631	3.62
2004	\$ 13,528,513,540	\$ 484,414,565	\$ 518,848,465	\$ 14,531,776,570	3.89
2005	\$ 15,734,157,180	\$ 504,068,985	\$ 502,523,649	\$ 16,740,749,814	3.72
2006	\$ 19,234,889,670	\$ 528,565,020	\$ 515,589,776	\$ 20,279,044,466	3.43



Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
 Table 6

Fiscal Year	Direct Rates				Overlapping Rates				
	General Fund	Special Revenue Funds	Debt Service	Total Direct	School Districts	Fire Districts	Port Districts	Cities & Towns	State of WA
1997	1.500	2.256	0.002	3.758	3.838	1.137	0.402	2.582	3.640
1998	1.470	2.252	0.000	3.722	3.700	1.168	0.396	2.919	3.597
1999	1.473	2.292	0.000	3.765	4.068	1.198	0.396	2.929	3.421
2000	1.481	2.325	0.000	3.806	4.194	1.223	0.396	2.947	3.359
2001	1.455	2.263	0.000	3.718	4.190	1.218	0.396	2.982	3.276
2002	1.429	2.241	0.000	3.671	4.215	1.258	0.390	2.911	3.143
2003	1.413	2.209	0.000	3.621	4.262	1.265	0.386	2.869	3.112
2004	1.511	2.381	0.000	3.892	4.173	1.261	0.383	2.895	3.157
2005	1.430	2.289	0.000	3.718	3.931	1.229	0.383	2.567	3.219
2006	1.293	2.141	0.000	3.433	3.565	1.167	0.383	2.258	2.979

Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
 Table 6

Overlapping Rates				
Rural Library	Hospital District	Park & Rec District	Water District	Cemetery District
0.494	0.391	0.109	0.961	0.083
0.500	0.391	0.109	0.861	0.085
0.500	0.474	0.106	0.787	0.085
0.500	0.419	0.105	0.743	0.084
0.500	0.458	0.105	0.887	0.084
0.500	0.450	0.098	0.625	0.086
0.497	0.501	0.099	0.725	0.084
0.495	0.443	0.097	0.650	0.083
0.486	0.180	0.094	0.447	0.085
0.467	0.846	0.091	0.906	0.086

Principal Property Tax Payers
Current Year and Seven Years Ago
Table 7



Taxpayer	2006			1999*		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
BP West Coast Products LLC	\$ 915,909,395	1	4.52%	\$ 390,416,185	1	3.564%
Tosco Corporation	465,270,535	2	2.29	71,429,165	7	0.65
Puget Sound Energy/ Electric	259,514,990	3	1.28	166,012,557	2	1.52
Alumet Corp 61%, ET AL	92,586,685	4	0.46	163,779,655	3	1.50
Sumas Cogeneration CO LP	63,529,930	5	0.31	72,863,200	6	0.67
Tenaska Washington Partners LP	52,520,670	6	0.26	81,781,055	5	0.75
Trillium	45,075,330	7	0.22	54,461,650	9	0.50
Bellis Fair Partners	43,974,465	8	0.22	46,383,500	10	0.42
Cascade Natural Gas	40,731,135	9	0.20	-	-	-
Verizon	38,258,656	10	0.19	-	-	-
Encogen Northwest LP	-	-	-	118,937,920	4	1.09
Georgia Pacific	-	-	-	63,565,872	8	0.58
Total	\$ 2,017,371,791		9.95%	\$ 1,229,630,759		11.24%

* 1997 Historical Data Not Available

Property Tax Levies and Collections
 Last Ten Fiscal Years
 Table 8



Fiscal Year Ended Dec 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 27,178,522	\$ 26,465,092	97.38%	\$ 655,200	\$ 27,120,292	99.79%
1998	\$ 27,864,587	\$ 27,068,437	97.14%	754,999	27,823,436	99.85%
1999	\$ 28,585,345	\$ 27,646,933	96.72%	858,703	28,505,636	99.72%
2000	\$ 29,404,946	\$ 28,702,921	97.61%	780,380	29,483,301	100.27%
2001	\$ 30,421,642	\$ 29,470,724	96.87%	887,132	30,357,857	99.79%
2002	\$ 31,670,833	\$ 30,534,478	96.41%	902,820	31,437,298	99.26%
2003	\$ 32,226,826	\$ 31,132,304	96.60%	1,181,451	32,313,755	100.27%
2004	\$ 37,107,231	\$ 36,191,377	97.53%	1,093,092	37,284,469	100.48%
2005	\$ 39,257,124	\$ 38,338,843	97.66%	1,145,083	39,483,926	100.58%
2006	\$ 40,938,933	\$ 40,005,937	97.72%	941,230	40,947,167	100.02%

Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years
 Table 9

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds			
1997	\$ 18,440,000	\$ 2,039,045	\$ 20,479,045	0.10%	\$131
1998	\$ 20,705,000	\$ 1,537,639	\$ 22,242,639	0.10%	\$141
1999	\$ 19,430,000	\$ 1,140,241	\$ 20,570,241	0.10%	\$128
2000	\$ 18,035,000	\$ 975,328	\$ 19,010,328	0.11%	\$116
2001	\$ 16,975,000	\$ 802,600	\$ 17,777,600	0.12%	\$104
2002	\$ 15,830,000	\$ 422,150	\$ 16,252,150	0.13%	\$94
2003	\$ 14,075,000	\$ 282,538	\$ 14,357,538	0.15%	\$82
2004	\$ 12,805,000	\$ 194,482	\$ 12,999,482	0.16%	\$73
2005	\$ 11,495,000	\$ 78,013	\$ 11,573,013	0.19%	\$64
2006	\$ 10,115,000	\$ -	\$ 10,115,000	Not Available	\$55

Ratio of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Table 10

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
1997	\$ 18,440,000	0.18%	\$118.05
1998	\$ 20,705,000	0.19%	\$131.46
1999	\$ 19,430,000	0.18%	\$120.46
2000	\$ 18,035,000	0.16%	\$110.31
2001	\$ 16,975,000	0.14%	\$99.50
2002	\$ 15,830,000	0.13%	\$91.93
2003	\$ 14,075,000	0.11%	\$80.66
2004	\$ 12,805,000	0.09%	\$72.22
2005	\$ 11,495,000	0.07%	\$63.58
2006	\$ 10,115,000	0.05%	\$54.88

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Whatcom County	Amount Applicable to Whatcom County
Whatcom County	\$10,115,000	100%	\$10,115,000
Total Direct Bonded Debt	\$10,115,000		\$10,115,000
Fire Districts	\$5,500,059	100%	\$5,500,059
Water Districts	\$1,602,993	100%	\$1,602,993
School Districts	\$182,637,622	100%	\$182,637,622
Park Districts	\$885,000	100%	\$885,000
Total Overlapping Bonded Debt	\$190,625,674		\$190,625,674
Total Direct & Overlapping Bonded Debt	\$200,740,674		\$200,740,674



Legal Debt Margin Information
 Last Ten Fiscal Years
 Table 12

	Fiscal Year				
	1997	1998	1999	2000	2001
Debt limit	\$ 150,524,932	\$ 156,663,933	\$ 160,553,456	\$ 173,200,343	\$ 182,308,619
Total net debt applicable to limit	23,708,988	25,979,615	24,466,621	23,727,010	23,066,034
Legal debt margin	<u>\$ 126,815,944</u>	<u>\$ 130,684,318</u>	<u>\$ 136,086,835</u>	<u>\$ 149,473,333</u>	<u>\$ 159,242,585</u>
Total net debt applicable to the limit as a percentage of debt limit	15.75%	16.58%	15.24%	13.70%	12.65%

Fiscal Year				
2002	2003	2004	2005	2006
\$ 189,250,148	\$ 196,045,944	\$ 217,976,649	\$ 251,111,247	\$ 304,185,667
21,795,681	19,386,417	19,949,864	20,994,212	18,940,844
<u>\$ 167,454,467</u>	<u>\$ 176,659,527</u>	<u>\$ 198,026,785</u>	<u>\$ 230,117,035</u>	<u>\$ 285,244,823</u>
11.52%	9.89%	9.15%	8.36%	6.23%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 20,279,044,466
Debt limit (1.5% of assessed value without a vote)	304,185,667
Debt applicable to limit:	
Outstanding debt	19,010,108
Less: Amount set aside for repayment of general obligation debt	<u>(69,264)</u>
Total net debt applicable to limit	<u>18,940,844</u>
Legal debt margin	<u><u>\$ 285,244,823</u></u>

Pledged Revenue Coverage
 Last Ten Fiscal Years
 Table 13



Fiscal Year	Special Assessment Bonds				
	Assessments Collected	Debt Service		Coverage	
		Principal	Interest		
1997	\$ 187,254	\$ 157,774	\$ 152,889	0.60	
1998	\$ 332,307	\$ 501,406	\$ 142,160	0.52	
1999	\$ 148,590	\$ 397,398	\$ 107,394	0.29	
2000	\$ 150,434	\$ 164,913	\$ 79,216	0.62	
2001	\$ 490,624	\$ 172,728	\$ 67,630	2.04	
2002	\$ 159,846	\$ 380,450	\$ 55,497	0.37	
2003	\$ 45,660	\$ 139,612	\$ 28,706	0.27	
2004	\$ 77,806	\$ 88,056	\$ 19,213	0.73	
2005	\$ 152,306	\$ 116,469	\$ 13,225	1.17	
2006	\$ 73,940	\$ 78,013	\$ 5,305	0.89	

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1997	156,200	\$ 3,409,486	\$ 21,438	33.52	23,383	6.0%
1998	157,500	\$ 3,850,308	\$ 22,732	33.70	24,024	5.8%
1999	161,300	\$ 3,830,750	\$ 23,228	33.88	24,250	5.2%
2000	163,500	\$ 4,063,452	\$ 23,133	34.00	26,024	5.7%
2001	170,600	\$ 4,335,702	\$ 25,450	34.28	26,053	6.8%
2002	172,200	\$ 4,436,904	\$ 25,902	34.48	26,274	6.3%
2003	174,500	\$ 4,746,083	\$ 26,823	34.73	26,637	6.1%
2004	177,300	\$ 5,064,899	\$ 28,116	34.96	26,915	5.8%
2005	180,800	\$ 5,420,349	\$ 29,561	35.23	26,605	5.0%
2006	184,300	Not Available	Not Available	35.36	26,807	4.5%

Principal Employers
Current and Four Years Ago
Table 15



Employer	2006			2002*		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Western Washington University	2,109	1	19.40%	1,842	1	16.94%
St. Joseph Hospital	2,100	2	19.32%	1,800	2	16.56%
Bellingham School District	1,300	3	11.96%	1,244	3	11.44%
Whatcom County	950	4	8.74%	801	6	7.37%
Haggen, Inc.	885	5	8.14%	807	5	7.42%
City of Bellingham	819	6	7.53%	808	4	7.43%
Sodexo Services	792	7	7.29%	-		0.00%
Ferndale School District	696	8	6.40%	742	7	6.83%
Lummi Indian Business Council	620	9	5.70%	-		0.00%
BP (Cherry Point Refinery)	600	10	5.52%	-		0.00%
Intalco	-		-	689	8	6.34%
Brown & Cole, Inc	-		-	620	9	5.70%
Voicestream	-		-	563	10	5.18%
Total	10,871		100.00%	9,916		91.22%

* 1997 Historical Data Not Available

Full-time Equivalent County Government Employees by
 Function/Program
 Last Ten Fiscal Years
 Table 16



Function/ Program	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Administrative Svcs	48.25	50.75	50.75	52.25	60.25	60.25	60.75	67.45	72.95	77.55
Assessor	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Auditor	18.00	18.00	18.00	18.00	18.00	18.00	19.00	20.00	22.00	22.00
County Council	9.10	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50
County Executive	4.50	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
District Court Prob.	13.40	13.40	13.40	13.40	17.00	18.00	18.00	18.00	19.00	20.00
District Court	15.00	15.00	15.00	15.00	16.00	16.00	16.00	17.00	18.00	19.00
Prosecuting Attorney	42.50	45.50	45.50	45.50	48.50	47.50	48.60	48.60	52.60	52.60
Public Defender	22.00	22.00	25.00	25.00	28.00	28.00	28.00	28.00	33.50	34.50
Superior Court	25.60	26.62	30.00	30.00	33.00	33.00	33.00	34.70	37.20	41.50
Treasurer	14.50	14.50	15.50	15.50	15.50	15.50	15.50	16.00	16.00	16.00
Public Safety										
Jail	50.00	56.00	58.00	58.00	60.00	60.00	60.00	63.00	88.00	88.50
Juvenile Court Admin	41.00	46.50	47.50	45.25	49.75	47.00	45.00	45.10	45.80	45.80
Planning & Dev't Svcs	42.00	44.75	44.75	46.75	47.35	48.35	49.35	57.00	69.60	72.60
Sheriff	75.00	80.00	82.00	82.00	92.00	92.00	92.00	99.80	101.80	102.20
Transportation										
Public Works	135.00	139.50	146.00	149.00	154.00	155.00	153.00	155.00	155.50	163.70
Economic Environment										
Hearing Examiner	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mental & Physical Health										
Health	78.90	78.40	80.40	82.60	83.85	82.50	80.10	80.10	80.50	80.70
Culture and Recreation										
Cooperative Extension	7.79	6.79	7.79	3.79	3.79	2.79	2.79	2.52	2.52	2.52
Parks & Recreation	30.00	32.55	33.15	33.15	33.55	33.55	33.55	33.55	33.55	33.55
Total	703.54	735.26	757.74	759.19	805.54	802.44	799.64	830.82	893.52	917.72

Operating Indicators by Function/ Program
 Last Ten Fiscal Years
 Table 17

Function/ Program	Fiscal Year						
	1997	1998	1999	2000	2001	2002	2003
General Government							
General Election(1)							
# of Registered Voters	85,538	90,258	90,987	98,352	97,828	91,956	94,753
# of Votes	50,593	57,090	53,038	74,668	44,163	55,066	45,786
% of Reg. Voters Voting	59.1%	63.3%	58.3%	75.9%	45.1%	59.9%	48.3%
Assessor(2)							
Real Property Parcels	96,173	97,502	98,240	98,941	100,483	101,362	102,025
Building Permits Evaluated	4,011	4,112	4,196	4,516	4,139	3,987	4,434
New Single Family Residents	1,235	1,592	1,635	1,874	1,887	1,792	1,916
Judicial(3)							
District Court Infractions	8,931	9,889	11,736	12,435	11,597	16,412	17,810
Superior Court Filings							
Public Safety (4)							
# of Fire Inspections	165	100	150	170	200	544	446
# Sheriffs - Commissioned	61.00	63.00	66.00	72.00	74.00	74.00	74.00
# Sheriffs - Civilian	14.00	15.00	16.00	16.00	18.00	18.00	19.00
Calls for Service	N/A	N/A	24,759	24,411	24,648	26,930	28,815
Average Daily Jail Population	256	223	253	239	227	236	240
Building Department							
Permits Applications					1,323	1,514	1,880
Mechanical/Plumbing	1,150	1,044	900	950	869	778	844
Physical Enviroment (5)							
Flood Permits Issued	48	29	53	64	105	127	115
Transportation (6)							
Roads Oiled	686.44	676.57	667.01	666.72	664.01	662.20	665.38
Roads Asphalt	186.16	196.70	203.96	205.57	209.35	215.08	220.28
Roads Gravel	58.07	57.17	56.58	56.35	56.05	52.06	48.50
Roads Misc	18.19	18.19	21.11	20.99	20.82	20.82	17.90
Ferry Passengers	221,000	219,902	223,812	224,167	223,713	227,524	227,282
Ferry Vehicle Trips	136,500	136,889	142,168	144,246	144,361	134,203	136,441
Culture and Recreation (7)							
Number of Parks	9	9	9	9	9	9	10

(1) Source: Whatcom County Election Department
 (2) Source: Whatcom County Assessor
 (3) Source: Whatcom County District Court
 (4) Source: Whatcom County Departments
 (5) Source: Whatcom County River & Flood Department
 (6) Source: Whatcom County Public Works
 (7) Source: Whatcom County Park's Department

Fiscal Year		
2004	2005	2006

106,094	102,118	102,819
91,497	63,716	69,782
86.2%	62.4%	67.9%
102,261	105,200	108,076
5,276	5,528	5,521
1,992	2,295	2,487
19,016	18,393	19,837
540	303	163
77.00	78.00	78.00
22.80	23.80	24.20
26,930	28,815	28,477
246	263	290
2,022	2,050	1,748
800	607	496
125	115	50
666.03	667.17	668.53
226.23	230.75	235.07
41.79	38.99	35.24
17.90	17.86	15.69
230,563	226,933	231,111
137,127	133,717	137,366
11	11	12

Capital Asset Statistics by Function/ Program
 Last Ten Fiscal Years
 Table 18

Function/ Program	Fiscal Year						
	1997	1998	1999	2000	2001	2002	2003
Funtion							
Public Safety (1)							
Sheriff Patrol Units	73.00	74.00	76.70	76.70	78.00	78.00	82.00
Transportation(1)							
Miles of Road	948.86	948.63	948.66	949.63	950.23	950.16	952.06
Traffic Signals	2	2	2	4	4	4	4
Ferry Vessel	1	1	1	1	1	1	1
Fire Protection(2)							
No. of Districts	17	17	17	17	18	18	18
No. of Paid Firemen	30	34	49	54	51	50	51
No of Volunteer Firemen	609	621	631	645	591	609	599
Culture and Recreation(3)							
Parks - Number	9	9	9	9	9	9	9
Parks - Acres	2,211.28	3,650.28	3,652.58	3,652.58	3,672.58	3,893.87	4,077.77
ORV Parks	-	-	-	-	-	-	-
Senior Centers	8*	8*	8*	8*	8*	8*	8*
Public Schools (4)							
Number of Schools							
Elementary	33	34	35	34	36	35	35
Middle	9	10	10	11	11	11	11
High	8	9	10	12	10	10	10
Alternative or Special	5	7	8	10	10	12	16
Education							
Community Colleges	1	1	1	1	1	1	1
Technical	1	1	1	1	1	1	1

*Two Senior Centers are County Owned.

(1) Source: Whatcom County Public Works Department

(2) Source: Whatcom County Small Taxing Districts

(3) Source: Whatcom County Park's Department

(4) Source: Education Service District #189

Fiscal Year		
2004	2005	2006

82.00	87.50	87.50
952.00	954.77	954.54
4	4	4
1	1	1
18	17	16
55	54	58
584	566	529
10	11	12
6,615.69	6,636.69	6,820.35
-	-	-
8*	8*	8*
36	35	35
12	11	11
11	10	10
12	10	15
1	1	1
1	1	1