



# Comprehensive Annual Financial Report

For Fiscal Year Ending  
December 31, 2012

**Whatcom County**  
WASHINGTON

# Comprehensive Annual Financial Report

## Whatcom County Washington

Fiscal Year Ending December 31, 2012



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

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Photo on Cover:  
Whatcom County Farmland

# TABLE OF CONTENTS

## **Introductory Section**

---

Letter of Transmittal . . . . .	1
Elected Officials . . . . .	6
Organizational Chart . . . . .	7

## **Financial Section**

---

<b>Management Discussion and Analysis . . . . .</b>	<b>.9</b>
---	-----------

<b>Basic Financial Statements . . . . .</b>	<b>19</b>
---	-----------

Statement of Net Position . . . . .	19
Statement of Activities . . . . .	20
Balance Sheet, Governmental Funds . . . . .	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position . . . . .	22
Statement of Revenues, Expenditures and Changes in Fund Balance, Governmental Funds . . . . .	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities . . . . .	24
Statement of Net Position, Proprietary Funds . . . . .	25
Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds . . . . .	26
Statement of Cash Flows, Proprietary Funds . . . . .	27
Statement of Fiduciary Net Position, Fiduciary Funds . . . . .	28
Statement of Changes in Fiduciary Net Position, Fiduciary Funds . . . . .	29

<b>Notes to the Financial Statements. . . . .</b>	<b>31</b>
---	-----------

Note 1	Summary of Significant Accounting Policies . . . . .	33
Note 2	Stewardship, Compliance, and Accountability . . . . .	40
Note 3	Deposits and Investment . . . . .	41
Note 4	Property Taxes . . . . .	44
Note 5	Capital Assets and Depreciation . . . . .	46
Note 6	Pension Plans . . . . .	47
Note 7	Risk Management . . . . .	60

Note 8	Long-Term Debt and Capital Leases . . . . .	.64
Note 9	Contingencies . . . . .	.67
Note 10	Commitments . . . . .	.67
Note 11	Interfund Balances and Transfers . . . . .	.67
Note 12	Joint Ventures . . . . .	.69
Note 13	Other Postemployment Benefit (OPEB) Plans . . . . .	.69
Note 14	Postclosure Care Cost. . . . .	.71
Note 15	Other Disclosures . . . . .	.71

<b>Required Supplemental Information . . . . .</b>	<b>.73</b>
General Fund . . . . .	73
County Road Fund . . . . .	74
Notes to Budgetary Comparison Schedule . . . . .	75
LEOFF I Retiree Medical Benefits. . . . .	76

<b>Supplemental Information . . . . .</b>	<b>.77</b>
Non-Major Funds Definitions. . . . .	77
Governmental Funds . . . . .	82
Combining Balance Sheet - Non-Major Funds . . . . .	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds . . . . .	83
Special Revenue Funds. . . . .	84
Combining Balance Sheet - Non-Major Funds . . . . .	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds . . . . .	88
Election Reserve . . . . .	92
Veterans' Relief . . . . .	93
Treasurer's O & M . . . . .	94
Whatcom County Jail . . . . .	95
REET Technology . . . . .	96
Low-Income Housing . . . . .	97
Homeless Housing . . . . .	98
Stormwater . . . . .	99
Chemical Dependency/Mental Health . . . . .	100
Countywide Emergency Medical Services . . . . .	101
Whatcom County Trial Court Improvement . . . . .	102
Solid Waste . . . . .	103
Convention Center . . . . .	104
Victim/Witness Assistance . . . . .	105
Community Development . . . . .	106
Whatcom County Drug . . . . .	107
Auditor's O & M . . . . .	108

Emergency Management .....	109
Flood Control Zone District .....	110
Point Roberts Fuel Tax .....	111
Conservation Futures .....	112
Road Improvement Districts .....	113
Lynden/Everson Sub-Zone .....	114
Sumas/Nooksack/Everson Sub-Zone.....	115
Acme/Van Zandt Sub-Zone.....	116
Samish Watershed Sub-Zone.....	117
Birch Bay Sub-Zone.....	118
<b>Debt Service Funds . . . . .</b>	<b>120</b>
Combining Balance Sheet - Non-Major Funds . . . . .	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds . . . . .	121
CRID No. 9 General Debt .....	122
2003 Ltd. Tax General Obligation Bond .....	123
2010 Ltd. Tax General Obligation Bond .....	124
<b>Capital Project Funds . . . . .</b>	<b>125</b>
Combining Balance Sheet - Non-Major Funds . . . . .	125
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds . . . . .	127
Real Estate Excise Tax II .....	129
Real Estate Excise Tax I.....	130
County Parks Improvement .....	131
Civic Center Building Improvement.....	132
East Whatcom Regional Resource Center Construction .....	133
Yew St. Rd. Construction.....	134
Lincoln Rd. Construction.....	135
2010 Jail Improvement .....	136
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds . . . . .	137
Public Utilities Improvement.....	137
<b>Internal Service Funds . . . . .</b>	<b>138</b>
Combining Statement of Net Position - Internal Service Funds . . . . .	138
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds. . . . .	139
Combining Statement of Cash Flows - Internal Service Funds . . . . .	140
<b>Enterprise Funds. . . . .</b>	<b>141</b>
Combining Statement of Net Position - Non-Major Enterprise Funds . . . . .	141
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Non-Major Enterprise Funds. . . . .	142
Combining Statement of Cash Flows - Non-Major Enterprise Funds . . . . .	143
<b>Investment Trust Funds . . . . .</b>	<b>144</b>
Combining Statement of Net Position - Investment Trust Funds . . . . .	144
Combining Statement of Changes in Net Position - Investment Trust Funds . . . . .	145

Agency Funds . . . . .	146
Combining Balance Sheet. . . . .	146
Combining Statement of Changes in Assets and Liabilities . . . . .	149
Cemetery Districts .....	149
Drainage, Diking and Flood Control Districts .....	150
Park and Recreation Districts.....	151
Watershed Management Project Joint Board.....	152
Rural Library.....	153
Northwest Regional Council.....	154
Council of Governments.....	155
Hospital Districts.....	156
Port.....	157
P.U.D. District.....	158
Whatcom Transit.....	159
School Districts .....	160
Watershed Districts .....	161
Fire Districts.....	162
Water Districts .....	163
Treasurer's Suspense.....	164
Inmate Trust Fund.....	165
Claims Fund.....	166
Total Agency Funds.....	167
General Fund Schedule of Expenditures - Budget and Actual . . . . .	168
LEOFF I Healthcare Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	169

## Statistical Section

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Schedule 1	Net Position by Component . . . . .	174
Schedule 2	Changes in Net Position . . . . .	176
Schedule 3	Fund Balances, Governmental Funds . . . . .	180
Schedule 4	Changes in Fund Balances, Governmental Funds . . . . .	182
Schedule 5	Assessed Value of Taxable Property . . . . .	184
Schedule 6	Direct and Overlapping Property Tax Rates . . . . .	185
Schedule 7	Principal Property Tax Payers . . . . .	187
Schedule 8	Property Tax Levies and Collections. . . . .	188
Schedule 9	Ratio of Outstanding Debt by Type . . . . .	189
Schedule 10	Ratio of General Bonded Debt Outstanding . . . . .	190
Schedule 11	Direct and Overlapping Governmental Activities Debt . . . . .	191
Schedule 12	Legal Debt Margin Information . . . . .	192

# Whatcom County

W A S H I N G T O N

Schedule 13	Pledged Revenue Coverage . . . . .	194
Schedule 14	Demographic and Economic Statistics . . . . .	195
Schedule 15	Principal Employers . . . . .	196
Schedule 16	Full-Time Equivalent County Government Employees by Function/Program . . . . .	197
Schedule 17	Operating Indicators by Function/Program . . . . .	198
Schedule 18	Capital Asset Statistics by Function/Program . . . . .	200

**WHATCOM COUNTY  
EXECUTIVE'S OFFICE**  
**County Courthouse**  
311 Grand Avenue, Suite #108  
Bellingham, WA 98225-4082



Jack Louws  
County Executive

**September 19, 2013**

Citizens of Whatcom County:

We are pleased to submit the Comprehensive Annual Financial Report of Whatcom County for the year ended December 31, 2012, 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 before the basic financial statements on page 9.

## 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 is 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 2012 is estimated at 205,262.

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 an Administrative Services department. Effective July 1994, financial accounting and reporting responsibilities were transferred to the Administrative Services Finance division under the authority of the County Executive. 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 14.0% since 2005. The County's greatest employment sector is "government." Employment of Whatcom County's workforce of approximately 97,130 includes the following sectors:

Agriculture, Forestry, Fishing and Hunting .....	6.25%
Mining .....	0.15%
Utilities .....	0.18%
Construction .....	6.27%
Manufacturing.....	10.89%

Transportation and Warehousing.....	2.53%
Wholesale/Retail Trade.....	15.87%
Professional/Technical Services .....	3.57%
Finance/Insurance/Real Estate .....	3.53%
Management of Companies and Enterprises.....	0.61%
Administrative/Waste Services.....	3.81%
Educational Services .....	0.82%
Healthcare and Social Assistance .....	11.92%
Arts, Entertainment and Recreation .....	1.88%
Accommodation and Food Services .....	8.97%
Government.....	16.13%
Information.....	2.32%
Other Services, except Public Administration.....	4.30%

Source: WA State Employment Security Department

## 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 1,600 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 250 companies operate on Port property.

## Higher Education

Western Washington University (WWU) is one of six state-funded, four-year institutions of higher education in Washington State. WWU maintains 103 buildings on its 212 acre main campus and 2429 acres of off-campus property, which includes a 95 acre facility in Anacortes and a 15 acre facility at nearby Lake Whatcom. The university’s 2012 enrollment was 14,833. As one of the county’s largest employers, WWU employs 2,196 full-time faculty and staff.

## Retail Trade

Between 2003 and 2012, annual taxable retail sales in Whatcom County grew by \$838 million or a 35% increase. The strong Canadian dollar makes shopping in Whatcom County attractive to residents of British Columbia. A large component of Whatcom County’s sales tax revenue is related to construction activity. Sales tax is expected to grow gradually as the economy recovers and construction activity increases.

Since 1988, Whatcom County has been home to Bellis Fair Mall, an 800,000 square-foot regional mall with

approximately 150 stores and a multi-screen cinema. Approximately 1,500 people are employed at Bellis Fair. Of the daily 35,000 mall shoppers, about 27% 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. 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. Full development of the project is anticipated to take approximately 20 years.

## **Fiscal Responsibility**

The County's economy is recovering from the effects of the global recession. In 2008 we experienced a sharp downturn in building and development activity. Since 2008 building and development activity has been flat. This negatively impacts our revenues by reducing growth in property tax from new construction. Sales tax, building and development permits, and real estate excise taxes are also negatively impacted. A major source of county revenue is interest earned on cash balances. Investment interest rates are at historic lows. Interest earnings are also down significantly. The 2011-2012 budget put Whatcom County on a sustainable path. Since 2008 Whatcom County has reduced its work force by 15 percent. One hundred and forty two positions have been eliminated, mostly through attrition. The 2011-2012 budget aligned available resources with the following guidelines:

- Support safe communities and accessible justice systems
- Promote opportunities for communities and individual to realize their full potential
- Encourage a growing and diverse County economy and promote recovery to thriving and sustainable communities
- Safeguard and enhance the County's natural resources and environment
- Constantly improve our cultures of customer service
- Deliver services responsive to community needs
- Build Whatcom County's long-term fiscal strength
- Promote robust public engagement to inform, involve and empower people and communities
- Develop and empower Whatcom County employees

## 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.

### **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,



Jack Louws County Executive

**Elected Officials**  
**as of December 31, 2012**

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ELECTED OFFICIALS

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Executive	Term Ends January, 2016	Jack Louws
Assessor	Term Ends January, 2016	Keith Willnauer
Auditor	Term Ends January, 2016	Debbie Adelstein
Prosecuting Attorney	Term Ends January, 2015	David S. McEachran
Sheriff	Term Ends January, 2016	Bill Elfo
Treasurer	Term Ends January, 2016	Steve Oliver

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COUNTY COUNCIL

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District No. 1, Position A	Term Ends January, 2014	Kathy Kershner
District No. 1, Position B.	Term Ends January, 2016	Pete Kremen
District No. 2, Position A	Term Ends January, 2014	Ken Mann
District No. 2, Position B.	Term Ends January, 2016	Sam Crawford
District No. 3, Position A	Term Ends January, 2014	Carl Weimer
District No. 3, Position B.	Term Ends January, 2016	Barbara Brenner
Councilperson At Large	Term Ends January, 2014	Bill Knutzen

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SUPERIOR COURT JUDGES

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Department No. 1	Term Ends January, 2013	Ira Uhrig
Department No. 2	Term Ends January, 2013	Steven J Mura
Department No. 3	Term Ends January, 2013	Charles Synder

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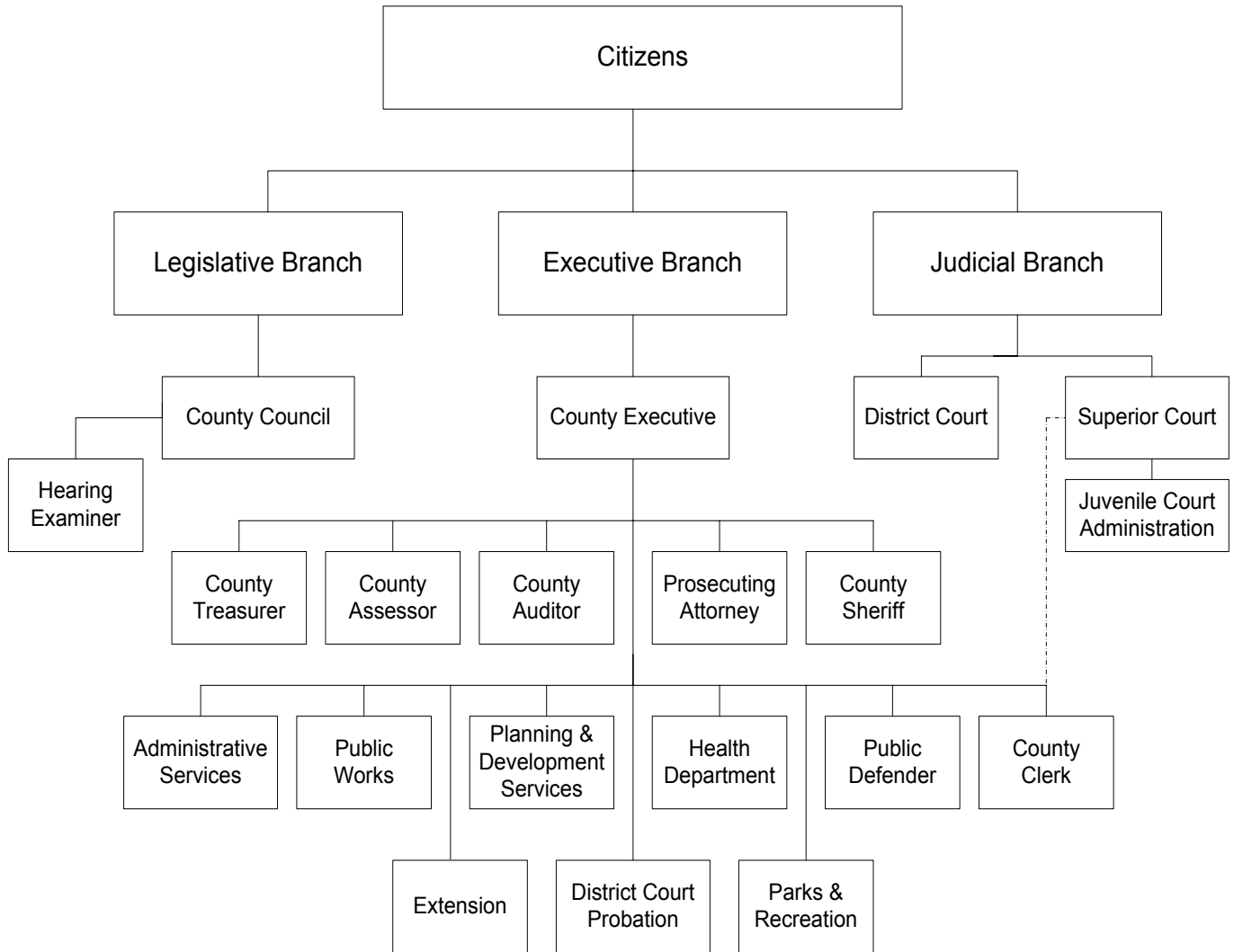
DISTRICT COURT JUDGES

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Position No. 1	Term Ends January, 2015	David Grant
Position No. 2	Term Ends January, 2015	Matthew Elich

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# Whatcom County Organizational Chart





## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Year Ended December 31, 2012

Whatcom County's discussion and analysis provides a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2012. We encourage readers to read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the financial statements.

### Financial Highlights

During 2012, the County's financial condition continued to improve after the adjustments made to address the financial crisis and economic down turn that started in 2008. The recovery is expected to be gradual.

Building activity remains weak. Building permit revenues were down 9% from 2011 to 2012.

The unemployment rate decreased 1.2% in 2012. At the end of the year the unemployment rate was 7.1% which is higher than normal.

Whatcom County held growth in expenses for governmental activities to \$1.3 million or 1.1% between 2011 and 2012.

Whatcom County decreased the number of employees from 935 in 2009, to 822 in 2012.

The unassigned balance for the General Fund was \$10.9 million at the close of 2012 or 15.2% of total General Fund expenditures.

The total value of taxable property decreased \$197 million or less than one percent from 2011 to 2012.

Whatcom County's total assets exceeded liabilities (net position) by \$302,641,352 as compared to \$291,860,648 in 2011 (3.6% increase). 11.6% of net position or \$35,067,515 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. Details of factors contributing to the increase in net position are discussed later within this management's discussion and analysis.

The County's outstanding general obligation debt totaled \$4.1 million at the end of 2012. The County's remaining non-voted general obligation debt capacity is \$337 million.

### 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 statements distinguish functions of Whatcom County that are principally supported by taxes and intergovernmental revenues ("government activities") from functions that are intended to recover all or a significant portion of their cost through user fees and charges ("business-type activities"). Governmental Activities include services provided to the public, such as law enforcement and public safety; the superior, juvenile, and district court systems; criminal prosecution and indigent defense; jails and corrections programs; road construction and maintenance; storm water management; flood control; community planning and development; parks and open space preservation; protection of public health; elections; property assessment and tax collection. Business-type activity includes Whatcom County's ferry system and the Treasurer's investment pool.

The Statement of Net Position presents information on all the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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, buildings, 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 position changed during the most recent fiscal year. All changes in net position 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).

**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 Position and the Statement of Activities) and governmental funds in a reconciliation after the fund financial statements.

- Proprietary funds:** When the County charges customers for the 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 Position 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 Position.

**Table MDA1 - Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$149,452,269	\$136,637,428	\$1,912,435	\$1,244,919	\$151,364,704	\$137,882,347
Capital assets	177,604,118	179,997,060	5,166	9,385	177,609,284	180,006,445
Total assets	327,056,387	316,634,488	1,917,601	1,254,304	328,973,988	317,888,792
Long-term debt	18,242,784	18,907,606	126,796	128,191	18,369,580	19,035,797
Other liabilities	7,898,157	6,949,927	64,899	42,420	7,963,056	6,992,347
Total liabilities	26,140,941	25,857,533	191,695	170,611	26,332,636	26,028,144
Net position:						
Net investment in capital assets	174,525,706	177,863,686	5,166	9,385	174,530,872	177,873,071
Restricted	93,042,965	82,559,994	-	-	93,042,965	82,559,994
Unrestricted	33,346,775	30,353,275	1,720,740	1,074,308	35,067,515	31,427,583
Total net position	\$300,915,446	\$290,776,955	\$1,725,906	\$1,083,693	\$302,641,352	\$291,860,648

*For more detailed information see page 19 for the Statement of Net Position.*

Net position may serve over time as a useful indicator of a government's financial position. Whatcom County's assets exceeded liabilities by \$302,641,352 at the close of 2012 fiscal year; this is an increase of \$10.8 million over 2011 net position. Governmental activities increased Whatcom County's net position by \$10,138,491, thereby accounting for 94% of the growth in the net position of Whatcom County. Business-type activities increased net position \$642,213.

The largest portion of Whatcom County's net position (58%) reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure); less any outstanding debt used to acquire those assets. 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. Net investment in capital assets decreased net position by \$3.3 million. Depreciation expense exceeds investment in capital assets in 2012. Whatcom County invested \$3.8 million in infrastructure, \$1.3 million in vehicles and road maintenance equipment, \$2.5 million in buildings and improvements and \$216,484 in land. Net investment in capital assets is also increased by repayment of debt related to capital assets. Restricted net position totals \$93,042,965 or 31% of net position. Restricted net position is subject to external restrictions on how it may be used. Restrictions are imposed by legislation, grantors, bondholders, higher levels of government or through constitutional provisions. Restricted net position increased \$10.5 million. This increase resulted from revenues exceeding expenditures in restricted funds. Net position increased \$4.3 million in the County Road Fund, \$2.4 million in the Real Estate Excise Tax Funds, \$2.4 million in the Conservation Futures Fund, and \$1.8 million in the Public Utilities Improvement Fund.

The remaining balance of net position, unrestricted net position (\$35,067,515) may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position increased \$3.6 million largely as a result of the Administrative Services Fund, the General Fund and the Whatcom County Jail Fund.

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

**Table MDA2 - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenue:						
Charges for services	\$16,861,685	\$15,927,521	\$1,780,726	\$1,887,527	\$18,642,411	\$17,815,048
Operating grants & contributions	22,426,812	26,001,375	-	-	22,426,812	26,001,375
Capital grants & contributions	6,111,570	8,089,478	-	-	6,111,570	8,089,478
General revenue:						
Property taxes	48,366,671	47,891,011	-	-	48,366,671	47,891,011
Timber taxes	550,876	354,707	-	-	550,876	354,707
Retail taxes	24,049,680	22,887,516	-	-	24,049,680	22,887,516
Excise taxes	3,202,538	2,612,122	-	-	3,202,538	2,612,122
Penalties and interest	2,088,649	2,498,709	-	-	2,088,649	2,498,709
Other	4,609,772	3,788,163	-	-	4,609,772	3,788,163
<b>Total revenues</b>	<b>128,268,253</b>	<b>130,050,602</b>	<b>1,780,726</b>	<b>1,887,527</b>	<b>130,048,979</b>	<b>131,938,129</b>
<b>Expenses</b>						
General government	28,215,657	28,299,947	-	-	28,215,657	28,299,947
Public safety	39,547,247	39,647,081	-	-	39,547,247	39,647,081
Physical environment	4,858,695	4,906,672	-	-	4,858,695	4,906,672
Transportation	21,548,292	21,759,103	-	-	21,548,292	21,759,103
Economic environment	3,864,716	3,461,965	-	-	3,864,716	3,461,965
Mental and physical health	13,889,613	12,908,382	-	-	13,889,613	12,908,382
Culture and recreation	4,494,034	4,081,926	-	-	4,494,034	4,081,926
Interest on long-term debt	232,859	303,440	-	-	232,859	303,440
Whatcom Co. Investment Pool	-	-	246,714	240,334	246,714	240,334
Ferry System	-	-	2,370,448	2,489,181	2,370,448	2,489,181
<b>Total expenses</b>	<b>116,651,113</b>	<b>115,368,516</b>	<b>2,617,162</b>	<b>2,729,515</b>	<b>119,268,275</b>	<b>118,098,031</b>
Change in net position before transfers	11,617,140	14,682,086	(836,436)	(841,988)	10,780,704	13,840,098
Transfers	(1,025,137)	(1,195,050)	1,025,137	1,195,050	-	-
<b>Change in net position</b>	<b>10,592,003</b>	<b>13,487,036</b>	<b>188,701</b>	<b>353,062</b>	<b>10,780,704</b>	<b>13,840,098</b>
Net position-beginning	290,776,955	274,756,449	1,083,693	730,631	291,860,648	275,487,080
Prior period adjustment	(453,512)	2,533,470	453,512	-	-	2,533,470
Net position-beginning (restated)	290,323,443	277,289,919	1,537,205	730,631	291,860,648	278,020,550
<b>Net position-ending</b>	<b>\$300,915,446</b>	<b>\$290,776,955</b>	<b>\$1,725,906</b>	<b>\$1,083,693</b>	<b>\$302,641,352</b>	<b>\$291,860,648</b>

*For more detailed information see page 20 for the Statement of Net Activities.*

Revenues were flat in 2012. Overall revenues are down \$1.9 million, however after adjusting for decreases in revenue related to one-time events such as capital grants and land donations, revenue increase a modest 1.2%.

Property tax revenue is up \$475,660 or 1.0% over last year. This is the result of \$210 million of new construction added to the tax rolls and an increase in the property tax collection rate.

Sales tax revenue is up \$1.2 million or 5.1% from 2011.

Operating grants and contributions decreased \$3.6 million. In 2012, grant revenue received for the East Whatcom Regional Resource Center project decreased \$2.1 million from 2011. The Sheriff's department grant revenue is \$939,410 less than 2011.

Capital grants and contributions are down \$2.0 million from 2011. These revenues fluctuate based on the capital projects that are underway during the year.

Charges for services increased \$827,363 or 4.6% from 2011. The Drug Fund seizures revenue is up \$573,692.

Other revenue is up \$821,609 from 2011. Timber sales, insurance proceeds, inmate telephone commissions and refund of expenditures from a grant program all increased other revenue. Interest earnings decreased other revenue.

Expenses increased \$1.2 million or 1.0%. Mental and physical health costs were up \$981,231 over 2011.

## Financial Analysis of the County's Funds

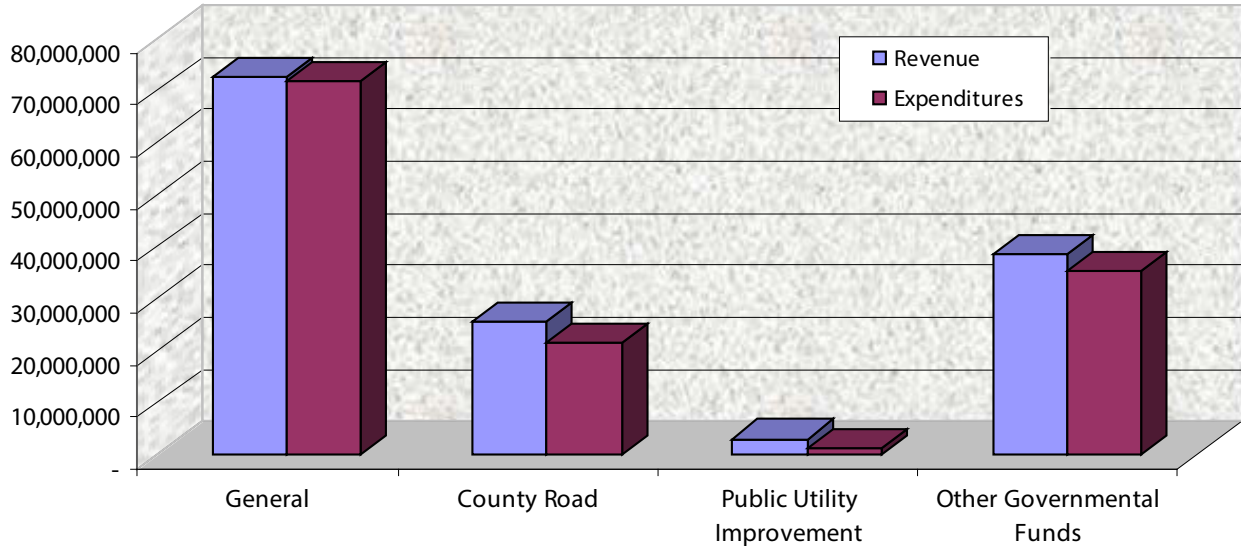
**Governmental funds.** The General Fund, County Road Fund, and Public Utilities Improvement Fund are the County's major funds. Together these three funds account for 52% of total governmental fund assets and 49% of total governmental fund balance.

As of December 31, 2012, the County's governmental funds reported combined fund balances of \$111 million; this is an increase of \$10 million over 2011 or 10%. Over all the funds collected 99% of their budgeted revenues and expended 80% of their budgeted expenditures.

Unassigned fund balance is \$10.9 million or approximately 10%. Unassigned fund balance is available for spending for any purpose. Assigned fund balance is \$4.5 million or approximately 4%. Assigned fund balance represents resources Whatcom County intends to use for specific purposes. Committed fund balance totals \$.4 million. Committed fund balance has been restricted for a specific use by the County Council. The remainder of the County's fund balances is classified as restricted. Restricted fund balance totals \$94.9 million or approximately 86%. Restricted fund balance may only be used for specific purposes. Restrictions are imposed by legislation, grantors, bondholders, higher levels of government or through constitutional provisions.

The chart on the following page compares revenues and expenditures for the major governmental funds and all other governmental funds combined for 2012.

**Table MDA3 - Governmental Fund Revenues and Expenditures**



Whatcom County's General Fund collected 99% of its budgeted revenues and spent 91% of its budgeted expenditures. The General fund started the year with a fund balance of \$10.5 million, the 2012 budget anticipated using approximately \$5.5 million of fund balance. At year end the General Fund's net change in fund balance was an increase of \$872,700 resulting in an ending fund balance of \$11.4 million. Under GASB 54 certain Special Revenue Funds are required to be reported in the General Fund. For 2012, the following fund was combined into the General Fund: LEOFF I Healthcare.

The County Road Fund collected 99% of its budgeted revenues and spent 71% of its budgeted expenditures. Revenues are only \$242,147 short of budget projections. However, taxes are \$1.1 million over projections and intergovernmental revenue is \$1.4 less than projections. Expenditures are \$8.2 less than budget projections. Road construction expenditures are only 53% of budget. Salary and benefit expenditures are also under budget, 72% was expended at year end. Road Fund fund balance was budgeted to decrease \$4.0 million in 2012; however, the actual result was an increase of \$4.3 million.

The fund balance for the Public Utilities Improvement Fund was budgeted to decrease \$612,872. Fund balance actual increased \$1.8 million. In 2012, loans were made to the City of Bellingham, City of Ferndale and Nooksack Valley School District for various capital projects. These loans totaled \$1.1 million and did not reduce expenditures. Also, \$445,739 of expenditure authority will be continued into 2013 for projects that were not complete at year end.

## 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, 2012.

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

	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$40,766,599	\$40,766,599	\$41,469,223
Intergovernmental	15,063,424	16,176,421	15,183,655
Other	13,895,225	12,902,930	12,624,913
Total revenues	69,725,248	69,845,950	69,277,791
Expenditures:			
Expenditures	69,578,471	71,940,161	65,262,570
Other financing sources (uses)	(3,683,920)	(3,395,275)	(3,137,769)
Total expenditures	73,262,391	75,335,436	68,400,339
Change to fund balance	\$(3,537,143)	\$(5,489,486)	\$877,452

*For more detailed information see page 73 for the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.*

**Tax revenues.** Tax revenues are greater than budgeted amounts by \$702,624. Current year collections are \$203,818 greater than budget. Collections of delinquent taxes, interest and penalties are \$687,491 over budget. Private harvest taxes are over budget by \$139,978 and sales tax is less than budgeted revenue by \$374,633.

**Intergovernmental revenues.** Intergovernmental revenue received is \$1.0 million less than budgeted revenue. Grant revenue received is 85% of budget. Revenue for an Opportunity Council pass-through grant is less than budget by \$310,470 and \$750,000 of budgeted revenue was not received for a local onsite sewage loan program. Payment in Lieu of Taxes revenue is greater than budgeted revenue by \$253,396.

**Other.** Other revenues are \$278,017 less than budgeted amounts.

**Expenditures.** Overall expenditures for the General Fund are 91% of the approved budget at year-end. Continuing appropriations will carry over \$141,208 of spending authority into 2013 to complete contract obligations that span fiscal reporting periods.

## Capital Assets

The County's capital assets for its governmental activities as of December 31, 2012, totaled \$178 million (net of accumulated depreciation). This includes land, buildings, improvements, machinery and equipment, and infrastructure.

New investment in capital assets for 2012 was \$7.7 million. Depreciation expense in 2011 totaled \$10.1 million, resulting in \$2.4 million decrease in net capital assets.

The County invested \$3.8 million in infrastructure, which includes roads, bridges and road-related improvements.

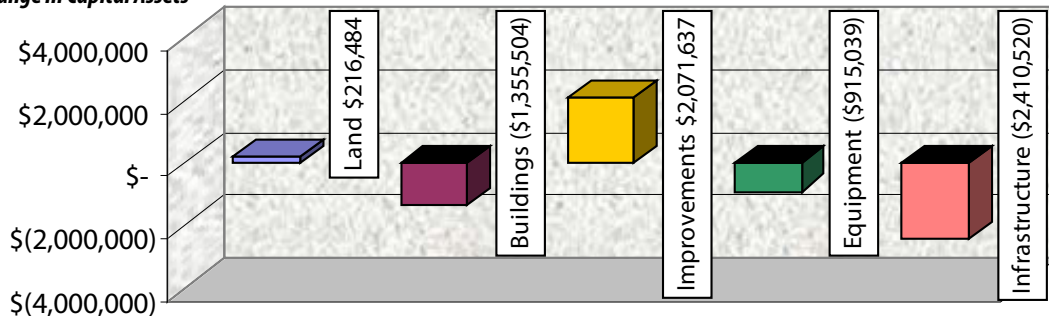
Land and property rights acquired in 2012 totaled \$216,484. Whatcom County purchased multiple properties totaling \$87,485 that are part of a salmon enhancement project and are subject to repetitive flooding. Right of way purchases totaled \$95,191. Buildings increased capital assets by \$105,157. \$90,224 was spent on the Civic Center remodel. Improvements totaled \$2.4 million and include \$1.7 million for Jail and Juvenile security electronics and fire alarm upgrades. Other improvements include a leachate management system, a playground at Hovander park and stormwater improvements to Silver Beach Creek. The County's investment in new equipment, including vehicles and road maintenance equipment, increased capital assets by \$1.2 million.

**Table MDA5 - Capital Assets**

	Governmental Activities	
	2012	2011
Land	\$45,693,186	\$45,476,702
Buildings	46,302,568	47,658,072
Improvements	6,284,466	4,212,829
Equipment	9,361,939	10,276,978
Infrastructure	69,961,959	72,372,479
<b>Totals</b>	<b>\$177,604,118</b>	<b>\$179,997,060</b>

*For more detailed information see page 46 for Capital Assets Activity.*

**Table MDA6 - Change in Capital Assets**



## Debt Administration

At year-end, the County had \$18,242,784 in outstanding debt compared to \$18,907,606 last year. That is a decrease of \$664,822. The County's outstanding general obligation debt totaled \$4.1 million. See Note 8 to the financial statements.

**Table MDA7 - Outstanding Debt**

	Governmental Activities	
	2012	2011
General Obligation Bonds	\$4,142,167	\$5,054,801
Capital Leases	384,412	268,374
Estimated Self-Insurance Claims	4,087,788	4,398,143
Other Postemployment Benefits Payable	1,668,862	1,366,743
Compensated Absences	7,673,003	7,487,238
Other Long-term Liabilities	286,552	332,307
	<b>\$18,242,784</b>	<b>\$18,907,606</b>

*For more detailed information see page 65 for Changes in Long-Term Debt.*

## Economic Factors

Whatcom County's local economy is gradually recovering from the effects of the global recession. Retail sales are up 4.1% over 2010 and are 94% of retail sales levels before the recession. Unemployment in Whatcom County is the lowest since 2008. It decreased from 8.3% in December 2011 to 7.1% in December 2012. The population of Whatcom County has grown at an average rate of 1.7% during the past five years. For 2011, per capita income of Whatcom County grew 4.1% over 2010. The assessed valuations of property dropped less than one percent in 2012.

## 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
<b>Assets</b>			
Cash and cash equivalents	\$117,679,961	\$1,541,545	\$119,221,506
Cash with fiscal agent	5,752	-	5,752
Investments	16,719,079	-	16,719,079
Receivables, net	2,423,047	25,928	2,448,975
Receivables-court, net	1,352,035	-	1,352,035
Due from other governments	10,128,071	-	10,128,071
Internal balances	(344,962)	344,962	-
Inventories	1,489,286	-	1,489,286
Capital assets:			
Non-depreciable	45,693,186	-	45,693,186
Depreciable, net	131,910,932	5,166	131,916,098
<b>Total assets</b>	<b>327,056,387</b>	<b>1,917,601</b>	<b>328,973,988</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	5,779,610	61,187	5,840,797
Due to other governments	448,922	3,712	452,634
Unearned revenue	1,669,625	-	1,669,625
Noncurrent liabilities (Note 8):			
Due within one year	10,760,824	116,577	10,877,401
Due in more than one year	7,481,960	10,219	7,492,179
<b>Total liabilities</b>	<b>26,140,941</b>	<b>191,695</b>	<b>26,332,636</b>
<b>Net Position</b>			
Net investment in capital assets	174,525,706	5,166	174,530,872
Restricted for:			
General government	921,213	-	921,213
Public safety	4,387,928	-	4,387,928
Physical environment	17,607,076	-	17,607,076
Transportation	27,186,209	-	27,186,209
Economic environment	6,317,262	-	6,317,262
Mental and physical health	5,175,267	-	5,175,267
Culture and recreation	1,092,069	-	1,092,069
Debt service	3,127	-	3,127
Capital projects	30,352,814	-	30,352,814
Unrestricted (deficit)	33,346,775	1,720,740	35,067,515
<b>Total net position</b>	<b>\$300,915,446</b>	<b>\$1,725,906</b>	<b>\$302,641,352</b>

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

Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position - Primary Government			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Functions/ Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$28,215,657	\$5,071,916	\$7,940,677	\$-	\$(15,203,064)	\$-	\$(15,203,064)
Public safety	39,547,247	4,045,779	5,086,063	-	(30,415,405)	-	(30,415,405)
Physical environment	4,858,695	776,426	935,678	-	(3,146,591)	-	(3,146,591)
Transportation	21,548,292	2,671,800	-	6,111,570	(12,764,922)	-	(12,764,922)
Economic environment	3,864,716	1,254,669	1,034,031	-	(1,576,016)	-	(1,576,016)
Mental and physical health	13,889,613	2,675,550	7,302,264	-	(3,911,799)	-	(3,911,799)
Culture and recreation	4,494,034	365,545	128,099	-	(4,000,390)	-	(4,000,390)
Interest on long-term debt	232,859	-	-	-	(232,859)	-	(232,859)
<b>Total government activities</b>	<b>116,651,113</b>	<b>16,861,685</b>	<b>22,426,812</b>	<b>6,111,570</b>	<b>(71,251,046)</b>	<b>-</b>	<b>(71,251,046)</b>
Business-type activities:							
Whatcom Co Investment Pool	246,714	145,494	-	-	(101,220)	-	(101,220)
Ferry System	2,370,448	1,635,232	-	-	(735,216)	-	(735,216)
<b>Total business-type activities</b>	<b>2,617,162</b>	<b>1,780,726</b>	<b>-</b>	<b>-</b>	<b>(836,436)</b>	<b>-</b>	<b>(836,436)</b>
<b>Total primary government</b>	<b>\$119,268,275</b>	<b>\$18,642,411</b>	<b>\$22,426,812</b>	<b>\$6,111,570</b>	<b>(71,251,046)</b>	<b>(836,436)</b>	<b>(72,087,482)</b>
General Revenues:							
Taxes:							
Property taxes				48,366,671	-		48,366,671
Timber taxes				550,876	-		550,876
Retail taxes				24,049,680	-		24,049,680
Excise taxes				3,202,538	-		3,202,538
Penalties and interest				2,088,649	-		2,088,649
Unrestricted investment earnings				717,360	-		717,360
Gain/loss on sale of capital assets				1,453,925	-		1,453,925
Miscellaneous				2,438,487	-		2,438,487
Transfers				(1,025,137)	1,025,137		-
<b>Total general revenues &amp; transfers</b>				<b>81,843,049</b>	<b>1,025,137</b>		<b>82,868,186</b>
Change in net position				10,592,003	188,701		10,780,704
Net position-beginning				290,776,955	1,083,693		291,860,648
Prior period adjustments				(453,512)	453,512		-
Net position-beginning (restated)				290,323,443	1,537,205		291,860,648
<b>Net position-ending</b>				<b>\$300,915,446</b>	<b>\$1,725,906</b>		<b>\$302,641,352</b>

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

	General	County Road	Public Utilities Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$13,452,688	\$25,942,166	\$11,628,748	\$39,702,496	\$90,726,098
Deposits with fiscal agent	4,752	-	-	-	4,752
Investments at cost	-	-	-	16,719,079	16,719,079
Taxes receivable, net	911,912	676,631	-	165,979	1,754,522
Accounts receivable, net	352,951	292,333	-	234,911	880,195
Accounts receivable-court, net	1,268,023	-	-	84,012	1,352,035
Special assessments, net	-	-	-	38,753	38,753
Interest receivable, net	40,925	-	-	5,841	46,766
Notes receivable, net	-	-	-	80,868	80,868
Due from other funds	342,874	60,262	-	276,505	679,641
Due from other governments	2,074,389	847,990	5,257,280	1,929,347	10,109,006
Employee advances	10,752	432	-	5,545	16,729
Prepayments	5,904	-	-	-	5,904
<b>Total assets</b>	<b>\$18,465,170</b>	<b>\$27,819,814</b>	<b>\$16,886,028</b>	<b>\$59,243,336</b>	<b>\$122,414,348</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$1,774,509	\$293,565	\$480,295	\$2,038,612	\$4,586,981
Due to other funds	182,501	100,386	-	633,388	916,275
Interfund loans payable	2,138,882	-	-	-	2,138,882
Revenue collected in advance	48,074	1,364	-	-	49,438
Due to other governments	361,068	36,021	-	30,160	427,249
Other accrued liabilities	114,833	73,851	-	4,728	193,412
Other current liabilities	11,200	21,934	-	-	33,134
Deferred revenue	2,416,659	682,981	-	369,612	3,469,252
Deferred credits	10,517	41,464	-	175	52,156
<b>Total liabilities</b>	<b>7,058,243</b>	<b>1,251,566</b>	<b>480,295</b>	<b>3,076,675</b>	<b>11,866,779</b>
<b>Fund balances:</b>					
Restricted	536,962	26,568,248	16,405,733	51,339,984	94,850,927
Committed	-	-	-	361,694	361,694
Assigned	-	-	-	4,464,983	4,464,983
Unassigned	10,869,965	-	-	-	10,869,965
<b>Total fund balance</b>	<b>11,406,927</b>	<b>26,568,248</b>	<b>16,405,733</b>	<b>56,166,661</b>	<b>110,547,569</b>
<b>Total liabilities and fund balance</b>	<b>\$18,465,170</b>	<b>\$27,819,814</b>	<b>\$16,886,028</b>	<b>\$59,243,336</b>	<b>\$122,414,348</b>

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

Reconciliation of the Governmental Funds  
Balance Sheet  
to the Statement of Net Position  
December 31, 2012



Fund balance - total governmental funds	\$110,547,569
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	168,872,130
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 position.	33,063,677
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,799,627
Liabilities, including \$4,758,483 of bonds/ loans payable, \$6,940,212 of compensated absences and \$1,668,862 of other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,367,557)</u>
Net position of governmental activities	<u><u>\$300,915,446</u></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, 2012

**Whatcom County**  
W A S H I N G T O N

	General	County Road	Public Utilities Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$41,469,223	\$17,192,729	\$3,048,640	\$17,651,117	\$79,361,709
Licenses and permits	1,910,271	95,273	-	-	2,005,544
Intergovernmental	15,183,655	6,103,415	-	6,992,581	28,279,651
Charges for service	6,533,491	1,074,944	-	3,565,382	11,173,817
Fines and forfeits	1,866,216	-	-	869,656	2,735,872
Miscellaneous	2,314,935	318,229	57,462	570,472	3,261,098
<b>Total revenues</b>	<b>69,277,791</b>	<b>24,784,590</b>	<b>3,106,102</b>	<b>29,649,208</b>	<b>126,817,691</b>
<b>Expenditures</b>					
Current:					
General government	24,238,538	517,342	166,647	1,586,532	26,509,059
Public safety	23,985,040	-	-	15,030,333	39,015,373
Physical environment	480,734	-	-	4,424,885	4,905,619
Transportation	-	16,035,370	-	30,317	16,065,687
Economic environment	1,193,142	-	-	2,677,997	3,871,139
Mental and physical health	11,373,957	-	-	2,584,453	13,958,410
Culture and recreation	3,603,660	-	-	744,054	4,347,714
Capital outlay	291,752	3,662,003	859,398	2,952,133	7,765,286
Debt service:					
Principal	45,754	-	-	900,000	945,754
Interest	49,993	-	-	186,508	236,501
<b>Total expenditures</b>	<b>65,262,570</b>	<b>20,214,715</b>	<b>1,026,045</b>	<b>31,117,212</b>	<b>117,620,542</b>
Excess (deficiency) of revenues over expenditures	4,015,221	4,569,875	2,080,057	(1,468,004)	9,197,149
<b>Other financing sources (uses)</b>					
Sales of capital assets	611,387	739,431	-	103,107	1,453,925
Transfers in	2,498,740	223,587	-	8,694,692	11,417,019
Transfers out	(6,462,343)	(1,301,686)	(284,662)	(4,346,181)	(12,394,872)
Capital lease proceeds	214,447	19,215	-	25,543	259,205
<b>Total other financing sources (uses)</b>	<b>(3,137,769)</b>	<b>(319,453)</b>	<b>(284,662)</b>	<b>4,477,161</b>	<b>735,277</b>
Net change in fund balances	877,452	4,250,422	1,795,395	3,009,157	9,932,426
Fund balance as of January 1	10,529,475	22,317,826	14,610,338	53,157,504	100,615,143
<b>Fund balance as of December 31</b>	<b>\$11,406,927</b>	<b>\$26,568,248</b>	<b>\$16,405,733</b>	<b>\$56,166,661</b>	<b>\$110,547,569</b>

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, 2012



Net change in fund balances-total governmental funds	\$9,932,426
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 depreciation expense (\$8,543,143) exceeded capital outlays (\$6,860,086) in the current period.	(1,683,057)
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.	2,192,807
Revenues in the funds that are related to prior periods are not revenues in the statement of activities.	(417,414)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(378,513)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	945,754
Change in net position of governmental activities	<u>\$10,592,003</u>

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

	Enterprise Funds	Internal Service Funds
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$1,541,545	\$26,953,863
Deposits with fiscal agent	-	1,000
Accounts receivable, net	-	14,641
Due from other funds	8,041	273,554
Due from other governments	-	19,065
Interfund loan receivable	-	231,611
Employee advances	-	1,416
Inventory	-	1,489,286
Prepayments	17,887	-
<b>Total current assets</b>	<b>1,567,473</b>	<b>28,984,436</b>
Noncurrent assets		
Interfund loan-long-term	-	1,907,271
Capital assets:		
Land	-	750,381
Building and structures, net	-	1,253,892
Capital leases, net	-	56,873
Other improvements, net	-	320,133
Machinery and equipment, net	5,166	6,350,709
Total capital assets, net	5,166	8,731,988
<b>Total noncurrent assets</b>	<b>5,166</b>	<b>10,639,259</b>
<b>Total assets</b>	<b>1,572,639</b>	<b>39,623,695</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	18,469	862,263
Claims cost payable	-	3,835,832
Due to other funds	42,718	2,243
Due to other governments	3,712	21,673
Compensated absences	126,796	732,791
<b>Total current liabilities</b>	<b>191,695</b>	<b>5,454,802</b>
Noncurrent liabilities		
Other noncurrent liabilities	-	308,830
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>308,830</b>
<b>Total liabilities</b>	<b>191,695</b>	<b>5,763,632</b>
<b>Net position</b>		
Net investment in capital assets	5,166	8,731,988
Unrestricted	1,375,778	25,128,075
<b>Total net position</b>	<b>1,380,944</b>	<b>\$33,860,063</b>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	344,962	
<b>Net position of business-type activities</b>	<b>\$1,725,906</b>	

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

Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
Year Ended December 31, 2012

**Whatcom County**  
W A S H I N G T O N

	Enterprise Funds	Internal Service Funds
<b>Operating revenues</b>		
Intergovernmental	\$181,433	\$103,567
Charges for service	1,447,131	13,048,426
Rents and parking	-	5,384,036
Fines and forfeits	-	1,225
Insurance premiums	-	9,575,291
Other miscellaneous revenues	152,162	37,170
<b>Total operating revenues</b>	<u>1,780,726</u>	<u>28,149,715</u>
<b>Operating expenses</b>		
General operations	2,473,717	23,572,986
General administration	258,166	707,048
Depreciation	4,219	1,580,812
<b>Total operating expenses</b>	<u>2,736,102</u>	<u>25,860,846</u>
<b>Operating income (loss)</b>	<u>(955,376)</u>	<u>2,288,869</u>
<b>Non-operating revenues (expenses)</b>		
Gain (loss) on sale of capital assets	-	7,561
Interest expense	-	(6,766)
Insurance recoveries	-	69,126
<b>Total non-operating revenues (expenses)</b>	<u>-</u>	<u>69,921</u>
<b>Income (loss) before contributions and transfers</b>	<u>(955,376)</u>	<u>2,358,790</u>
Capital contributions	-	241
Transfers in	1,161,914	413,267
Transfers out	(136,777)	(460,551)
<b>Changes in net position</b>	<u>69,761</u>	<u>2,311,747</u>
<b>Total net position-beginning</b>		31,548,316
Prior period adjustments	453,512	-
<b>Total net position-ending</b>		<u>\$33,860,063</u>
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.	118,940	
<b>Change in net position of business-type activities</b>	<u>\$642,213</u>	

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

	Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$1,771,633	\$28,115,666
Cash payments for goods and services	(1,470,810)	(18,057,507)
Cash payments to employees	(1,239,987)	(6,385,404)
<b>Net cash provided by operating activities</b>	<u>(939,164)</u>	<u>3,672,755</u>
<b>Cash flows from non-capital financing activities:</b>		
Transfers in	1,161,913	413,267
Transfers out	(136,778)	(460,551)
Insurance recoveries	-	69,126
<b>Net cash provided by non-capital financing activities</b>	<u>1,025,135</u>	<u>21,842</u>
<b>Cash flows from capital financing activities:</b>		
Interest paid on lease purchase	-	(6,766)
Proceeds from sale of assets	-	40,938
Payments for capital assets	-	(981,192)
<b>Net cash used by capital financing activities</b>	<u>-</u>	<u>(947,020)</u>
Net increase (decrease) in cash and cash equivalents	85,971	2,747,577
Balances - beginning of the year	1,455,574	24,206,286
Balances - end of the year	<u>\$1,541,545</u>	<u>\$26,953,863</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$(955,376)	\$2,288,869
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	4,219	1,580,812
Change in assets and liabilities:		
Receivables, net	(9,093)	(34,049)
Inventories	-	207,277
Accounts and other payables	22,481	(401,582)
Accrued expenses	(1,395)	31,428
<b>Net cash provided by operating activities</b>	<u><u>\$ (939,164)</u></u>	<u><u>\$ 3,672,755</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 December 31, 2012



	Investment Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$-	\$20,127,909
Deposits with fiscal agent	-	106,748
Assets held in trust-external investment pool	-	132,773,194
Investments at cost	132,773,194	-
Accounts receivable, net	-	1,057
<b>Total assets</b>	132,773,194	153,008,908
<b>Liabilities</b>		
Warrants payable	-	10,386,265
Accounts payable	-	501,522
Matured interest payable	-	5,000
Other accrued liabilities	-	24,755
Revenue collected in advance	-	250,307
Custodial accounts	-	141,841,059
<b>Total liabilities</b>	-	153,008,908
<b>Net position</b>		
Held in trust for pool participants	\$132,773,194	\$-

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

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended December 31, 2012

	Investment Trust Fund
<b>Additions</b>	
Contributions	\$137,509,830
Net investment earnings (losses)	
Interest	748,777
<b>Total additions</b>	138,258,607
<b>Deductions</b>	
Distributions	147,723,624
Change in net position	(9,465,017)
Net position - January 1, 2012	142,238,211
Net position - December 31, 2012	\$132,773,194

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



## NOTES TO THE FINANCIAL STATEMENTS

Note 1	Summary of Significant Accounting Policies . . . . .	.33
Note 2	Stewardship, Compliance, and Accountability . . . . .	.40
Note 3	Deposits and Investments . . . . .	.41
Note 4	Property Taxes . . . . .	.44
Note 5	Capital Assets and Depreciation . . . . .	.46
Note 6	Pension Plans . . . . .	.47
Note 7	Risk Management . . . . .	.60
Note 8	Long-Term Debt and Capital Leases . . . . .	.64
Note 9	Contingencies . . . . .	.67
Note 10	Commitments . . . . .	.67
Note 11	Interfund Balances and Transfers . . . . .	.67
Note 12	Joint Ventures . . . . .	.69
Note 13	Other Postemployment Benefit (OPEB) Plans . . . . .	.69
Note 14	Postclosure Care Cost . . . . .	.71
Note 15	Other Disclosures . . . . .	.71
Table FN1	Capital Assets and Depreciation . . . . .	.38
Table FN2	Fund Balance Details . . . . .	.40
Table FN3	Investment Maturities . . . . .	.42
Table FN4	Credit Quality Distribution for Securities . . . . .	.43
Table FN5	Condensed Statement of Net Position . . . . .	.44
Table FN6	Condensed Statement of Changes in Net Position . . . . .	.44
Table FN7	Tax Collection Record . . . . .	.45
Table FN8	Capital Assets Activity . . . . .	.46
Table FN9	Depreciation Expense . . . . .	.47
Table FN10	PERS Membership . . . . .	.52
Table FN11	PERS Contribution Rates . . . . .	.53
Table FN12	County Contribution to PERS . . . . .	.53
Table FN13	LEOFF Plan 1 Benefit Calculation . . . . .	.54
Table FN14	LEOFF Membership . . . . .	.56
Table FN15	LEOFF Contribution Rates . . . . .	.57
Table FN16	County Contribution to LEOFF . . . . .	.57
Table FN17	PSERS Membership . . . . .	.59
Table FN18	PSERS Required Contribution Rates . . . . .	.60
Table FN19	County Contribution to PSERS . . . . .	.60
Table FN20	Claims Liability Balance Changes . . . . .	.60

# Whatcom County

W A S H I N G T O N

Table FN21	GO Bonds . . . . .	.65
Table FN22	Changes in Long-Term Debt . . . . .	.65
Table FN23	Capital Lease Assets. . . . .	.66
Table FN24	Future Minimum Lease Obligations. . . . .	.66
Table FN25	Long-Term Debt Capacity . . . . .	.67
Table FN26	Due To/From Other Funds. . . . .	.68
Table FN27	Interfund Loans Receivable/Payable . . . . .	.68
Table FN28	Interfund Transfers . . . . .	.68
Table FN29	Annual OPEB Cost . . . . .	.70
Table FN30	Net OPEB Obligation . . . . .	.70

## 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

The County government-wide financial statements include a Statement of Net Position and a Statement of Activities. 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 Position. The Statement of Activities presents changes in net position 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 Position 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 county 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 position and changes in net position 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. Revenue consists primarily of property taxes, motor vehicle fuel tax and grants.
- **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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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 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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. 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 Position and a Statement of Changes in Net Position (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**

Annual appropriated budgets are adopted on the modified accrual basis of accounting for all funds except the following special revenue funds: Tax Refund and Emergency Communications; and capital project fund: Lummi Nation Lease, 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, with the exception of the Veterans' Relief Fund, Whatcom County Trial Court Improvement Fund, Drug Fund, Ferry System Fund, Chemical Dependency/Mental Health Fund, Countywide Emergency Medical Services Fund, Flood Control Zone District Fund, Sub-Zone Funds, County Park Improvement Fund and 2010 Jail Improvement 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.

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.

Court receivables consist of amounts owed Whatcom County as a result of court decisions in Superior Court and District Court. Court receivables include criminal penalties, infraction and probation fees. Receivables are shown net of allowances for uncollectible accounts. Court receivables are offset by deferred revenue and therefore are not reported as revenue on Whatcom County's Statement of Activities or on Whatcom County's Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds.

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 is 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 and Depreciation**

<u>Capital Asset</u>	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	50 years	\$ 5,000
Capital Leases	3-30 years	\$ 5,000
Improvements	5-30 years	\$ 5,000
Machinery and 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 (employees with paid time off may accumulate up to 41 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, 2012 and 2011. 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.

**Other Accrued Liabilities:** These accounts consist of accrued wages and accrued employee benefits.

**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 Balance Classifications:** The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*- amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- *Restricted fund balance*- amounts constrained to specific purposes by their providers (such as grantors,

bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- *Committed fund balance*- amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- *Assigned fund balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance*- amounts that are available for any purpose; positive amounts are reported only in the General Fund.

**Fund Balance Details:** See table on following page for fund balance details.

**Table FN2 - Fund Balance Details**

	General	County Road	Public Utilities Improvement	Other Govt'l Funds	Total
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Boating safety	83,368	-	-	-	83,368
Historical document preservation	158,678	-	-	-	158,678
Developmental Disability Milage	294,916	-	-	-	294,916
County roads	-	26,568,248	-	-	26,568,248
Public facilities projects	-	-	16,405,733	-	16,405,733
Debt service	-	-	-	3,127	3,127
Capital projects	-	-	-	15,054,441	15,054,441
Parks and recreation	-	-	-	163,640	163,640
Chemical dependency/ mental health	-	-	-	5,175,267	5,175,267
Emergency medical/ criminal justice	-	-	-	4,067,886	4,067,886
Flood control/ stormwater	-	-	-	15,995,871	15,995,871
Land purchases	-	-	-	4,937,796	4,937,796
Social services	-	-	-	1,375,362	1,375,362
Solid waste	-	-	-	1,611,205	1,611,205
Tourism promotion	-	-	-	1,092,069	1,092,069
Other purposes	-	-	-	1,863,320	1,863,320
<b>Committed to:</b>					
Elections	-	-	-	361,694	361,694
<b>Assigned to:</b>					
Corrections	-	-	-	4,310,808	4,310,808
Emergency management	-	-	-	154,175	154,175
<b>Unassigned:</b>	10,869,965	-	-	-	10,869,965
Total fund balances	<u>\$11,406,927</u>	<u>\$26,568,248</u>	<u>\$16,405,733</u>	<u>\$56,166,661</u>	<u>\$110,547,569</u>

**Minimum Fund Balance:** The County has established a minimum fund balance policy. This policy applies to the General Fund, County Road Fund and Flood Control Zone District Fund. Per the policy, the Executive will only propose budgets or budget revisions that result in an ending fund balance of at least 15% of the fund's annual revenue of the most recently closed fiscal year.

## 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 appropriations in the Drug Fund by \$15,652. However, since the Drug Fund expenditures are court ordered they are not limited to the adopted budget (per RCW 36.40.130).

### 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-officio 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, 2012 the carrying amount of the county's cash demand deposits was \$139,349,415.

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 the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (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 Whatcom 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) operates in a manner consistent with SEC Rule 2a7. 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. There is no statutory regulatory oversight of the LGIP other than annual audits through the Washington State Auditor's Office. As a 2a7-like pool, investments in the LGIP are reported at amortized cost. The fair value of County shares in the LGIP is dollar for dollar equal to the value of pool shares.

As of December 31, 2012, the county had the following investments and maturities:

**Table FN3 - Investment Maturities**

Investment Type	Investments and Maturities (In Years)*		
	Fair Value	Less Than 1	1 to 5
LGIP	\$16,601,932	\$16,601,932	\$-
Money Market Savings Account	4,316,999	4,316,999	-
Federal Farm Credit Bank	61,424,578	15,016,250	46,408,328
Federal Home Loan Bank	55,163,250	5,005,050	50,158,200
Federal Home Loan Mortgage Corp	50,144,650	-	50,144,650
Federal National Mortgage Assoc.	71,739,483	5,033,450	66,706,033
General Obligation Municipal Bonds	9,334,733	6,362,624	2,972,109
Promissory Notes	10,000	-	10,000
Certificates of Deposit	10,021,448	-	10,021,448
<b>Total</b>	<b>\$278,757,073</b>	<b>\$52,336,305</b>	<b>\$226,420,768</b>

\*Maturity terms = Expected maturity (due to calls/ sales) rather than stated maturity date.

**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 less than five years. The County does not have a specific interest rate policy; however, it is cognizant of this risk and addresses it in the Whatcom County Treasurer's Office Investment Policy, of which the WCIP is in compliance with as of December 31, 2012.

**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, 2012 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 FN4 - Credit Quality Distribution for Securities**

Investment Type	Moody's Rating	S & P's Rating	Percentage of Portfolio
Federal Farm Credit Bank	Aaa	-	22.0%
Federal Home Loan Bank	Aaa	-	14.4%
Federal Home Loan Bank	-	AA+	5.4%
Federal Home Loan Mortgage Corp	Aaa	-	16.2%
Federal Home Loan Mortgage Corp	-	AA+	1.8%
Federal National Mortgage Assn	Aaa	-	25.7%
General Obligation Municipal Bonds	Aaa	-	0.5%
General Obligation Municipal Bonds	Aa1	-	1.9%
General Obligation Municipal Bonds	Aa3	-	0.3%
General Obligation Municipal Bonds	-	AA+	0.3%
General Obligation Municipal Bonds	-	A+	0.3%
LGIP	Not Rated	-	6.0%

**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 2012, 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.

## EXTERNAL INVESTMENT POOL

The Whatcom County Investment Pool (WCIP) operates on an amortized cost-book value basis. The County Finance Committee performs oversight of the pool's performance. There are no legally binding guarantees for the WCIP.

Authorized investments for the WCIP are the same as investments held outside of the pool and are defined in the Whatcom County Treasurer's Office Investment Policy.

All funds deposited in the WCIP are available to the participant at full face value without regard to current market values. Earnings distributions, including any realized transactions in the pool, are distributed monthly, calculated on the average daily balance of the participant's account. The Whatcom County Treasurer, by law, is the treasurer of most governments within the county, including schools, fire and library districts. These districts do not have a legal option to have their cash handled by other than the County Treasurer.

At December 31, 2012, the market value of investments in the WCIP was \$391,185 less than the amortized cost. These unrealized losses will not be recognized in the various funds as management intends to hold these investments to maturity.

Fair value of the WCIP is reviewed by the County Finance Committee quarterly. Fair value is determined using information from our safekeeping agent, Union Bank of California, and with Bloomberg, an on-line financial services system.

There is no involuntary participation in the WCIP. Districts can have the County Treasurer manage their cash invested outside of the WCIP if they meet the criteria specified by WCIP policy 200.

The Whatcom County Investment Pool's Condensed Statement of Net Position and Changes in Net Position as of December 31, 2012, are shown on the tables below.

**Table FN5 - Condensed Statement of Net Position**

Assets	\$278,819,952
Less: Liabilities	-
<u>Net position held in trust for pool participants</u>	<u>\$278,819,952</u>
Equity of internal pool participants	\$146,046,758
Equity of external pool participants	132,773,194
<u>Total equity</u>	<u>\$278,819,952</u>

**Table FN6 - Condensed Statement of Changes in Net Position**

Net position - January 1, 2012	\$272,230,145
Net change in investments by pool participants	6,589,807
<u>Net position - December 31, 2012</u>	<u>\$278,819,952</u>

## 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. The property tax calendar is shown on the following page.

**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 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 FN7 - Tax Collection Record**

Collection Year	Regular Assessed Valuation (1)	Ad Valorem Tax Levy (2)	Year of Levy Tax Collection
2012	\$23,531,575,782	\$26,693,838	97.9%
2011	23,729,066,124	26,393,783	97.8%
2010	25,077,540,196	25,592,633	96.9%
2009	24,264,823,547	24,671,502	97.3%
2008	22,199,664,766	24,171,883	97.9%
2007	20,279,044,466	23,277,301	97.3%
2006	16,740,749,814	22,187,688	97.7%

(1) Assessed valuation is based upon 100% 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 101 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 2012 was \$1.1343837955 per \$1,000 on an assessed valuation of \$23.5 billion for a regular levy of \$26,693,838. This levy was used for general governmental purposes.

The Road Fund levied \$1.4979934801 per \$1,000 on an assessed value of \$11.7 billion in 2012. This resulted in a total levy of \$17,580,532 to be used for county road maintenance and construction.

## NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2012 was as follows:

**Table FN8 - Capital Assets Activity**

<b>Governmental activities</b>	January 1	Increases	Decreases	December 31
Not being depreciated:				
Land	\$45,476,702	\$216,484	\$-	\$45,693,186
Subtotal	45,476,702	216,484	-	45,693,186
Other capital assets:				
Buildings	72,476,661	105,157	-	72,581,818
Improvements	8,910,045	2,361,853	(2,190)	11,269,708
Equipment	36,751,039	1,299,977	(860,245)	37,190,771
Infrastructure	150,995,009	3,824,865	-	154,819,874
Subtotal	269,132,754	7,591,852	(862,435)	275,862,171
Accumulated depreciation				
Buildings	(24,818,589)	(1,460,661)	-	(26,279,250)
Improvements	(4,697,216)	(290,216)	2,190	(4,985,242)
Equipment	(26,474,061)	(2,137,693)	782,922	(27,828,832)
Infrastructure	(78,622,530)	(6,235,385)	-	(84,857,915)
Subtotal	(134,612,396)	(10,123,955)	785,112	(143,951,239)
Net other capital assets	134,520,358	(2,532,103)	(77,323)	131,910,932
Net capital assets	\$179,997,060	\$(2,315,619)	\$(77,323)	\$177,604,118
<b>Business-type activities</b>				
Other capital assets:				
Equipment	\$24,305	\$-	\$-	\$24,305
Subtotal	24,305	-	-	24,305
Accumulated depreciation				
Equipment	(14,920)	(4,219)	-	(19,139)
Subtotal	(14,920)	(4,219)	-	(19,139)
Net other capital assets	9,385	(4,219)	-	5,166
Net capital assets	\$9,385	\$(4,219)	\$-	\$5,166

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

**Table FN9 - Depreciation Expense**

Governmental activities:	
General governments	\$1,488,106
Public safety	669,817
Physical environment	84,731
Transportation	7,644,827
Mental & physical health	66,075
Culture & recreation	170,399
Total depreciation expense	<u>\$10,123,955</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 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; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). The following disclosures are made pursuant to the GASB Statement 27, *Accounting for Pensions by State and Local Government Employers* and the GASB Statement 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

### PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS) PLANS 1, 2, AND 3

#### Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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.

PERS members 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-

duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

With a benefit that is reduced by 3 percent for each year before age 65; or

With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities.

Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For DRS' fiscal year 2012, PERS Plan 3 employee contributions were \$95.2 million, and plan refunds paid out were \$66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.

If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PERS Plan 2 and Plan 3 members can purchase up to 24 months of service credit lost because of an on-the-job

injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

### **JUDICIAL BENEFIT MULTIPLIER**

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Members who chose to participate would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75 percent of AFC; stop contributing to the Judicial Retirement Account (JRA); pay higher contributions; and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; not be subject to a benefit cap; continue to participate in JRA, if applicable; continue to pay contributions at the regular PERS rate; and never be a participant in the JBM Program.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

**Table FN10 - PERS Membership**

Retirees and Beneficiaries Receiving Benefits	79,363
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	29,925
Active Plan Members Vested	105,578
Active Plan Members Non-vested	46,839
<b>TOTAL</b>	<b>261,705</b>

The County covered payroll for the year ended December 31, 2012 was \$49,481,573. The County's total payroll for all employees was \$59,917,877.

## FUNDING POLICY

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS 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 at 7.5 percent for state government elected officials. 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

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, 2012, are as follows:

<b>Table FN11 - PERS Contribution Rates</b>			
Members not participating in JBM:			
	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer*	7.21%	7.21%	7.21%**
Employee	6.00%	4.64%	***
* The employer rates include the employer administrative expense fee currently set at 0.16%.			
** Plan 3 defined benefit portion only.			
*** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.			
Members participating in JBM:			
	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer-Local Government*	7.21%	7.21%	7.21%**
Employee-Local Government	12.26%	11.60%	7.50%***
* The employer rates include the employer administrative expense fee currently set at 0.16%.			
** Plan 3 defined benefit portion only.			
*** Minimum rate.			

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

<b>Table FN12 - County Contribution to PERS</b>			
	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
2012	\$ 145,541	\$ 2,330,188	\$ 1,087,769
2011	\$ 148,841	\$ 1,934,134	\$ 861,622
2010	\$ 139,647	\$ 1,718,560	\$ 768,459

## **LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2**

### **Plan Description**

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance

of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of 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 (FAS) is as follows:

**Table FN13 - 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 FAS 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. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries. Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Legislation passed in 2009 provides to the Washington-state-registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

There are 373 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

**Table FN14 - LEOFF Membership**

Retirees and Beneficiaries Receiving Benefits	9,947
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	656
Active Plan Members Vested	13,942
Active Plan Members Non-vested	<u>3,113</u>
TOTAL	<u>27,658</u>

## Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. 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. For DRS' fiscal year 2012, the state contributed \$52.8 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance

with Chapters 41.26 and 41.45 RCW.

The County’s covered payroll for the year ended December 31, 2012 was \$7,105,436. The County’s total payroll for all employees was \$59,917,877.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012, are as follows:

**Table FN15 - LEOFF Contribution Rates**

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%
Employee	0.00%	8.46%
State	N/A	3.38%

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

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 FN16 - County Contribution to LEOFF**

	LEOFF Plan 1	LEOFF Plan 2
2012	\$ 149	\$ 367,447
2011	\$ 144	\$ 351,830
2010	\$ 135	\$ 343,376

## **PUBLIC SAFETY EMPLOYEES’ RETIREMENT SYSTEM (PSERS) PLAN 2**

### **Plan Description**

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- Full-time employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- 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 the following:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) 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, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members who retire 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.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive

highest creditable months of service. Benefits are actuarially reduced for each year that the member’s age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS Plan 2 members can receive service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member’s covered employment, if found eligible by the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2011:

**Table FN17 - PSERS Membership**

Retirees and Beneficiaries Receiving Benefits	15
Terminated Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members Vested	167
Active Plan Members Non-vested	<u>4,020</u>
<b>TOTAL</b>	<u><b>4,203</b></u>

**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. 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, 2012 was \$3,330,868. The County’s total payroll for all employees was \$59,917,877.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012, are as follows:

**Table FN18 - PSERS Required Contribution Rates**

Employer*	8.87%
Employee	6.36%

\* The employer rates include the employer administrative expense fee at 0.16%.

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

**Table FN19 - County Contribution to PSERS**

	PSERS Plan 2
2012	\$ 294,615
2011	\$ 267,077
2010	\$ 255,318

## 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, 2012, the amount of these liabilities was \$4,087,788. Changes in the balances of claims liabilities during 2011 and 2012 were as follows:

**Table FN20 - Claims Liability Balance Changes**

	Beginning of Year Claims Liability	Claims Paid During the Year	Estimated Additional Liability Incurred	Balance at Year End
2011	\$4,108,863	\$(6,893,830)	\$7,183,110	\$4,398,143
2012	\$4,398,143	\$(6,233,256)	\$5,922,901	\$4,087,788

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, 2012, the estimate of the present value of the future cash payments totals \$23,090.

In 2011, Whatcom County received an Order and Notice from the Washington State Department of Labor and

Industries stating the requirement to fund a pension for the spouse of a former employee. The former employee died of causes unrelated to his open worker's compensation claim with Whatcom County, however, because he was totally and permanently disabled at the time of his death, the State has determined his surviving spouse is entitled to a spouse's pension. The total amount of the pension is \$317,910. The monthly pension benefit is \$2,470 and as of December 31, 2012, the balance of the pension is \$270,980.

Whatcom County is one of twenty-seven member counties of the Washington Counties Risk Pool ("Pool"). Other members include: Adams, Benton, Chelan and Clallam, Clark, Columbia, Cowlitz and Douglas, Franklin, Garfield, Grays Harbor and Island, Jefferson, Kittitas, Lewis and Mason, Okanogan, Pacific, Pend Oreille and San Juan, Skagit, Skamania, Spokane and Thurston, Walla Walla and Yakima Counties. Kitsap, Klickitat and Whitman Counties are former Pool members, having terminated their memberships September 30<sup>th</sup> of 2010, 2002 and 2003 respectively.

**Contingent Liability:** The Pool is a cooperative program with joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Deficits resulting from any of the Pool's fiscal years are financed by proportional reassessments (aka retroactive assessments) amongst the deficient year's membership. The Pool's reassessments receivable balance at December 31, 2012 was ZERO (\$0) as no contingent liabilities were known to exist at that time.

**Joint Self-Insurance Liability Program:** The Pool has provided its member counties occurrence-based, jointly self-insured and/or jointly purchased liability coverage since October 1, 1988 for 3<sup>rd</sup>-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, including public officials' errors and omissions. Total coverage limits have grown over time, from the \$1 million limit during the Pool's initial two months to \$5 million, then to \$10 million and onto \$15 million before reaching the \$20 million limit existing the past eight years. (Note: Additional limits of \$5 million were offered the past several years for acquisition as a member-by-member option.)

Except for the Pool's self insured retention (the greater of the member's deductible or \$100,000), the initial coverage of at least \$10 million has been fully reinsured since October 1994 by superior-rated commercial carriers. Members annually select a deductible amount of \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000 for each occurrence. The remaining insurance (up to \$15 million) is acquired as "following form" excess insurance, also from superior-rated commercial carriers. There are no aggregate limits to the payments made for any one member county or all member counties combined.

The Pool's claims database increased during fiscal year 2012 with the addition of 634 new claims (and lawsuits) raising the 3<sup>rd</sup>-party liability claims to-date total submitted by member counties to 18,616. Estimates of total incurred losses (payments made plus reserved estimates for *open* claims) increased \$5.4 million during the year to \$242.8 million. The fiscal year 2012 amount represents just 34% of the corresponding \$16.0 million increase in fiscal year 2011, 30% of the \$17.8 million in fiscal year 2010, and only 26% of the \$20.8 million annual average during fiscal year 2007 – fiscal year 2009.

**Washington Counties Property Program (WCPP):** Since the Pool began offering the jointly-purchased, fully-insured property insurance coverage to its membership as an individual county option in October 2005,

participation has grown by more than 50% and the total value of covered properties has nearly doubled. Twenty six member counties with covered properties totaling nearly \$2.67 billion participated in this program during fiscal year 2012.

Coverage is for structures, vehicles, mobile equipment, EDP equipment, etc., and composite limits include \$500 million for normal (All Other Perils) exposures and \$200 million for catastrophe (Flood / Earthquake) exposures. Occurrence deductibles, which the participating counties select annually and which the counties are solely responsible for paying, range between \$5,000 and \$50,000 for the AOP coverage.

Superior-rated commercial insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy. There were 7 claims filed during fiscal year 2012 by participating counties with incurred loss estimates totaling \$0.35 million. During the WCPP's first seven years as a WCRP optional insuring program, there have been 85 property claims filed with incurred-to-date losses totaling slightly more than \$11 million. With to-date premiums for this coverage totaling nearly \$16.5 million, the program's cumulative loss ratio is 0.667.

**Other Insurances:** Several member counties also use the Pool's producer (broker) for other insurance placements. Public officials bonds, crime (& fidelity), special events/concessionaires, Underground Storage Tanks and other environmental hazards insurance coverages are examples.

**Background:** The Pool was formed August 18, 1988 when several Washington counties approved an Interlocal (Cooperative) Agreement under Chapter 39.34 RCW to provide its member counties with "joint" programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management. Washington's pools operate under Washington's "pooling" laws, more specifically Chapters 48.62 RCW and 200.100 WAC. They are overseen by the State Risk Manager and subject to fiscal audits performed annually by the State Auditor.

**The Pool's mission is:** To provide comprehensive and economical risk coverage; to reduce the frequency and severity of losses; and to decrease costs incurred in the managing and litigation of claims. The Pool's core values include: being committed to learn, understand and respond to the member counties' insurance needs; being committed to establish working relationships with all members that identify business issues and jointly develop solutions; member counties commit to allocate necessary resources to risk management in their own operations; the Pool's board of directors and professional staff share a commitment to manage the organization based on sound business principles, benchmarked industry standards and measurable outcomes; and being committed to continuous planning and innovation in product development and service delivery.

The enabling Interlocal Agreement was amended once (in 2000) to add a Membership Compact, a commitment to strengthen the Pool by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support the best management of the Pool and its resources. The intent of the Compact was to obligate member counties to support these goals through three major elements; membership involvement, risk control practices, and a targeted risk management program.

A new member may be asked to pay modest admittance fees to cover that member's share of the Pool's organizational expenses and costs to analyze its loss data and risk profile. Members contract initially to remain in the Pool for at least five years. Counties may terminate their memberships at the conclusion of any Pool fiscal year following the initial term if the county timely files its required advance written notice. Otherwise, the Interlocal Agreement is renewed automatically for another year. Even after termination, a former member remains responsible for reassessments from the Pool for its proportional shares of any unresolved, unreported, and in-process claims for the periods that former member was a signatory to the Interlocal Agreement.

**Governance / Oversight:** The Pool is governed by a board of directors consisting of one director (and at least one alternate director) appointed by each member county. The Pool's board of directors, made up of both elected and appointed county officials, meets three times each year, with the summer meeting being the Pool's Annual Meeting. The board of directors is responsible for determining the 3<sup>rd</sup>-party liability coverage to be offered (approving the insuring document or coverage form), the reinsurance program(s) to acquire and the excess insurance(s) to be jointly purchased or offered for optional purchase by the member counties, for approval of the Pool's annual operating budget(s) and work program(s), and for approval of the member deposit assessment formulas applicable to the ensuing policy year.

Regular oversight of the Pool's operations is furnished by an 11-person executive committee. The committee persons are elected by the Pool's board of directors from its membership to staggered, 3-year terms. The committee meets several times throughout the year to approve all Pool disbursements and examine the Pool's financial health; to approve any case settlement exceeding the member's deductible by at least \$50,000, and to review all claims with incurred loss estimates exceeding \$100,000; to evaluate the Executive Director and the Pool's operations and program deliverables; and to participate in the board's standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the organization's policies and coverage documents.

**Staffing and Support Teams:** The Pool's 6-person claims staff with more than ninety years of combined claims-handling experience handles or oversees the handling of the several hundred liability cases filed upon the Pool's member counties each year. This includes establishing reserves for covered events and estimating undiscounted future cash payments for losses and their related claims adjustment expenses. Other Pool staffers provide various member services, e.g. conducting risk assessments and compliance audits, coordinating numerous trainings, researching other coverages and marketing. Some address and support the organization's administrative needs.

Also, professionals from some of the most respected organizations worldwide are called upon regularly to address specific needs of the Pool. For example, independent actuarial services are furnished by PricewaterhouseCoopers, LLP; independent claims auditing is performed by Strategic Claims Direction with special claims audits frequently performed by the Pool's commercial reinsurers / insurers; insurance producer (broker) and advanced loss control services are provided by Arthur J. Gallagher Risk Management Services, Inc.; and coverage counsel is provided by J. William Ashbaugh of Hackett Beecher & Hart. These professionals are in addition to the many contracted and in-county attorneys assigned to defend Pool cases, as well as the examinations by and services from the State Risk Manager and the State Auditor.

**Financial Summary:** The following constitute the most significant highlights from the Pool's most recently completed Policy (Fiscal) Year (October 2011 through September 2012):

- *Net Operating Income* realized was \$1.8 million, a 132% year-over-year increase and nearly triple the annual average from the past ten years, 2002-11.
- *Total Assets* grew \$1.0 million (2%) to \$42.1 million. Current assets increased \$1.2 million (3%) while non-current assets decreased \$0.2 million (16%).
- Total *Claims Reserves* for the Pool's direct reserving exposures decreased 2% to \$14.7 million. This total includes: \$4.3 million for losses in the coverage layer retained by the Pool, down 23%; \$9.4 million for the aggregated stop losses in the retained layers associated with the "corridor" program for automobile and general liabilities, up 10%; and \$1.0 million for unallocated loss adjustment expenses, up 17% from one year ago. *NOTE: The corridor program referenced is now six years old yet still not fully matured. Further, its occurrence coverage maximum was increased to \$1.0 million beginning with fiscal year 2010, up from the \$0.5 million level that existed during the program's first three years, while the program's occurrence minimum remains the greater of the applicable member's deductible or \$100,000.*
- *Net Position* (formerly referred to as *Net Assets* and also known as *Members' Equity*) increased \$1.8 million to nearly \$12.9 million as of September 30, 2012. Of that total, \$4.8 million is classified as *Restricted Net Position* — \$0.8 million to satisfy the State's solvency provisions (WAC 200.100.03001) plus \$4.0 million for the Pool's Underwriting Policy requirements – and another \$1.0 million is held as *Capital Assets* (net of debt). The remaining \$7.1 million held as *Non-Restricted Net Position*, up from \$4.4 million one year before, is available for use as directed by the Pool's Board of Directors.

## NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES

### GENERAL OBLIGATION BONDS

Whatcom County issued general obligation bonds in the amount of \$3,385,000 (interest rate 2.0 percent - 3.35 percent) in 2003 to refinance the 1993 issue of bonds for the addition to the Whatcom County courthouse. The outstanding bonds were paid off in 2012 from General Fund revenues.

The county issued general obligation bonds in the amount of \$6,135,000 in 2010 to refinance the 1997 and 1998 issue of bonds and to fund safety improvements to the County Jail. Interest rate on these bonds is fixed at 1.75 percent - 5.25 percent (depending on maturity date) with final maturity in 2030. Repayment will be made from Real Estate Excise Tax I Fund, Whatcom County Jail Fund and Administrative Services Fund revenues. As of December 31, 2012, outstanding bonds totaled \$3,965,000.

Governmental activities annual debt service requirements to maturity for general obligation bonds are shown on the following page.

**Table FN21 - GO Bonds**

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2013	\$305,000	\$166,613
2014	310,000	157,462
2015	325,000	146,613
2016	330,000	133,612
2017	355,000	120,413
2018	355,000	110,825
2019	140,000	98,725
2020	145,000	94,525
2021 - 2025	795,000	360,875
2026 - 2030	905,000	145,687
<b>Total</b>	<b>\$3,965,000</b>	<b>\$1,535,350</b>

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, 2012, the County had \$3,127 available in debt service funds to service the general bonded debt.

## CHANGES IN LONG-TERM DEBT

During the year ended December 31, 2012, the following changes occurred in long-term liabilities:

**Table FN22 - Changes in Long-Term Debt**

	January 1	Additions	Reductions	December 31	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable					
General obligation debt	\$4,865,000	\$-	\$900,000	\$3,965,000	\$305,000
Less deferred amounts for issuance discounts/ premiums	189,801	-	12,634	177,167	-
Total bonds payable	5,054,801	-	912,634	4,142,167	305,000
Capital leases	268,374	253,477	137,439	384,412	118,934
Claims and judgements (see Note 7)	4,398,143	5,922,901	6,233,256	4,087,788	3,835,832
Other postemployment benefits payable	1,366,743	302,119	-	1,668,862	-
Compensated absences	7,487,238	6,461,984	6,276,219	7,673,003	6,464,506
Loans payable	82,307	-	45,755	36,552	36,552
Landfill post-closure costs	250,000	-	-	250,000	-
<b>Total Governmental Activities</b>	<b>\$18,907,606</b>	<b>\$12,940,481</b>	<b>\$13,605,303</b>	<b>\$18,242,784</b>	<b>\$10,760,824</b>
<b>Business-Type Activities</b>					
Compensated absences	\$128,191	111,786	\$113,181	\$126,796	\$116,577
<b>Total Business-Type Activities</b>	<b>\$128,191</b>	<b>\$111,786</b>	<b>\$113,181</b>	<b>\$126,796</b>	<b>\$116,577</b>

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

### Compensated Absences

For governmental activities, the compensated absences liability will be paid from the General Fund, County Road, Election Reserve, Whatcom County Jail, Chemical Dependency/Mental Health, 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 assets acquired through capital leases are shown as follows:

**Table FN23 - Capital Lease Assets**

	Governmental Activities
Asset:	
Machinery and equipment	\$747,572
Less: Accumulated depreciation	(363,160)
Total	\$384,412

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 are as follows:

**Table FN24 - Future Minimum Lease Obligations**

	Governmental Activities
2013	\$124,477
2014	100,337
2015	89,500
2016	59,389
2017	23,724
2018 and Beyond	-
Total Minimum Lease Payments	397,427
Less: Interest	13,015
Present Value of Minimum Lease Payments	\$384,412

### DEBT LIMITATIONS

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

*Table FN25 - Long-Term Debt Capacity*

<b>Purpose of Indebtedness</b>	<b>Remaining Capacity</b>
General Government (No vote required)	\$337,414,088
General Government (With 3/5 majority vote)	\$572,258,198

## 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. In 2012, Whatcom County contributed \$1,418,404 and the City of Bellingham contributed \$1,057,202. Both the City and the County contributions will increase by 1 percent 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, 2012, due to and from other funds balances are shown on the following page.

**Table FN26 - Due To/From Other Funds**

<b>Due To</b>	<b>Due From</b>				<b>Total</b>
	General Fund	County Road	Internal Service	All Others	
General Fund	\$-	\$-	\$-	\$342,874	\$342,874
County Road	-	-	-	60,262	60,262
Internal Service	98,932	98,487	2,243	73,892	273,554
All Others	83,569	1,899	-	199,078	284,546
<b>Total</b>	<b>\$182,501</b>	<b>\$100,386</b>	<b>\$2,243</b>	<b>\$676,106</b>	<b>\$961,236</b>

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 December 31, 2012 were as follows:

**Table FN27 - Interfund Loans Receivable/Payable**

<b>Interfund Loan Receivable</b>	<b>Interfund Loan Payable</b>	
	General Fund	Total
Internal Service	\$2,138,882	\$2,138,882
<b>Total</b>	<b>\$2,138,882</b>	<b>\$2,138,882</b>

## 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, 2012, consisted of the following:

**Table FN28 - Interfund Transfers**

<b>Transfer To</b>	<b>Transfers From</b>					<b>Total</b>
	General Fund	County Road	Public Utilities Improvement	Internal Service	All Others	
General Fund	\$10,396	\$-	\$-	\$179,540	\$2,308,804	\$2,498,740
County Road	70,000	-	-	-	153,587	223,587
Internal Service	292,497	50,442	-	-	70,328	413,267
All Others	6,089,450	1,251,244	284,662	281,011	1,950,239	9,856,606
<b>Total</b>	<b>\$6,462,343</b>	<b>\$1,301,686</b>	<b>\$284,662</b>	<b>\$460,551</b>	<b>\$4,482,958</b>	<b>\$12,992,200</b>

## 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 \$775,156 as its share of operations in 2012. Whatcom County did not have an equity interest in What-Comm in 2012. Financial statements for What-Comm Communications Center can be obtained from the City of Bellingham, 210 Lottie Street, Bellingham, Washington 98225.

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

### PLAN DESCRIPTION

As required by the Revised Code of Washington (RCW) Chapter 41.26, the County provides lifetime medical, dental and vision care for members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system hired on or before September 30, 1977 under a defined benefit healthcare plan administered by the County. Medical coverage for eligible pre-Medicare retirees is provided by one of the County's employee medical insurance programs. The County also pays a fixed amount of \$249 - \$277 per month for a Medicare supplement for each retiree eligible for Medicare. There is currently 1 active LEOFF I member and 22 retired LEOFF I members who are receiving benefits. Financial reporting for the LEOFF retiree healthcare plan is included in the County's Comprehensive Annual Financial Report.

### FUNDING POLICY

Funding for LEOFF retiree healthcare costs is provided entirely by the County as required by RCW. The County's contributions are financed on a pay-as-you-go basis.

### ANNUAL OPEB COST AND NET OPEB OBLIGATION

Whatcom County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of fifteen years as of January 1, 2010. The table on the following page shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB. The net OPEB obligation of \$1,668,862 is included as a noncurrent liability on the Statement of Net Position.

**Table FN29 - Annual OPEB Cost**

	12/31/12
<b>Annual Required Contribution:</b>	
Normal Cost at Year End	\$11,360
Amortization of UAAL*	513,537
Annual Required Contribution	\$524,897
<b>Net OPEB Obligation:</b>	
Annual Required Contribution	\$524,897
Interest on Net OPEB Obligation	166,805
Amortization of Net OPEB Obligation	(107,859)
Annual OPEB Cost	583,843
Contributions Made	(281,724)
Increase in Net OPEB Obligation	302,119
Net OPEB Obligation-Beginning of Year	1,366,743
Net OPEB Obligation-End of Year	\$1,668,862

\* *Unfunded Actuarial Accrued Liability (UAAL)*

The County's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

**Table FN30 - Net OPEB Obligation**

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/10	\$469,164	95.0%	\$1,181,688
12/31/11	\$522,340	64.6%	\$1,366,743
12/31/12	\$583,843	48.3%	\$1,668,862

## FUNDED STATUS AND FUNDING PROGRESS

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The accrued liability for benefits was \$5,515,156 and the actuarial value of the assets was 0 percent resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$5,515,156.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or

decreasing over time relative to the actuarial accrued liabilities for benefits.

## **METHOD AND ASSUMPTIONS**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The following assumptions were made:

A single retirement age of 56.24 was assumed for all active members for the purpose of determining the actuarial accrued liability and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF I rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF I medical study performed in 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. The actuarial accrued liability and net OPEB obligation are amortized on an open basis as a level dollar over 15 years.

## **NOTE 14 – POSTCLOSURE CARE COST**

Whatcom County owns four closed solid waste landfills. These are Birch-Bay Lynden, Y Road (2), and Pt. Roberts, all closed in the 1980's and Cedarville, which was closed in 1990 (Phase I), with final closure in 1993 under WAC 173-304. Whatcom County is required by the Department of Ecology to perform post-closure monitoring of Cedarville for a minimum of 20 years or until the landfill meets certain criteria. The County complies with this requirement through several permits which require monitoring of ground water, gas and leachate production. A new leachate management system was constructed in 2012 but no further capital improvements are anticipated at this time. Excluding the initial permitting and required testing for the new system in 2013 and semi-annual testing events every five years, the typical annual operating budget for Cedarville is expected to be approximately \$28,000 and is funded by solid waste excise taxes. However, the actual cost of post-closure 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 unforeseen post-closure care costs.

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

## **NOTE 15 – OTHER DISCLOSURES**

### **Prior Period Adjustments**

- In 2010, the County did not follow a County Council approved supplemental budget request that directed a State grant reimbursement of approximately \$1.5 million to the Conservation Futures Fund.

Instead these funds were placed into the Parks Improvement Fund. To comply with the legally adopted budget ordinances, the County has transferred \$1,521,225 from the Parks Improvement Fund to the Conservation Futures Fund.

- On the government-wide statements for 2012, a prior period adjustment was made between governmental activities and business-type activities for \$453,512. For the years 2009-2011, the allocation of the internal service fund's net position was calculated incorrectly between governmental activities and business-type activities. This did not affect the total net position for the County as a whole.

Required Supplemental Information  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual  
General Fund  
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$40,766,599	\$40,766,599	\$41,469,223	\$702,624
Licenses and permits	2,276,427	1,987,550	1,910,271	(77,279)
Intergovernmental	15,063,424	16,176,421	15,183,655	(92,766)
Charges for service	6,559,391	6,717,159	6,533,491	(183,668)
Fines and forfeits	2,028,741	2,000,494	1,866,216	(134,278)
Miscellaneous	3,030,666	2,197,727	2,314,935	117,208
<b>Total revenues</b>	<b>69,725,248</b>	<b>69,845,950</b>	<b>69,277,791</b>	<b>(568,159)</b>
<b>Expenditures</b>				
Current:				
General government	25,815,338	27,086,843	24,238,538	2,848,305
Public safety	24,831,196	25,066,031	23,985,040	1,080,991
Physical environment	480,347	480,347	480,734	(387)
Economic environment	1,007,225	1,401,382	1,193,142	208,240
Mental and physical health	13,347,328	13,289,193	11,373,957	1,915,236
Culture and recreation	3,957,979	4,055,692	3,603,660	452,032
Capital outlay	68,849	441,611	291,752	149,859
Debt service:				
Principal	-	44,453	45,754	(1,301)
Interest	70,209	74,609	49,993	24,616
<b>Total expenditures</b>	<b>69,578,471</b>	<b>71,940,161</b>	<b>65,262,570</b>	<b>6,677,591</b>
Excess (deficiency) of revenues over expenditures	146,777	(2,094,211)	4,015,221	6,109,432
<b>Other financing sources (uses)</b>				
Sales of capital assets	379,000	379,000	611,387	232,387
Transfers in	2,473,178	2,791,823	2,498,740	(293,083)
Transfers out	(6,536,098)	(6,566,098)	(6,462,343)	103,755
Capital lease proceeds	-	-	214,447	214,447
<b>Total other financing sources (uses)</b>	<b>(3,683,920)</b>	<b>(3,395,275)</b>	<b>(3,137,769)</b>	<b>257,506</b>
Net change in fund balances	(3,537,143)	(5,489,486)	877,452	6,366,938
Fund balance as of January 1	-	-	10,529,475	10,529,475
<b>Fund balance as of December 31</b>	<b>\$(3,537,143)</b>	<b>\$(5,489,486)</b>	<b>\$11,406,927</b>	<b>\$16,896,413</b>

Required Supplemental Information  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual  
County Road Fund  
Year Ended December 31, 2012

**Whatcom County**  
W A S H I N G T O N

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$16,127,000	\$16,127,000	\$17,192,729	\$1,065,729
Licenses and permits	75,100	75,100	95,273	20,173
Intergovernmental	4,659,154	7,524,154	6,103,415	(1,420,739)
Charges for service	1,287,483	1,287,483	1,074,944	(212,539)
Miscellaneous	13,000	13,000	318,229	305,229
<b>Total revenues</b>	<u>22,161,737</u>	<u>25,026,737</u>	<u>24,784,590</u>	<u>(242,147)</u>
<b>Expenditures</b>				
Current:				
General government	366,215	366,215	517,342	(151,127)
Transportation	21,045,293	21,189,482	16,035,370	5,154,112
Capital outlay	40,000	6,885,668	3,662,003	3,223,665
<b>Total expenditures</b>	<u>21,451,508</u>	<u>28,441,365</u>	<u>20,214,715</u>	<u>8,226,650</u>
Excess (deficiency) of revenues over expenditures	<u>710,229</u>	<u>(3,414,628)</u>	<u>4,569,875</u>	<u>7,984,503</u>
<b>Other financing sources (uses)</b>				
Sales of capital assets	400,000	400,000	739,431	339,431
Transfers in	421,081	421,081	223,587	(197,494)
Transfers out	(1,368,738)	(1,383,738)	(1,301,686)	82,052
Capital lease proceeds	-	-	19,215	19,215
<b>Total other financing sources (uses)</b>	<u>(547,657)</u>	<u>(562,657)</u>	<u>(319,453)</u>	<u>243,204</u>
Net change in fund balances	<u>162,572</u>	<u>(3,977,285)</u>	<u>4,250,422</u>	<u>8,227,707</u>
Fund balance as of January 1	-	-	22,317,826	22,317,826
<b>Fund balance as of December 31</b>	<u>\$162,572</u>	<u>\$(3,977,285)</u>	<u>\$26,568,248</u>	<u>\$30,545,533</u>

**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 2012.

Required Supplemental Information  
 LEOFF I Retiree Medical Benefits  
 Schedule of Funding Progress  
 Year Ended December 31, 2012

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/10	\$-	\$5,515,156	\$5,515,156	0%	\$85,538	6447.61%
12/31/11	\$-	\$5,515,156	\$5,515,156	0%	\$93,517	5897.49%
12/31/12	\$-	\$5,515,156	\$5,515,156	0%	\$94,023	5865.75%

## 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.

**Veterans' Relief** - A fund to finance emergency financial assistance to veterans and their survivors.

**Tax Refund** - A 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.

**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.

**Stormwater** - A fund established to explore the option of creating a stormwater utility and to implement National Pollution Discharge Elimination System (NPDES II) requirements. The fund is currently being funded by transfers from the Flood Control Zone District..

**Chemical Dependency/Mental Health** - A fund to account for an one-tenth of one percent sales tax to support new or expanded chemical dependency or mental health treatment services and for the operation of new or expanded therapeutic court 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.

**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 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.

**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.

**Flood Control Zone District** - A fund used to finance 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.

**Road Improvement Districts** - A fund financed by special assessments to account for maintenance and operation of 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.

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

**Birch Bay Sub-Zone** - A fund established to account for charges to those who are receiving or will receive benefit from flood control work in the Birch Bay 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 sale of real property in the unincorporated portion of Whatcom County.

**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.

**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.

**East Whatcom Regional Resource Center Construction** - A fund established to finance the construction of a community facility in eastern Whatcom County for the provision of early childhood education, family support and health services.

**Yew Street Road Construction** - A fund established to account for construction of roadway improvements to a portion of Yew Street Road from Kingmill to Tacoma.

**Lincoln Road Construction** - A fund established to account for the reconstruction of roadway from Shintaffer Road to Harborview Road to include 12-foot lanes, 8-foot shoulders, storm sewers, stormwater treatment swales, and left turn lanes on Lincoln Road and Harborview Road.

**2010 Jail Improvement** - A fund created to account for the funds of the 2010 bond issue. These funds are for the replacement of the security electronics in the County jail and juvenile detention facility, replacement of the fire safety systems in the County jail and creation of additional emergency exits in the housing areas of the facility.

**Lummi Nation Lease** - Whatcom County has entered into a lease agreement with the Lummi Nation for the continued usage of the Gooseberry Point ferry dock. The County has committed to providing in excess of 6 million dollars over the term of the lease to perform improvements. This fund will be used to account for the costs and revenues for the construction of projects at the Gooseberry Point location and surrounding areas in compliance with the terms and conditions of the approved lease.

## 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.

**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.

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$25,984,190	\$3,127	\$13,715,179	\$39,702,496
Investments at cost	15,071,622	-	1,647,457	16,719,079
Taxes receivable, net	165,979	-	-	165,979
Accounts receivable, net	234,911	-	-	234,911
Accounts receivable-court, net	84,012	-	-	84,012
Special assessments, net	38,753	-	-	38,753
Interest receivable, net	4,800	-	1,041	5,841
Notes receivable, net	80,868	-	-	80,868
Due from other funds	276,505	-	-	276,505
Due from other governments	1,738,831	-	190,516	1,929,347
Employee advances	5,545	-	-	5,545
<b>Total assets</b>	<b>\$43,686,016</b>	<b>\$3,127</b>	<b>\$15,554,193</b>	<b>\$59,243,336</b>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	\$1,881,918	\$-	\$156,694	\$2,038,612
Due to other funds	453,970	-	179,418	633,388
Due to other governments	30,160	-	-	30,160
Other accrued liabilities	4,728	-	-	4,728
Deferred revenue	369,612	-	-	369,612
Deferred credits	175	-	-	175
<b>Total liabilities</b>	<b>2,740,563</b>	<b>-</b>	<b>336,112</b>	<b>3,076,675</b>
<b>Fund balances:</b>				
Restricted	36,118,776	3,127	15,218,081	51,339,984
Committed	361,694	-	-	361,694
Assigned	4,464,983	-	-	4,464,983
<b>Total fund balance</b>	<b>40,945,453</b>	<b>3,127</b>	<b>15,218,081</b>	<b>56,166,661</b>
<b>Total liabilities and fund balance</b>	<b>\$43,686,016</b>	<b>\$3,127</b>	<b>\$15,554,193</b>	<b>\$59,243,336</b>

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended December 31, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
<b>Revenues</b>				
Taxes	\$15,109,271	\$-	\$2,541,846	\$17,651,117
Intergovernmental	6,871,483	-	121,098	6,992,581
Charges for service	3,565,382	-	-	3,565,382
Fines and forfeits	869,656	-	-	869,656
Miscellaneous	552,075	-	18,397	570,472
<b>Total revenues</b>	<b>26,967,867</b>	<b>-</b>	<b>2,681,341</b>	<b>29,649,208</b>
<b>Expenditures</b>				
Current:				
General government	1,578,008	-	8,524	1,586,532
Public safety	15,030,333	-	-	15,030,333
Physical environment	4,413,593	-	11,292	4,424,885
Transportation	30,317	-	-	30,317
Economic environment	2,677,997	-	-	2,677,997
Mental and physical health	2,584,453	-	-	2,584,453
Culture and recreation	585,542	-	158,512	744,054
Capital outlay	629,018	-	2,323,115	2,952,133
Debt service:				
Principal	-	900,000	-	900,000
Interest	-	186,508	-	186,508
<b>Total expenditures</b>	<b>27,529,261</b>	<b>1,086,508</b>	<b>2,501,443</b>	<b>31,117,212</b>
Excess (deficiency) of revenues over expenditures	(561,394)	(1,086,508)	179,898	(1,468,004)
<b>Other financing sources (uses)</b>				
Sales of capital assets	103,107	-	-	103,107
Transfers in	6,578,675	1,086,355	1,029,662	8,694,692
Transfers out	(2,934,140)	(15,728)	(1,396,313)	(4,346,181)
Capital lease proceeds	25,543	-	-	25,543
<b>Total other financing sources (uses)</b>	<b>3,773,185</b>	<b>1,070,627</b>	<b>(366,651)</b>	<b>4,477,161</b>
Net change in fund balances	3,211,791	(15,881)	(186,753)	3,009,157
Fund balance as of January 1	36,212,437	19,008	16,926,059	53,157,504
Prior period adjustments	1,521,225	-	(1,521,225)	-
<b>Fund balance as of December 31</b>	<b>\$40,945,453</b>	<b>\$3,127</b>	<b>\$15,218,081</b>	<b>\$56,166,661</b>

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O & M	Whatcom County Jail	REET Electronic Tech.
<b>Assets</b>						
Cash and cash equivalents	\$216,850	\$788,689	\$244	\$321,726	\$4,274,941	\$-
Investments at cost	-	-	-	-	-	-
Taxes receivable, net	12,341	9,174	-	-	-	-
Accounts receivable, net	-	-	-	-	40,504	-
Accounts receivable-court, net	-	-	-	-	-	-
Special assessments, net	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	-	-
Due from other funds	-	4,206	-	-	5,480	-
Due from other governments	163,515	-	-	-	304,167	-
Employee advances	21	-	-	-	5,524	-
<b>Total assets</b>	<b>\$392,727</b>	<b>\$802,069</b>	<b>\$244</b>	<b>\$321,726</b>	<b>\$4,630,616</b>	<b>\$-</b>
<b>Liabilities and fund balance</b>						
<b>Liabilities</b>						
Accounts payable	\$17,290	\$56,155	\$-	\$25	\$277,636	\$-
Due to other funds	192	32	-	-	14,303	-
Due to other governments	1,210	224	-	-	26,100	-
Other accrued liabilities	-	2,959	-	-	1,769	-
Deferred revenue	12,341	9,174	-	-	-	-
Deferred credits	-	175	-	-	-	-
<b>Total liabilities</b>	<b>31,033</b>	<b>68,719</b>	<b>-</b>	<b>25</b>	<b>319,808</b>	<b>-</b>
<b>Fund balances:</b>						
Restricted	-	733,350	244	321,701	-	-
Committed	361,694	-	-	-	-	-
Assigned	-	-	-	-	4,310,808	-
<b>Total fund balance</b>	<b>361,694</b>	<b>733,350</b>	<b>244</b>	<b>321,701</b>	<b>4,310,808</b>	<b>-</b>
<b>Total liabilities &amp; fund balance</b>	<b>\$392,727</b>	<b>\$802,069</b>	<b>\$244</b>	<b>\$321,726</b>	<b>\$4,630,616</b>	<b>\$-</b>

Low-Income Housing	Homeless Housing	Stormwater	Chemical Dependency/ Mental Health	Countywide Emergency Medical Services	WC Trial Court Improvement	Solid Waste	Convention Center	Victim/ Witness Assistance
\$168,783	\$807,949	\$286,478	\$5,846,805	\$4,000,346	\$148,618	\$1,431,491	\$1,127,404	\$26,684
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	194,407	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	179,417	47,786	22,329	697	-	-	-
-	109,843	454,984	-	70,904	-	59,849	-	2,710
-	-	-	-	-	-	-	-	-
<u>\$168,783</u>	<u>\$917,792</u>	<u>\$920,879</u>	<u>\$5,894,591</u>	<u>\$4,093,579</u>	<u>\$149,315</u>	<u>\$1,685,747</u>	<u>\$1,127,404</u>	<u>\$29,394</u>
\$57,496	\$387,067	\$80,387	\$423,424	\$25,693	\$-	\$74,268	\$35,335	\$1,258
-	-	-	294,771	-	40,274	32	-	32
-	-	-	1,129	-	-	242	-	253
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>57,496</u>	<u>387,067</u>	<u>80,387</u>	<u>719,324</u>	<u>25,693</u>	<u>40,274</u>	<u>74,542</u>	<u>35,335</u>	<u>1,543</u>
111,287	530,725	840,492	5,175,267	4,067,886	109,041	1,611,205	1,092,069	27,851
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>111,287</u>	<u>530,725</u>	<u>840,492</u>	<u>5,175,267</u>	<u>4,067,886</u>	<u>109,041</u>	<u>1,611,205</u>	<u>1,092,069</u>	<u>27,851</u>
<u>\$168,783</u>	<u>\$917,792</u>	<u>\$920,879</u>	<u>\$5,894,591</u>	<u>\$4,093,579</u>	<u>\$149,315</u>	<u>\$1,685,747</u>	<u>\$1,127,404</u>	<u>\$29,394</u>

	Community Development	Emergency Communications	Whatcom County Drug	Auditor's O & M	Emergency Management	Flood Control Zone District
<b>Assets</b>						
Cash and cash equivalents	\$4,104	\$-	\$317,634	\$487,509	\$27,803	\$6,135
Investments at cost	-	-	-	-	-	11,899,442
Taxes receivable, net	-	-	-	-	-	113,571
Accounts receivable, net	-	-	-	-	-	-
Accounts receivable-court, net	-	-	84,012	-	-	-
Special assessments, net	-	-	-	-	-	10
Interest receivable	-	-	-	-	-	3,793
Notes receivable, net	80,868	-	-	-	-	-
Due from other funds	-	-	2,408	-	-	14,182
Due from other governments	-	-	-	-	233,065	339,794
Employee advances	-	-	-	-	-	-
<b>Total assets</b>	<b>\$84,972</b>	<b>\$-</b>	<b>\$404,054</b>	<b>\$487,509</b>	<b>\$260,868</b>	<b>\$12,376,927</b>
<b>Liabilities and fund balance</b>						
<b>Liabilities</b>						
Accounts payable	\$-	\$-	\$-	\$16,955	\$105,556	\$277,131
Due to other funds	-	-	-	8,178	135	68,402
Due to other governments	-	-	-	-	1,002	-
Other accrued liabilities	-	-	-	-	-	-
Deferred revenue	80,868	-	84,012	-	-	113,581
Deferred credits	-	-	-	-	-	-
<b>Total liabilities</b>	<b>80,868</b>	<b>-</b>	<b>84,012</b>	<b>25,133</b>	<b>106,693</b>	<b>459,114</b>
<b>Fund balances:</b>						
Restricted	4,104	-	320,042	462,376	-	11,917,813
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	154,175	-
<b>Total fund balance</b>	<b>4,104</b>	<b>-</b>	<b>320,042</b>	<b>462,376</b>	<b>154,175</b>	<b>11,917,813</b>
<b>Total liabilities &amp; fund balance</b>	<b>\$84,972</b>	<b>\$-</b>	<b>\$404,054</b>	<b>\$487,509</b>	<b>\$260,868</b>	<b>\$12,376,927</b>

Point Roberts Fuel Tax	Conservation Futures	Road Improvement Districts	Lynden/ Everson Sub-Zone	Sumas/ Nooksack/ Everson Sub-Zone	Acme/ Van Zandt Sub-Zone	Samish Watershed Sub-Zone	Birch Bay Sub-Zone	Total Non Major Special Revenue Funds
\$580,832	\$4,951,233	\$42,243	\$13,124	\$45,980	\$8,939	\$10,890	\$40,756	\$25,984,190
-	-	-	257,811	884,923	193,465	67,675	1,768,306	15,071,622
-	30,893	-	-	-	-	-	-	165,979
-	-	-	-	-	-	-	-	234,911
-	-	-	-	-	-	-	-	84,012
-	-	2,268	890	6,451	2,103	531	26,500	38,753
-	-	-	82	280	62	22	561	4,800
-	-	-	-	-	-	-	-	80,868
-	-	-	-	-	-	-	-	276,505
-	-	-	-	-	-	-	-	1,738,831
-	-	-	-	-	-	-	-	5,545
<u>\$580,832</u>	<u>\$4,982,126</u>	<u>\$44,511</u>	<u>\$271,907</u>	<u>\$937,634</u>	<u>\$204,569</u>	<u>\$79,118</u>	<u>\$1,836,123</u>	<u>\$43,686,016</u>
\$-	\$-	\$5,114	\$-	\$-	\$-	\$-	\$41,128	\$1,881,918
-	13,437	-	10,240	3,942	-	-	-	453,970
-	-	-	-	-	-	-	-	30,160
-	-	-	-	-	-	-	-	4,728
-	30,893	2,268	890	6,451	2,103	531	26,500	369,612
-	-	-	-	-	-	-	-	175
-	<u>44,330</u>	<u>7,382</u>	<u>11,130</u>	<u>10,393</u>	<u>2,103</u>	<u>531</u>	<u>67,628</u>	<u>2,740,563</u>
580,832	4,937,796	37,129	260,777	927,241	202,466	78,587	1,768,495	36,118,776
-	-	-	-	-	-	-	-	361,694
-	-	-	-	-	-	-	-	4,464,983
<u>580,832</u>	<u>4,937,796</u>	<u>37,129</u>	<u>260,777</u>	<u>927,241</u>	<u>202,466</u>	<u>78,587</u>	<u>1,768,495</u>	<u>40,945,453</u>
<u>\$580,832</u>	<u>\$4,982,126</u>	<u>\$44,511</u>	<u>\$271,907</u>	<u>\$937,634</u>	<u>\$204,569</u>	<u>\$79,118</u>	<u>\$1,836,123</u>	<u>\$43,686,016</u>

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Non-Major Special Revenue Funds  
December 31, 2012

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O&M	Whatcom County Jail	REET Electronic Technology
<b>Revenues</b>						
Taxes	\$366,134	\$269,350	\$-	\$-	\$3,358,409	\$-
Intergovernmental	4,994	130	-	-	2,379,352	-
Charges for service	608,396	-	-	138,534	601,005	-
Fines and forfeits	-	-	-	-	-	-
Miscellaneous	104	4,345	1	-	369,762	-
<b>Total revenues</b>	<u>979,628</u>	<u>273,825</u>	<u>1</u>	<u>138,534</u>	<u>6,708,528</u>	<u>-</u>
<b>Expenditures</b>						
Current:						
General government	1,353,515	-	-	38,303	-	-
Public safety	-	-	-	-	11,684,834	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	382,583	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	12,040	-	-	-	-	-
<b>Total expenditures</b>	<u>1,365,555</u>	<u>382,583</u>	<u>-</u>	<u>38,303</u>	<u>11,684,834</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(385,927)	(108,758)	1	100,231	(4,976,306)	-
<b>Other financing sources (uses)</b>						
Sales of capital assets	8,132	5,661	162	-	-	-
Transfers in	309,000	-	-	-	5,558,967	-
Transfers out	-	-	-	(84,086)	(252,433)	-
Capital lease proceeds	12,040	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>329,172</u>	<u>5,661</u>	<u>162</u>	<u>(84,086)</u>	<u>5,306,534</u>	<u>-</u>
Net change in fund balances	(56,755)	(103,097)	163	16,145	330,228	-
Fund balance as of January 1	418,449	836,447	81	305,556	3,980,580	-
Prior period adjustments	-	-	-	-	-	-
<b>Fund balance as of Dec. 31</b>	<u>\$361,694</u>	<u>\$733,350</u>	<u>\$244</u>	<u>\$321,701</u>	<u>\$4,310,808</u>	<u>\$-</u>

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Non-Major Special Revenue Funds  
 December 31, 2012

Low-Income Housing	Homeless Housing	Stormwater	Chemical Dependency/ Mental Health	Countywide Emergency Medical Services	Whatcom Co Trial Court Improvement	Solid Waste	Convention Center	Victim/ Witness Assistance
\$-	\$-	\$-	\$3,352,102	\$1,895,011	\$-	\$-	\$555,496	\$-
-	952,020	617,324	101,812	842,231	47,648	262,258	-	12,395
217,056	1,010,422	-	32,170	-	-	753,589	-	80,759
-	-	-	-	-	-	-	-	30,946
-	-	300	29,736	22,330	696	10,800	-	-
<u>217,056</u>	<u>1,962,442</u>	<u>617,624</u>	<u>3,515,820</u>	<u>2,759,572</u>	<u>48,344</u>	<u>1,026,647</u>	<u>555,496</u>	<u>124,100</u>
-	-	-	-	-	-	-	-	79,803
-	-	-	-	2,352,321	-	-	-	-
-	-	1,099,939	-	-	-	701,318	-	-
-	-	-	-	-	-	-	-	-
208,210	2,087,204	-	-	-	-	-	-	-
-	-	-	2,584,453	-	-	-	-	-
-	-	-	-	-	-	-	585,542	-
-	-	316,967	7,210	-	-	173,275	-	-
<u>208,210</u>	<u>2,087,204</u>	<u>1,416,906</u>	<u>2,591,663</u>	<u>2,352,321</u>	<u>-</u>	<u>874,593</u>	<u>585,542</u>	<u>79,803</u>
<u>8,846</u>	<u>(124,762)</u>	<u>(799,282)</u>	<u>924,157</u>	<u>407,251</u>	<u>48,344</u>	<u>152,054</u>	<u>(30,046)</u>	<u>44,297</u>
-	-	-	-	-	-	-	-	-
-	-	486,875	-	-	-	-	-	-
-	-	-	(372,886)	(575,000)	(40,274)	(154,681)	-	(65,679)
-	-	-	7,210	-	-	-	-	-
-	-	486,875	(365,676)	(575,000)	(40,274)	(154,681)	-	(65,679)
<u>8,846</u>	<u>(124,762)</u>	<u>(312,407)</u>	<u>558,481</u>	<u>(167,749)</u>	<u>8,070</u>	<u>(2,627)</u>	<u>(30,046)</u>	<u>(21,382)</u>
102,441	655,487	1,152,899	4,616,786	4,235,635	100,971	1,613,832	1,122,115	49,233
-	-	-	-	-	-	-	-	-
<u>\$111,287</u>	<u>\$530,725</u>	<u>\$840,492</u>	<u>\$5,175,267</u>	<u>\$4,067,886</u>	<u>\$109,041</u>	<u>\$1,611,205</u>	<u>\$1,092,069</u>	<u>\$27,851</u>

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Non-Major Special Revenue Funds  
December 31, 2012

	Community Development	Emergency Communi- cations	Whatcom County Drug	Auditor's O&M	Emergency Management	Flood Control Zone District
<b>Revenues</b>						
Taxes	\$-	\$-	\$-	\$-	\$-	\$3,241,340
Intergovernmental	-	-	-	84,265	963,512	500,024
Charges for service	-	-	-	100,615	-	22,836
Fines and forfeits	-	-	838,710	-	-	-
Miscellaneous	2,867	-	6,663	-	14,913	73,395
<b>Total revenues</b>	<b>2,867</b>	<b>-</b>	<b>845,373</b>	<b>184,880</b>	<b>978,425</b>	<b>3,837,595</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	106,387	-	-
Public safety	-	-	75,652	-	917,526	-
Physical environment	-	-	-	-	-	2,197,413
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	6,293	90,573
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>75,652</b>	<b>106,387</b>	<b>923,819</b>	<b>2,287,986</b>
Excess (deficiency) of revenues over expenditures	2,867	-	769,721	78,493	54,606	1,549,609
<b>Other financing sources (uses)</b>						
Sales of capital assets	-	-	-	-	-	67,501
Transfers in	-	-	-	-	223,833	-
Transfers out	(5,000)	-	(511,967)	(116,552)	(257,202)	(364,391)
Capital lease proceeds	-	-	-	-	6,293	-
<b>Total other financing sources (uses)</b>	<b>(5,000)</b>	<b>-</b>	<b>(511,967)</b>	<b>(116,552)</b>	<b>(27,076)</b>	<b>(296,890)</b>
Net change in fund balances	(2,133)	-	257,754	(38,059)	27,530	1,252,719
Fund balance as of January 1	6,237	-	62,288	500,435	126,645	10,665,094
Prior period adjustments	-	-	-	-	-	-
<b>Fund balance as of Dec. 31</b>	<b>\$4,104</b>	<b>\$-</b>	<b>\$320,042</b>	<b>\$462,376</b>	<b>\$154,175</b>	<b>\$11,917,813</b>

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Non-Major Special Revenue Funds  
 December 31, 2012

Point Roberts Fuel Tax	Conservation Futures	Road Improvement Districts	Lynden/ Everson Sub- Zone	Sumas/ Nooksack/ Everson Sub- Zone	Acme/ Van Zandt Sub- Zone	Samish Watershed Sub-Zone	Birch Bay Sub- Zone	Total Non Major Special Revenue Funds
\$98,937	\$1,003,230	\$26,871	\$36,476	\$111,882	\$22,654	\$17,963	\$753,416	\$15,109,271
-	479	-	-	-	-	-	103,039	6,871,483
-	-	-	-	-	-	-	-	3,565,382
-	-	-	-	-	-	-	-	869,656
-	281	1,100	1,291	4,378	965	345	7,803	552,075
<u>98,937</u>	<u>1,003,990</u>	<u>27,971</u>	<u>37,767</u>	<u>116,260</u>	<u>23,619</u>	<u>18,308</u>	<u>864,258</u>	<u>26,967,867</u>
-	-	-	-	-	-	-	-	1,578,008
-	-	-	-	-	-	-	-	15,030,333
-	-	-	21,041	16,240	4,116	7,078	366,448	4,413,593
-	-	30,317	-	-	-	-	-	30,317
-	-	-	-	-	-	-	-	2,677,997
-	-	-	-	-	-	-	-	2,584,453
-	-	-	-	-	-	-	-	585,542
-	-	-	-	-	-	-	22,660	629,018
-	-	30,317	21,041	16,240	4,116	7,078	389,108	27,529,261
<u>98,937</u>	<u>1,003,990</u>	<u>(2,346)</u>	<u>16,726</u>	<u>100,020</u>	<u>19,503</u>	<u>11,230</u>	<u>475,150</u>	<u>(561,394)</u>
-	21,651	-	-	-	-	-	-	103,107
-	-	-	-	-	-	-	-	6,578,675
-	(98,778)	(1,081)	-	(328)	-	-	(33,802)	(2,934,140)
-	-	-	-	-	-	-	-	25,543
-	(77,127)	(1,081)	-	(328)	-	-	(33,802)	3,773,185
<u>98,937</u>	<u>926,863</u>	<u>(3,427)</u>	<u>16,726</u>	<u>99,692</u>	<u>19,503</u>	<u>11,230</u>	<u>441,348</u>	<u>3,211,791</u>
481,895	2,489,708	40,556	244,051	827,549	182,963	67,357	1,327,147	36,212,437
-	1,521,225	-	-	-	-	-	-	1,521,225
<u>\$580,832</u>	<u>\$4,937,796</u>	<u>\$37,129</u>	<u>\$260,777</u>	<u>\$927,241</u>	<u>\$202,466</u>	<u>\$78,587</u>	<u>\$1,768,495</u>	<u>\$40,945,453</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Election Reserve  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$366,700	\$366,134	\$2,434	\$368,479
Intergovernmental	-	4,994	4,994	15,545
Charges for service	560,703	608,396	47,693	722,655
Miscellaneous	-	104	104	101
<b>Total revenues</b>	<u>924,403</u>	<u>979,628</u>	<u>55,225</u>	<u>1,106,780</u>
<b>Expenditures</b>				
Current:				
General government	1,432,388	1,353,515	78,873	1,074,817
Capital outlay	-	12,040	(12,040)	7,974
<b>Total expenditures</b>	<u>1,432,388</u>	<u>1,365,555</u>	<u>66,833</u>	<u>1,082,791</u>
Excess (deficiency) of revenues over expenditures	<u>(507,985)</u>	<u>(385,927)</u>	<u>122,058</u>	<u>23,989</u>
<b>Other financing sources (uses)</b>				
Sales of capital assets	6,000	8,132	2,132	5,592
Transfers in	412,000	309,000	(103,000)	126,000
Capital lease proceeds	-	12,040	12,040	-
<b>Total other financing sources (uses)</b>	<u>418,000</u>	<u>329,172</u>	<u>(88,828)</u>	<u>131,592</u>
Net change in fund balances	<u>(89,985)</u>	<u>(56,755)</u>	<u>33,230</u>	<u>155,581</u>
Fund balance as of January 1	-	418,449	418,449	262,868
<b>Fund balance as of December 31</b>	<u>\$(89,985)</u>	<u>\$361,694</u>	<u>\$451,679</u>	<u>\$418,449</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Veterans' Relief  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$306,303	\$269,350	\$(36,953)	\$273,424
Intergovernmental	-	130	130	13
Miscellaneous	12,025	4,345	(7,680)	7,705
<b>Total revenues</b>	<u>318,328</u>	<u>273,825</u>	<u>(44,503)</u>	<u>281,142</u>
<b>Expenditures</b>				
Current:				
Economic environment	476,667	382,583	94,084	341,246
<b>Total expenditures</b>	<u>476,667</u>	<u>382,583</u>	<u>94,084</u>	<u>341,246</u>
Excess (deficiency) of revenues over expenditures	<u>(158,339)</u>	<u>(108,758)</u>	<u>49,581</u>	<u>(60,104)</u>
<b>Other financing sources (uses)</b>				
Sales of capital assets	2,500	5,661	3,161	4,154
<b>Total other financing sources (uses)</b>	<u>2,500</u>	<u>5,661</u>	<u>3,161</u>	<u>4,154</u>
Net change in fund balances	<u>(155,839)</u>	<u>(103,097)</u>	<u>52,742</u>	<u>(55,950)</u>
Fund balance as of January 1	-	836,447	836,447	892,397
<b>Fund balance as of December 31</b>	<u><u>\$(155,839)</u></u>	<u><u>\$733,350</u></u>	<u><u>\$889,189</u></u>	<u><u>\$836,447</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Treasurer's O & M  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Charges for service	\$218,693	\$138,534	\$(80,159)	\$124,038
<b>Total revenues</b>	<u>218,693</u>	<u>138,534</u>	<u>(80,159)</u>	<u>124,038</u>
<b>Expenditures</b>				
Current:				
General government	137,641	38,303	99,338	37,441
Capital outlay	4,939	-	4,939	-
<b>Total expenditures</b>	<u>142,580</u>	<u>38,303</u>	<u>104,277</u>	<u>37,441</u>
Excess (deficiency) of revenues over expenditures	<u>76,113</u>	<u>100,231</u>	<u>24,118</u>	<u>86,597</u>
<b>Other financing sources (uses)</b>				
Transfers out	(75,000)	(84,086)	(9,086)	(77,127)
<b>Total other financing sources (uses)</b>	<u>(75,000)</u>	<u>(84,086)</u>	<u>(9,086)</u>	<u>(77,127)</u>
Net change in fund balances	<u>1,113</u>	<u>16,145</u>	<u>15,032</u>	<u>9,470</u>
Fund balance as of January 1	-	305,556	305,556	296,086
<b>Fund balance as of December 31</b>	<u>\$1,113</u>	<u>\$321,701</u>	<u>\$320,588</u>	<u>\$305,556</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Whatcom County Jail  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$3,241,579	\$3,358,409	\$116,830	\$3,201,225
Intergovernmental	2,116,100	2,379,352	263,252	2,661,565
Charges for service	695,756	601,005	(94,751)	585,052
Miscellaneous	234,750	369,762	135,012	223,773
<b>Total revenues</b>	<u>6,288,185</u>	<u>6,708,528</u>	<u>420,343</u>	<u>6,671,615</u>
<b>Expenditures</b>				
Current:				
Public safety	12,837,690	11,684,834	1,152,856	11,926,428
Capital outlay	-	-	-	59,277
<b>Total expenditures</b>	<u>12,837,690</u>	<u>11,684,834</u>	<u>1,152,856</u>	<u>11,985,705</u>
Excess (deficiency) of revenues over expenditures	<u>(6,549,505)</u>	<u>(4,976,306)</u>	<u>1,573,199</u>	<u>(5,314,090)</u>
<b>Other financing sources (uses)</b>				
Transfers in	5,863,851	5,558,967	(304,884)	5,710,511
Transfers out	(255,725)	(252,433)	3,292	(251,020)
Capital lease proceeds	-	-	-	15,058
<b>Total other financing sources (uses)</b>	<u>5,608,126</u>	<u>5,306,534</u>	<u>(301,592)</u>	<u>5,474,549</u>
Net change in fund balances	<u>(941,379)</u>	<u>330,228</u>	<u>1,271,607</u>	<u>160,459</u>
Fund balance as of January 1	-	3,980,580	3,980,580	3,820,121
<b>Fund balance as of December 31</b>	<u>\$(941,379)</u>	<u>\$4,310,808</u>	<u>\$5,252,187</u>	<u>\$3,980,580</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
REET Technology  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$25,000	\$-	\$(25,000)	\$-
<b>Total revenues</b>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Fund balance as of January 1	-	-	-	-
<b>Fund balance as of December 31</b>	<u><u>\$25,000</u></u>	<u><u>\$-</u></u>	<u><u>\$(25,000)</u></u>	<u><u>\$-</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Low-Income Housing  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Charges for service	\$191,000	\$217,056	\$26,056	\$192,785
<b>Total revenues</b>	<u>191,000</u>	<u>217,056</u>	<u>26,056</u>	<u>192,785</u>
<b>Expenditures</b>				
Current:				
Economic environment	218,500	208,210	10,290	413,470
<b>Total expenditures</b>	<u>218,500</u>	<u>208,210</u>	<u>10,290</u>	<u>413,470</u>
Excess (deficiency) of revenues over expenditures	<u>(27,500)</u>	<u>8,846</u>	<u>36,346</u>	<u>(220,685)</u>
Fund balance as of January 1	-	102,441	102,441	323,126
<b>Fund balance as of December 31</b>	<u>\$(27,500)</u>	<u>\$111,287</u>	<u>\$138,787</u>	<u>\$102,441</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Homeless Housing  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$1,534,000	\$952,020	\$(581,980)	\$426,220
Charges for service	768,443	1,010,422	241,979	839,175
<b>Total revenues</b>	<u>2,302,443</u>	<u>1,962,442</u>	<u>(340,001)</u>	<u>1,265,395</u>
<b>Expenditures</b>				
Current:				
Economic environment	2,505,037	2,087,204	417,833	1,458,159
<b>Total expenditures</b>	<u>2,505,037</u>	<u>2,087,204</u>	<u>417,833</u>	<u>1,458,159</u>
Excess (deficiency) of revenues over expenditures	<u>(202,594)</u>	<u>(124,762)</u>	<u>77,832</u>	<u>(192,764)</u>
<b>Other financing sources (uses)</b>				
Transfers out	(46,110)	-	46,110	(50,351)
<b>Total other financing sources (uses)</b>	<u>(46,110)</u>	<u>-</u>	<u>46,110</u>	<u>(50,351)</u>
Net change in fund balances	<u>(248,704)</u>	<u>(124,762)</u>	<u>123,942</u>	<u>(243,115)</u>
Fund balance as of January 1	-	655,487	655,487	898,602
<b>Fund balance as of December 31</b>	<u><u>\$(248,704)</u></u>	<u><u>\$530,725</u></u>	<u><u>\$779,429</u></u>	<u><u>\$655,487</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Stormwater  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$323,362	\$617,324	\$293,962	\$562,045
Charges for service	27,792	-	(27,792)	-
Miscellaneous	-	300	300	375
<b>Total revenues</b>	<u>351,154</u>	<u>617,624</u>	<u>266,470</u>	<u>562,420</u>
<b>Expenditures</b>				
Current:				
Physical environment	2,149,025	1,099,939	1,049,086	1,045,757
Capital outlay	-	316,967	(316,967)	846,946
<b>Total expenditures</b>	<u>2,149,025</u>	<u>1,416,906</u>	<u>732,119</u>	<u>1,892,703</u>
Excess (deficiency) of revenues over expenditures	<u>(1,797,871)</u>	<u>(799,282)</u>	<u>998,589</u>	<u>(1,330,283)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,378,000	486,875	(891,125)	1,492,906
<b>Total other financing sources (uses)</b>	<u>1,378,000</u>	<u>486,875</u>	<u>(891,125)</u>	<u>1,492,906</u>
Net change in fund balances	<u>(419,871)</u>	<u>(312,407)</u>	<u>107,464</u>	<u>162,623</u>
Fund balance as of January 1	-	1,152,899	1,152,899	990,276
<b>Fund balance as of December 31</b>	<u><u>\$(419,871)</u></u>	<u><u>\$840,492</u></u>	<u><u>\$1,260,363</u></u>	<u><u>\$1,152,899</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Chemical Dependency/Mental Health  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$3,315,000	\$3,352,102	\$37,102	\$3,176,439
Intergovernmental	126,340	101,812	(24,528)	115,571
Charges for service	52,000	32,170	(19,830)	39,571
Miscellaneous	37,000	29,736	(7,264)	41,469
<b>Total revenues</b>	<u>3,530,340</u>	<u>3,515,820</u>	<u>(14,520)</u>	<u>3,373,050</u>
<b>Expenditures</b>				
Current:				
Mental and physical health	2,834,011	2,584,453	249,558	1,935,764
Capital outlay	-	7,210	(7,210)	-
<b>Total expenditures</b>	<u>2,834,011</u>	<u>2,591,663</u>	<u>242,348</u>	<u>1,935,764</u>
Excess (deficiency) of revenues over expenditures	<u>696,329</u>	<u>924,157</u>	<u>227,828</u>	<u>1,437,286</u>
<b>Other financing sources (uses)</b>				
Transfers out	(717,570)	(372,886)	344,684	(791,935)
Capital lease proceeds	-	7,210	7,210	-
<b>Total other financing sources (uses)</b>	<u>(717,570)</u>	<u>(365,676)</u>	<u>351,894</u>	<u>(791,935)</u>
Net change in fund balances	<u>(21,241)</u>	<u>558,481</u>	<u>579,722</u>	<u>645,351</u>
Fund balance as of January 1	-	4,616,786	4,616,786	3,971,435
<b>Fund balance as of December 31</b>	<u>\$(21,241)</u>	<u>\$5,175,267</u>	<u>\$5,196,508</u>	<u>\$4,616,786</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Countywide Emergency Medical Services  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$2,608,993	\$1,895,011	\$(713,982)	\$1,807,357
Intergovernmental	-	842,231	842,231	803,284
Miscellaneous	56,666	22,330	(34,336)	35,407
<b>Total revenues</b>	<u>2,665,659</u>	<u>2,759,572</u>	<u>93,913</u>	<u>2,646,048</u>
<b>Expenditures</b>				
Current:				
Public safety	2,372,443	2,352,321	20,122	1,990,555
<b>Total Expenditures</b>	<u>2,372,443</u>	<u>2,352,321</u>	<u>20,122</u>	<u>1,990,555</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>293,216</u>	<u>407,251</u>	<u>114,035</u>	<u>655,493</u>
<b>Other financing sources (uses)</b>				
Transfers out	(575,000)	(575,000)	-	(570,000)
<b>Total other financing sources (uses)</b>	<u>(575,000)</u>	<u>(575,000)</u>	<u>-</u>	<u>(570,000)</u>
Net change in fund balances	<u>(281,784)</u>	<u>(167,749)</u>	<u>114,035</u>	<u>85,493</u>
Fund balance as of January 1	-	4,235,635	4,235,635	4,150,142
<b>Fund balance as of December 31</b>	<u>\$(281,784)</u>	<u>\$4,067,886</u>	<u>\$4,349,670</u>	<u>\$4,235,635</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Whatcom County Trial Court Improvement  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$47,000	\$47,648	\$648	\$47,300
Miscellaneous	500	696	196	879
<b>Total revenues</b>	<u>47,500</u>	<u>48,344</u>	<u>844</u>	<u>48,179</u>
Excess (deficiency) of revenues over expenditures	<u>47,500</u>	<u>48,344</u>	<u>844</u>	<u>48,179</u>
<b>Other financing sources (uses)</b>				
Transfers out	(45,735)	(40,274)	5,461	(22,495)
<b>Total other financing sources (uses)</b>	<u>(45,735)</u>	<u>(40,274)</u>	<u>5,461</u>	<u>(22,495)</u>
Net change in fund balances	<u>1,765</u>	<u>8,070</u>	<u>6,305</u>	<u>25,684</u>
Fund balance as of January 1	-	100,971	100,971	75,287
<b>Fund balance as of December 31</b>	<u>\$1,765</u>	<u>\$109,041</u>	<u>\$107,276</u>	<u>\$100,971</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Solid Waste  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$26,500	\$262,258	\$235,758	\$226,666
Charges for service	740,000	753,589	13,589	749,165
Miscellaneous	10,200	10,800	600	13,686
<b>Total revenues</b>	<u>776,700</u>	<u>1,026,647</u>	<u>249,947</u>	<u>989,517</u>
<b>Expenditures</b>				
Current:				
Physical environment	792,211	701,318	90,893	698,475
Capital outlay	205,005	173,275	31,730	-
<b>Total expenditures</b>	<u>997,216</u>	<u>874,593</u>	<u>122,623</u>	<u>698,475</u>
Excess (deficiency) of revenues over expenditures	<u>(220,516)</u>	<u>152,054</u>	<u>372,570</u>	<u>291,042</u>
<b>Other financing sources (uses)</b>				
Transfers out	(156,946)	(154,681)	2,265	(137,697)
<b>Total other financing sources (uses)</b>	<u>(156,946)</u>	<u>(154,681)</u>	<u>2,265</u>	<u>(137,697)</u>
Net change in fund balances	<u>(377,462)</u>	<u>(2,627)</u>	<u>374,835</u>	<u>153,345</u>
Fund balance as of January 1	-	1,613,832	1,613,832	1,460,487
<b>Fund balance as of December 31</b>	<u>\$(377,462)</u>	<u>\$1,611,205</u>	<u>\$1,988,667</u>	<u>\$1,613,832</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Convention Center  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$500,000	\$555,496	\$55,496	\$498,660
<b>Total revenues</b>	<u>500,000</u>	<u>555,496</u>	<u>55,496</u>	<u>498,660</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	632,090	585,542	46,548	395,677
<b>Total expenditures</b>	<u>632,090</u>	<u>585,542</u>	<u>46,548</u>	<u>395,677</u>
Excess (deficiency) of revenues over expenditures	<u>(132,090)</u>	<u>(30,046)</u>	<u>102,044</u>	<u>102,983</u>
Fund balance as of January 1	-	1,122,115	1,122,115	1,019,132
<b>Fund balance as of December 31</b>	<u><u>\$(132,090)</u></u>	<u><u>\$1,092,069</u></u>	<u><u>\$1,224,159</u></u>	<u><u>\$1,122,115</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Victim/Witness Assistance  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$11,350	\$12,395	\$1,045	\$11,350
Charges for service	90,200	80,759	(9,441)	85,214
Fines and forfeits	34,000	30,946	(3,054)	30,678
<b>Total revenues</b>	<u>135,550</u>	<u>124,100</u>	<u>(11,450)</u>	<u>127,242</u>
<b>Expenditures</b>				
Current:				
General government	81,630	79,803	1,827	76,425
<b>Total expenditures</b>	<u>81,630</u>	<u>79,803</u>	<u>1,827</u>	<u>76,425</u>
Excess (deficiency) of revenues over expenditures	<u>53,920</u>	<u>44,297</u>	<u>(9,623)</u>	<u>50,817</u>
<b>Other financing sources (uses)</b>				
Transfers out	(65,679)	(65,679)	-	(61,259)
<b>Total other financing sources (uses)</b>	<u>(65,679)</u>	<u>(65,679)</u>	<u>-</u>	<u>(61,259)</u>
Net change in fund balances	<u>(11,759)</u>	<u>(21,382)</u>	<u>(9,623)</u>	<u>(10,442)</u>
Fund balance as of January 1	-	49,233	49,233	59,675
<b>Fund balance as of December 31</b>	<u><u>\$(11,759)</u></u>	<u><u>\$27,851</u></u>	<u><u>\$39,610</u></u>	<u><u>\$49,233</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Community Development  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Miscellaneous	\$-	\$2,867	\$2,867	\$-
<b>Total revenues</b>	-	2,867	2,867	-
Excess (deficiency) of revenues over expenditures	-	2,867	2,867	-
<b>Other financing sources (uses)</b>				
Transfers out	(5,000)	(5,000)	-	(5,000)
<b>Total other financing sources (uses)</b>	(5,000)	(5,000)	-	(5,000)
Net change in fund balances	(5,000)	(2,133)	2,867	(5,000)
Fund balance as of January 1	-	6,237	6,237	11,237
<b>Fund balance as of December 31</b>	<b>\$(5,000)</b>	<b>\$4,104</b>	<b>\$9,104</b>	<b>\$6,237</b>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Whatcom County Drug  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Fines and forfeits	\$337,000	\$838,710	\$501,710	\$266,846
Miscellaneous	-	6,663	6,663	9,227
<b>Total revenues</b>	<u>337,000</u>	<u>845,373</u>	<u>508,373</u>	<u>276,073</u>
<b>Expenditures</b>				
Current:				
Public safety	60,000	75,652	(15,652)	66,796
<b>Total expenditures</b>	<u>60,000</u>	<u>75,652</u>	<u>(15,652)</u>	<u>66,796</u>
Excess (deficiency) of revenues over expenditures	<u>277,000</u>	<u>769,721</u>	<u>492,721</u>	<u>209,277</u>
<b>Other financing sources (uses)</b>				
Transfers out	(511,967)	(511,967)	-	(343,717)
<b>Total other financing sources (uses)</b>	<u>(511,967)</u>	<u>(511,967)</u>	<u>-</u>	<u>(343,717)</u>
Net change in fund balances	<u>(234,967)</u>	<u>257,754</u>	<u>492,721</u>	<u>(134,440)</u>
Fund balance as of January 1	-	62,288	62,288	196,728
<b>Fund balance as of December 31</b>	<u>\$(234,967)</u>	<u>\$320,042</u>	<u>\$555,009</u>	<u>\$62,288</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Auditor's O & M  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$80,000	\$84,265	\$4,265	\$90,437
Charges for service	86,500	100,615	14,115	87,505
<b>Total revenues</b>	<u>166,500</u>	<u>184,880</u>	<u>18,380</u>	<u>177,942</u>
<b>Expenditures</b>				
Current:				
General government	161,269	106,387	54,882	84,019
<b>Total expenditures</b>	<u>161,269</u>	<u>106,387</u>	<u>54,882</u>	<u>84,019</u>
Excess (deficiency) of revenues over expenditures	<u>5,231</u>	<u>78,493</u>	<u>73,262</u>	<u>93,923</u>
<b>Other financing sources (uses)</b>				
Transfers out	(130,977)	(116,552)	14,425	(114,570)
<b>Total other financing sources (uses)</b>	<u>(130,977)</u>	<u>(116,552)</u>	<u>14,425</u>	<u>(114,570)</u>
Net change in fund balances	<u>(125,746)</u>	<u>(38,059)</u>	<u>87,687</u>	<u>(20,647)</u>
Fund balance as of January 1	-	500,435	500,435	521,082
<b>Fund balance as of December 31</b>	<u><u>\$(125,746)</u></u>	<u><u>\$462,376</u></u>	<u><u>\$588,122</u></u>	<u><u>\$500,435</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Emergency Management  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental	\$1,288,869	\$963,512	\$(325,357)	\$1,153,390
Miscellaneous	13,975	14,913	938	3,340
<b>Total revenues</b>	<u>1,302,844</u>	<u>978,425</u>	<u>(324,419)</u>	<u>1,156,730</u>
<b>Expenditures</b>				
Current:				
Public safety	1,558,266	917,526	640,740	1,039,332
Capital outlay	-	6,293	(6,293)	9,858
<b>Total expenditures</b>	<u>1,558,266</u>	<u>923,819</u>	<u>634,447</u>	<u>1,049,190</u>
Excess (deficiency) of revenues over expenditures	<u>(255,422)</u>	<u>54,606</u>	<u>310,028</u>	<u>107,540</u>
<b>Other financing sources (uses)</b>				
Transfers in	223,833	223,833	-	220,174
Transfers out	(333,063)	(257,202)	75,861	(331,897)
Capital lease proceeds	-	6,293	6,293	9,858
<b>Total other financing sources (uses)</b>	<u>(109,230)</u>	<u>(27,076)</u>	<u>82,154</u>	<u>(101,865)</u>
Net change in fund balances	<u>(364,652)</u>	<u>27,530</u>	<u>392,182</u>	<u>5,675</u>
Fund balance as of January 1	-	126,645	126,645	120,970
<b>Fund balance as of December 31</b>	<u>\$(364,652)</u>	<u>\$154,175</u>	<u>\$518,827</u>	<u>\$126,645</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Flood Control Zone District  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$3,040,000	\$3,241,340	\$201,340	\$3,240,164
Intergovernmental	1,980,079	500,024	(1,480,055)	640,214
Charges for service	61,809	22,836	(38,973)	20,330
Miscellaneous	100,000	73,395	(26,605)	87,371
<b>Total revenues</b>	<u>5,181,888</u>	<u>3,837,595</u>	<u>(1,344,293)</u>	<u>3,988,079</u>
<b>Expenditures</b>				
Current:				
Physical environment	4,965,454	2,197,413	2,768,041	2,228,650
Capital outlay	450,000	90,573	359,427	21,430
<b>Total expenditures</b>	<u>5,415,454</u>	<u>2,287,986</u>	<u>3,127,468</u>	<u>2,250,080</u>
Excess (deficiency) of revenues over expenditures	<u>(233,566)</u>	<u>1,549,609</u>	<u>1,783,175</u>	<u>1,737,999</u>
<b>Other financing sources (uses)</b>				
Sales of capital assets	30,000	67,501	37,501	49,279
Transfers in	1,000,000	-	(1,000,000)	1,000,000
Transfers out	(1,369,911)	(364,391)	1,005,520	(1,195,075)
<b>Total other financing sources (uses)</b>	<u>(339,911)</u>	<u>(296,890)</u>	<u>43,021</u>	<u>(145,796)</u>
Net change in fund balances	<u>(573,477)</u>	<u>1,252,719</u>	<u>1,826,196</u>	<u>1,592,203</u>
Fund balance as of January 1	-	10,665,094	10,665,094	9,072,891
<b>Fund balance as of December 31</b>	<u>\$(573,477)</u>	<u>\$11,917,813</u>	<u>\$12,491,290</u>	<u>\$10,665,094</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Point Roberts Fuel Tax  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$50,000	\$98,937	\$48,937	\$79,297
<b>Total revenues</b>	<u>50,000</u>	<u>98,937</u>	<u>48,937</u>	<u>79,297</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>98,937</u>	<u>48,937</u>	<u>79,297</u>
<b>Other financing sources (uses)</b>				
Transfers out	(350,000)	-	350,000	-
<b>Total other financing sources (uses)</b>	<u>(350,000)</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Net change in fund balances	<u>(300,000)</u>	<u>98,937</u>	<u>398,937</u>	<u>79,297</u>
Fund balance as of January 1	-	481,895	481,895	402,598
<b>Fund balance as of December 31</b>	<u><u>\$(300,000)</u></u>	<u><u>\$580,832</u></u>	<u><u>\$880,832</u></u>	<u><u>\$481,895</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Conservation Futures  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$985,101	\$1,003,230	\$18,129	\$989,631
Intergovernmental	46	479	433	340,045
Miscellaneous	215	281	66	267
<b>Total revenues</b>	<u>985,362</u>	<u>1,003,990</u>	<u>18,628</u>	<u>1,329,943</u>
<b>Expenditures</b>				
Current:				
Economic environment	25,000	-	25,000	37,084
Capital outlay	-	-	-	680,858
<b>Total expenditures</b>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>717,942</u>
Excess (deficiency) of revenues over expenditures	<u>960,362</u>	<u>1,003,990</u>	<u>43,628</u>	<u>612,001</u>
<b>Other financing sources (uses)</b>				
Sales of capital assets	7,000	21,651	14,651	14,933
Transfers out	(196,809)	(98,778)	98,031	(82,211)
<b>Total other financing sources (uses)</b>	<u>(189,809)</u>	<u>(77,127)</u>	<u>112,682</u>	<u>(67,278)</u>
Net change in fund balances	<u>770,553</u>	<u>926,863</u>	<u>156,310</u>	<u>544,723</u>
Fund balance as of January 1	-	2,489,708	2,489,708	1,944,985
Prior period adjustments	-	1,521,225	1,521,225	-
<b>Fund balance as of December 31</b>	<u>\$770,553</u>	<u>\$4,937,796</u>	<u>\$4,167,243</u>	<u>\$2,489,708</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Road Improvement Districts  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$27,121	\$26,871	\$(250)	\$26,412
Miscellaneous	1,081	1,100	19	1,076
<b>Total revenues</b>	<u>28,202</u>	<u>27,971</u>	<u>(231)</u>	<u>27,488</u>
<b>Expenditures</b>				
Current:				
Transportation	35,100	30,317	4,783	30,049
<b>Total expenditures</b>	<u>35,100</u>	<u>30,317</u>	<u>4,783</u>	<u>30,049</u>
Excess (deficiency) of revenues over expenditures	<u>(6,898)</u>	<u>(2,346)</u>	<u>4,552</u>	<u>(2,561)</u>
<b>Other financing sources (uses)</b>				
Transfers out	(1,081)	(1,081)	-	(1,081)
<b>Total other financing sources (uses)</b>	<u>(1,081)</u>	<u>(1,081)</u>	<u>-</u>	<u>(1,081)</u>
Net change in fund balances	<u>(7,979)</u>	<u>(3,427)</u>	<u>4,552</u>	<u>(3,642)</u>
Fund balance as of January 1	-	40,556	40,556	44,198
<b>Fund balance as of December 31</b>	<u>\$(7,979)</u>	<u>\$37,129</u>	<u>\$45,108</u>	<u>\$40,556</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Lynden/Everson Sub-Zone  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$36,074	\$36,476	\$402	\$36,567
Intergovernmental	-	-	-	657
Miscellaneous	2,800	1,291	(1,509)	2,028
<b>Total revenues</b>	<u>38,874</u>	<u>37,767</u>	<u>(1,107)</u>	<u>39,252</u>
<b>Expenditures</b>				
Current:				
Physical environment	81,401	21,041	60,360	14,245
<b>Total expenditures</b>	<u>81,401</u>	<u>21,041</u>	<u>60,360</u>	<u>14,245</u>
Excess (deficiency) of revenues over expenditures	<u>(42,527)</u>	<u>16,726</u>	<u>59,253</u>	<u>25,007</u>
Fund balance as of January 1	-	244,051	244,051	219,044
<b>Fund balance as of December 31</b>	<u><u>\$(42,527)</u></u>	<u><u>\$260,777</u></u>	<u><u>\$303,304</u></u>	<u><u>\$244,051</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Sumas/Nooksack/Everson Sub-Zone  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$110,291	\$111,882	\$1,591	\$113,243
Miscellaneous	8,000	4,378	(3,622)	6,685
<b>Total revenues</b>	<u>118,291</u>	<u>116,260</u>	<u>(2,031)</u>	<u>119,928</u>
<b>Expenditures</b>				
Current:				
Physical environment	135,000	16,240	118,760	4,865
<b>Total expenditures</b>	<u>135,000</u>	<u>16,240</u>	<u>118,760</u>	<u>4,865</u>
Excess (deficiency) of revenues over expenditures	<u>(16,709)</u>	<u>100,020</u>	<u>116,729</u>	<u>115,063</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	(328)	(328)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(328)</u>	<u>(328)</u>	<u>-</u>
Net change in fund balances	<u>(16,709)</u>	<u>99,692</u>	<u>116,401</u>	<u>115,063</u>
Fund balance as of January 1	-	827,549	827,549	712,486
<b>Fund balance as of December 31</b>	<u><u>\$(16,709)</u></u>	<u><u>\$927,241</u></u>	<u><u>\$943,950</u></u>	<u><u>\$827,549</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Acme/Van Zandt Sub-Zone  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$25,311	\$22,654	\$(2,657)	\$24,265
Miscellaneous	1,800	965	(835)	1,492
<b>Total revenues</b>	<u>27,111</u>	<u>23,619</u>	<u>(3,492)</u>	<u>25,757</u>
<b>Expenditures</b>				
Current:				
Physical environment	33,500	4,116	29,384	327
<b>Total expenditures</b>	<u>33,500</u>	<u>4,116</u>	<u>29,384</u>	<u>327</u>
Excess (deficiency) of revenues over expenditures	<u>(6,389)</u>	<u>19,503</u>	<u>25,892</u>	<u>25,430</u>
Fund balance as of January 1	-	182,963	182,963	157,533
<b>Fund balance as of December 31</b>	<u><u>\$(6,389)</u></u>	<u><u>\$202,466</u></u>	<u><u>\$208,855</u></u>	<u><u>\$182,963</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Samish Watershed Sub-Zone  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$18,299	\$17,963	\$(336)	\$17,746
Miscellaneous	-	345	345	556
<b>Total revenues</b>	<u>18,299</u>	<u>18,308</u>	<u>9</u>	<u>18,302</u>
<b>Expenditures</b>				
Current:				
Physical environment	9,000	7,078	1,922	11,207
<b>Total expenditures</b>	<u>9,000</u>	<u>7,078</u>	<u>1,922</u>	<u>11,207</u>
Excess (deficiency) of revenues over expenditures	<u>9,299</u>	<u>11,230</u>	<u>1,931</u>	<u>7,095</u>
Fund balance as of January 1	-	67,357	67,357	60,262
<b>Fund balance as of December 31</b>	<u>\$9,299</u>	<u>\$78,587</u>	<u>\$69,288</u>	<u>\$67,357</u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual (GAAP Basis)  
Birch Bay Sub-Zone  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$748,000	\$753,416	\$5,416	\$723,509
Intergovernmental	-	103,039	103,039	41,861
Miscellaneous	10,000	7,803	(2,197)	12,861
<b>Total revenues</b>	<u>758,000</u>	<u>864,258</u>	<u>106,258</u>	<u>778,231</u>
<b>Expenditures</b>				
Current:				
Physical environment	1,052,312	366,448	685,864	436,424
Capital outlay	-	22,660	(22,660)	212,910
<b>Total expenditures</b>	<u>1,052,312</u>	<u>389,108</u>	<u>663,204</u>	<u>649,334</u>
Excess (deficiency) of revenues over expenditures	<u>(294,312)</u>	<u>475,150</u>	<u>769,462</u>	<u>128,897</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	(33,802)	(33,802)	(26,395)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(33,802)</u>	<u>(33,802)</u>	<u>(26,395)</u>
Net change in fund balances	<u>(294,312)</u>	<u>441,348</u>	<u>735,660</u>	<u>102,502</u>
Fund balance as of January 1	-	1,327,147	1,327,147	1,224,645
<b>Fund balance as of December 31</b>	<u>\$(294,312)</u>	<u>\$1,768,495</u>	<u>\$2,062,807</u>	<u>\$1,327,147</u>



	CRID No. 9 General Debt	2003 Ltd. Tax GO Bond	2010 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
<b>Assets</b>				
Cash and cash equivalents	\$-	\$361	\$2,766	\$3,127
<b>Total assets</b>	<u>\$-</u>	<u>\$361</u>	<u>\$2,766</u>	<u>\$3,127</u>
<b>Fund balances:</b>				
Restricted	\$-	\$361	\$2,766	\$3,127
<b>Total fund balance</b>	<u>-</u>	<u>361</u>	<u>2,766</u>	<u>3,127</u>
<b>Total liabilities and fund balance</b>	<u>\$-</u>	<u>\$361</u>	<u>\$2,766</u>	<u>\$3,127</u>

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Non-Major Debt Service Funds  
 Year Ended December 31, 2012

	CRID No. 9 General Debt	2003 Ltd. Tax GO Bond	2010 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
<b>Expenditures</b>				
Debt service:				
Principal	\$-	\$425,000	\$475,000	\$900,000
Interest	-	14,540	171,968	186,508
<b>Total expenditures</b>	-	439,540	646,968	1,086,508
Excess (deficiency) of revenues over expenditures	-	(439,540)	(646,968)	(1,086,508)
<b>Other financing sources (uses)</b>				
Transfers in	-	439,388	646,967	1,086,355
Transfers out	(15,728)	-	-	(15,728)
<b>Total other financing sources (uses)</b>	(15,728)	439,388	646,967	1,070,627
Net changes in fund balances	(15,728)	(152)	(1)	(15,881)
Fund balance as of January 1	15,728	513	2,767	19,008
<b>Fund balance as of December 31</b>	\$-	\$361	\$2,766	\$3,127

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance  
 Budget and Actual (GAAP Basis)  
 CRID No. 9 General Debt  
 Year Ended December 31, 2012  
 (With comparative totals for December 31, 2011)

**Whatcom County**  
 W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Miscellaneous	\$-	\$-	\$-	\$15,468
<b>Total revenues</b>	-	-	-	15,468
Excess (deficiency) of revenues over expenditures	-	-	-	15,468
<b>Other financing sources (uses)</b>				
Transfers out	(15,728)	(15,728)	-	-
<b>Total other financing sources (uses)</b>	(15,728)	(15,728)	-	-
Net changes in fund balances	(15,728)	(15,728)	-	15,468
Fund balance as of January 1	-	15,728	15,728	260
<b>Fund balance as of December 31</b>	<b>\$(15,728)</b>	<b>\$-</b>	<b>\$15,728</b>	<b>\$15,728</b>

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance  
 Budget and Actual (GAAP Basis)  
 2003 Ltd Tax GO Bond  
 Year Ended December 31, 2012  
 (With comparative totals for December 31, 2011)

**Whatcom County**  
 W A S H I N G T O N

	2012		Variance Favorable (Unfavorable)	2011
	Budget	Actual		Actual
<b>Expenditures</b>				
Debt Service:				
Principal	\$425,000	\$425,000	\$-	\$410,000
Interest	15,141	14,540	601	27,659
<b>Total expenditures</b>	<u>440,141</u>	<u>439,540</u>	<u>601</u>	<u>437,659</u>
Excess (deficiency) of revenues over expenditures	<u>(440,141)</u>	<u>(439,540)</u>	<u>601</u>	<u>(437,659)</u>
<b>Other financing sources (uses)</b>				
Transfers in	440,141	439,388	(753)	437,357
<b>Total other financing sources (uses)</b>	<u>440,141</u>	<u>439,388</u>	<u>(753)</u>	<u>437,357</u>
Net changes in fund balances	<u>-</u>	<u>(152)</u>	<u>(152)</u>	<u>(302)</u>
Fund balance as of January 1	-	513	513	815
<b>Fund balance as of December 31</b>	<u>\$-</u>	<u>\$361</u>	<u>\$361</u>	<u>\$513</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
Budget and Actual (GAAP Basis)  
2010 Ltd Tax GO Bond  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Expenditures</b>				
Debt Service:				
Principal	\$475,000	\$475,000	\$-	\$1,460,000
Interest	171,967	171,968	(1)	200,767
<b>Total expenditures</b>	<u>646,967</u>	<u>646,968</u>	<u>(1)</u>	<u>1,660,767</u>
Excess (deficiency) of revenues over expenditures	<u>(646,967)</u>	<u>(646,968)</u>	<u>(1)</u>	<u>(1,660,767)</u>
<b>Other financing sources (uses)</b>				
Transfers in	646,967	646,967	-	1,663,259
<b>Total other financing sources (uses)</b>	<u>646,967</u>	<u>646,967</u>	<u>-</u>	<u>1,663,259</u>
Net changes in fund balances	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>2,492</u>
Fund balance as of January 1	<u>-</u>	<u>2,767</u>	<u>2,767</u>	<u>275</u>
<b>Fund balance as of December 31</b>	<u>\$-</u>	<u>\$2,766</u>	<u>\$2,766</u>	<u>\$2,767</u>

	Real Estate Excise Tax II	Real Estate Excise Tax I	County Park Improvement	Civic Center Building Improvement	East Whatcom Regional Resource Ctr Construction	Yew St. Rd. Construction
<b>Assets</b>						
Cash and cash equivalents	\$7,206,479	\$2,215,462	\$989	\$1,556,902	\$105,208	\$15,775
Investments at cost	-	-	162,118	-	-	-
Interest receivable	-	-	533	-	-	-
Due from other governments	190,516	-	-	-	-	-
<b>Total assets</b>	<b>\$7,396,995</b>	<b>\$2,215,462</b>	<b>\$163,640</b>	<b>\$1,556,902</b>	<b>\$105,208</b>	<b>\$15,775</b>
<b>Liabilities and fund balance</b>						
<b>Liabilities</b>						
Accounts payable	\$13,523	\$-	\$-	\$5,842	\$28,430	\$788
Due to other funds	179,418	-	-	-	-	-
<b>Total liabilities</b>	<b>192,941</b>	<b>-</b>	<b>-</b>	<b>5,842</b>	<b>28,430</b>	<b>788</b>
<b>Fund balances:</b>						
Restricted	7,204,054	2,215,462	163,640	1,551,060	76,778	14,987
<b>Total fund balance</b>	<b>7,204,054</b>	<b>2,215,462</b>	<b>163,640</b>	<b>1,551,060</b>	<b>76,778</b>	<b>14,987</b>
<b>Total liabilities and fund balance</b>	<b>\$7,396,995</b>	<b>\$2,215,462</b>	<b>\$163,640</b>	<b>\$1,556,902</b>	<b>\$105,208</b>	<b>\$15,775</b>

Combining Balance Sheet  
 Non-Major Capital Project Funds  
 December 31, 2012

Lincoln Rd. Construction	2010 Jail Improvement	Lummi Nation Lease	Total Non Major Capital Project Funds
\$608,784	\$5,580	\$2,000,000	\$13,715,179
-	1,485,339	-	1,647,457
-	508	-	1,041
-	-	-	190,516
<u>\$608,784</u>	<u>\$1,491,427</u>	<u>\$2,000,000</u>	<u>\$15,554,193</u>
\$29	\$108,082	\$-	\$156,694
-	-	-	179,418
<u>29</u>	<u>108,082</u>	<u>-</u>	<u>336,112</u>
<u>608,755</u>	<u>1,383,345</u>	<u>2,000,000</u>	<u>15,218,081</u>
<u>608,755</u>	<u>1,383,345</u>	<u>2,000,000</u>	<u>15,218,081</u>
<u>\$608,784</u>	<u>\$1,491,427</u>	<u>\$2,000,000</u>	<u>\$15,554,193</u>

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Non-Major Capital Project Funds  
 Year Ended December 31, 2012

# Whatcom County

W A S H I N G T O N

Page 1 of 2

	Real Estate Excise Tax II	Real Estate Excise Tax I	County Park Improvement	Civic Center Building Improvement	East Whatcom Regional Resource Ctr Construction	Yew St. Rd. Construction
<b>Revenues</b>						
Taxes	\$1,270,923	\$1,270,923	\$-	\$-	\$-	\$-
Intergovernmental	112,943	-	-	-	-	8,155
Miscellaneous	-	-	8,655	375	-	250
<b>Total revenues</b>	<u>1,383,866</u>	<u>1,270,923</u>	<u>8,655</u>	<u>375</u>	<u>-</u>	<u>8,405</u>
<b>Expenditures</b>						
Current:						
General government	-	8,524	-	-	-	-
Physical environment	-	11,292	-	-	-	-
Culture and recreation	116,528	41,984	-	-	-	-
Capital outlay	128,438	-	-	90,224	47,728	159,400
<b>Total expenditures</b>	<u>244,966</u>	<u>61,800</u>	<u>-</u>	<u>90,224</u>	<u>47,728</u>	<u>159,400</u>
Excess (deficiency) of revenues over expenditures	<u>1,138,900</u>	<u>1,209,123</u>	<u>8,655</u>	<u>(89,849)</u>	<u>(47,728)</u>	<u>(150,995)</u>
<b>Other financing sources (uses)</b>						
Transfers in	745,000	-	-	204,662	80,000	-
Transfers out	(350,022)	(301,291)	-	-	-	(745,000)
<b>Total other financing sources (uses)</b>	<u>394,978</u>	<u>(301,291)</u>	<u>-</u>	<u>204,662</u>	<u>80,000</u>	<u>(745,000)</u>
Net changes in fund balances	<u>1,533,878</u>	<u>907,832</u>	<u>8,655</u>	<u>114,813</u>	<u>32,272</u>	<u>(895,995)</u>
Fund balance as of January 1	5,670,176	1,307,630	1,676,210	1,436,247	44,506	910,982
Prior period adjustments	-	-	(1,521,225)	-	-	-
<b>Fund balance as of December 31</b>	<u><u>\$7,204,054</u></u>	<u><u>\$2,215,462</u></u>	<u><u>\$163,640</u></u>	<u><u>\$1,551,060</u></u>	<u><u>\$76,778</u></u>	<u><u>\$14,987</u></u>

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Non-Major Capital Project Funds  
 Year Ended December 31, 2012

Lincoln Rd Construction	2010 Jail Improvement	Lummi Nation Lease	Total Non Major Capital Project Funds
\$-	\$-	\$-	\$2,541,846
-	-	-	121,098
-	9,117	-	18,397
-	9,117	-	2,681,341
-	-	-	8,524
-	-	-	11,292
-	-	-	158,512
166,490	1,730,835	-	2,323,115
166,490	1,730,835	-	2,501,443
(166,490)	(1,721,718)	-	179,898
-	-	-	1,029,662
-	-	-	(1,396,313)
-	-	-	(366,651)
(166,490)	(1,721,718)	-	(186,753)
775,245	3,105,063	2,000,000	16,926,059
-	-	-	(1,521,225)
\$608,755	\$1,383,345	\$2,000,000	\$15,218,081

Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
Budget and Actual (GAAP Basis)  
Real Estate Excise Tax II  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$1,051,525	\$1,270,923	\$219,398	\$1,042,783
Intergovernmental	346,671	112,943	(233,728)	413,107
<b>Total revenues</b>	<u>1,398,196</u>	<u>1,383,866</u>	<u>(14,330)</u>	<u>1,455,890</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	46
Culture and recreation	47,777	116,528	(68,751)	131,425
Capital outlay	910,607	128,438	782,169	431,058
<b>Total expenditures</b>	<u>958,384</u>	<u>244,966</u>	<u>713,418</u>	<u>562,529</u>
Excess (deficiency) of revenues over expenditures	<u>439,812</u>	<u>1,138,900</u>	<u>699,088</u>	<u>893,361</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	745,000	745,000	-
Transfers out	(1,277,000)	(350,022)	926,978	(1,531,142)
<b>Total other financing sources (uses)</b>	<u>(1,277,000)</u>	<u>394,978</u>	<u>1,671,978</u>	<u>(1,531,142)</u>
Net changes in fund balances	<u>(837,188)</u>	<u>1,533,878</u>	<u>2,371,066</u>	<u>(637,781)</u>
Fund balance as of January 1	-	5,670,176	5,670,176	6,307,957
<b>Fund balance as of December 31</b>	<u><u>\$(837,188)</u></u>	<u><u>\$7,204,054</u></u>	<u><u>\$8,041,242</u></u>	<u><u>\$5,670,176</u></u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
Budget and Actual (GAAP Basis)  
Real Estate Excise Tax I  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Taxes	\$1,068,523	\$1,270,923	\$202,400	\$1,042,783
<b>Total revenues</b>	<u>1,068,523</u>	<u>1,270,923</u>	<u>202,400</u>	<u>1,042,783</u>
<b>Expenditures</b>				
Current:				
General government	77,479	8,524	68,955	-
Public safety	-	-	-	49
Physical environment	26,863	11,292	15,571	6,680
Culture and recreation	45,000	41,984	3,016	174
<b>Total expenditures</b>	<u>149,342</u>	<u>61,800</u>	<u>87,542</u>	<u>6,903</u>
Excess (deficiency) of revenues over expenditures	<u>919,181</u>	<u>1,209,123</u>	<u>289,942</u>	<u>1,035,880</u>
<b>Other financing sources (uses)</b>				
Transfers out	(316,317)	(301,291)	15,026	(1,419,977)
<b>Total other financing sources (uses)</b>	<u>(316,317)</u>	<u>(301,291)</u>	<u>15,026</u>	<u>(1,419,977)</u>
Net changes in fund balances	<u>602,864</u>	<u>907,832</u>	<u>304,968</u>	<u>(384,097)</u>
Fund balance as of January 1	-	1,307,630	1,307,630	1,691,727
<b>Fund balance as of December 31</b>	<u>\$602,864</u>	<u>\$2,215,462</u>	<u>\$1,612,598</u>	<u>\$1,307,630</u>

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance  
 Budget and Actual (GAAP Basis)  
 County Parks Improvement  
 Year Ended December 31, 2012  
 (With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Miscellaneous	\$1,000	\$8,655	\$7,655	\$21,141
<b>Total revenues</b>	<u>1,000</u>	<u>8,655</u>	<u>7,655</u>	<u>21,141</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>8,655</u>	<u>7,655</u>	<u>21,141</u>
<b>Other financing sources (uses)</b>				
Transfers out	(141,939)	-	141,939	-
<b>Total other financing sources (uses)</b>	<u>(141,939)</u>	<u>-</u>	<u>141,939</u>	<u>-</u>
Net changes in fund balances	<u>(140,939)</u>	<u>8,655</u>	<u>149,594</u>	<u>21,141</u>
Fund balance as of January 1	-	1,676,210	1,676,210	1,655,069
Prior period adjustments	-	(1,521,225)	(1,521,225)	-
<b>Fund balance as of December 31</b>	<u><u>\$(140,939)</u></u>	<u><u>\$163,640</u></u>	<u><u>\$304,579</u></u>	<u><u>\$1,676,210</u></u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
Budget and Actual (GAAP Basis)  
Civic Center Building Improvement  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Miscellaneous	\$-	\$375	\$375	\$-
<b>Total revenues</b>	<u>-</u>	<u>375</u>	<u>375</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Capital outlay	1,608,698	90,224	1,518,474	-
<b>Total expenditures</b>	<u>1,608,698</u>	<u>90,224</u>	<u>1,518,474</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,608,698)</u>	<u>(89,849)</u>	<u>1,518,849</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfers in	204,662	204,662	-	1,404,036
<b>Total other financing sources (uses)</b>	<u>204,662</u>	<u>204,662</u>	<u>-</u>	<u>1,404,036</u>
Net changes in fund balances	<u>(1,404,036)</u>	<u>114,813</u>	<u>1,518,849</u>	<u>1,404,036</u>
Fund balance as of January 1	-	1,436,247	1,436,247	32,211
<b>Fund balance as of December 31</b>	<u><u>\$(1,404,036)</u></u>	<u><u>\$1,551,060</u></u>	<u><u>\$2,955,096</u></u>	<u><u>\$1,436,247</u></u>

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance  
 Budget and Actual (GAAP Basis)  
 East Whatcom Regional Resource Ctr Construction  
 Year Ended December 31, 2012  
 (With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental revenues	\$-	\$-	\$-	\$2,145,980
Miscellaneous	-	-	-	200
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,146,180</u>
<b>Expenditures</b>				
Current:				
Capital outlay	129,899	47,728	82,171	4,167,390
<b>Total expenditures</b>	<u>129,899</u>	<u>47,728</u>	<u>82,171</u>	<u>4,167,390</u>
Excess (deficiency) of revenues over expenditures	<u>(129,899)</u>	<u>(47,728)</u>	<u>82,171</u>	<u>(2,021,210)</u>
<b>Other financing sources (uses)</b>				
Transfers in	80,000	80,000	-	1,056,834
<b>Total other financing sources (uses)</b>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>1,056,834</u>
Net changes in fund balances	<u>(49,899)</u>	<u>32,272</u>	<u>82,171</u>	<u>(964,376)</u>
Fund balance as of January 1	-	44,506	44,506	1,008,882
<b>Fund balance as of December 31</b>	<u><u>\$(49,899)</u></u>	<u><u>\$76,778</u></u>	<u><u>\$126,677</u></u>	<u><u>\$44,506</u></u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
Budget and Actual (GAAP Basis)  
Yew St. Rd. Construction  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

# Whatcom County

W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental revenues	\$140,000	\$8,155	\$(131,845)	\$37,533
Miscellaneous	-	250	250	-
<b>Total revenues</b>	<u>140,000</u>	<u>8,405</u>	<u>(131,595)</u>	<u>37,533</u>
<b>Expenditures</b>				
Current:				
Capital outlay	305,982	159,400	146,582	72,794
<b>Total expenditures</b>	<u>305,982</u>	<u>159,400</u>	<u>146,582</u>	<u>72,794</u>
Excess (deficiency) of revenues over expenditures	<u>(165,982)</u>	<u>(150,995)</u>	<u>14,987</u>	<u>(35,261)</u>
<b>Other financing sources (uses)</b>				
Transfers out	(745,000)	(745,000)	-	-
<b>Total other financing sources (uses)</b>	<u>(745,000)</u>	<u>(745,000)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(910,982)</u>	<u>(895,995)</u>	<u>14,987</u>	<u>(35,261)</u>
Fund balance as of January 1	-	910,982	910,982	946,243
<b>Fund balance as of December 31</b>	<u>\$(910,982)</u>	<u>\$14,987</u>	<u>\$925,969</u>	<u>\$910,982</u>

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance  
 Budget and Actual (GAAP Basis)  
 Lincoln Rd. Construction  
 Year Ended December 31, 2012  
 (With comparative totals for December 31, 2011)

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Intergovernmental revenues	\$-	\$-	\$-	\$1,961,916
Miscellaneous	-	-	-	325
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,962,241</u>
<b>Expenditures</b>				
Current:				
Capital outlay	758,922	166,490	592,432	2,698,266
<b>Total expenditures</b>	<u>758,922</u>	<u>166,490</u>	<u>592,432</u>	<u>2,698,266</u>
Excess (deficiency) of revenues over expenditures	<u>(758,922)</u>	<u>(166,490)</u>	<u>592,432</u>	<u>(736,025)</u>
Fund balance as of January 1	-	775,245	775,245	1,511,270
<b>Fund balance as of December 31</b>	<u><u>\$(758,922)</u></u>	<u><u>\$608,755</u></u>	<u><u>\$1,367,677</u></u>	<u><u>\$775,245</u></u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
Budget and Actual (GAAP Basis)  
2010 Jail Improvement  
Year Ended December 31, 2012  
(With comparative totals for December 31, 2011)

**Whatcom County**  
W A S H I N G T O N

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Miscellaneous	\$-	\$9,117	\$9,117	\$15,907
<b>Total revenues</b>	<u>-</u>	<u>9,117</u>	<u>9,117</u>	<u>15,907</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	1,443
Capital outlay	3,093,882	1,730,835	1,363,047	22,376
<b>Total expenditures</b>	<u>3,093,882</u>	<u>1,730,835</u>	<u>1,363,047</u>	<u>23,819</u>
Excess (deficiency) of revenues over expenditures	<u>(3,093,882)</u>	<u>(1,721,718)</u>	<u>1,372,164</u>	<u>(7,912)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	104,860
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,860</u>
Net changes in fund balances	<u>(3,093,882)</u>	<u>(1,721,718)</u>	<u>1,372,164</u>	<u>96,948</u>
Fund balance as of January 1	-	3,105,063	3,105,063	3,008,115
<b>Fund balance as of December 31</b>	<u><u>\$(3,093,882)</u></u>	<u><u>\$1,383,345</u></u>	<u><u>\$4,477,227</u></u>	<u><u>\$3,105,063</u></u>

Schedule of Revenues, Expenditures and Changes in  
Fund Balance  
Budget and Actual  
Public Utilities Improvement  
Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes	\$2,943,508	\$2,943,508	\$3,048,640	\$105,132
Miscellaneous	56,830	56,830	57,462	632
<b>Total revenues</b>	<u>3,000,338</u>	<u>3,000,338</u>	<u>3,106,102</u>	<u>105,764</u>
<b>Expenditures</b>				
Current:				
General government	25,000	255,565	166,647	88,918
Capital outlay	827,133	3,072,983	859,398	2,213,585
<b>Total expenditures</b>	<u>852,133</u>	<u>3,328,548</u>	<u>1,026,045</u>	<u>2,302,503</u>
Excess (deficiency) of revenues over expenditures	<u>2,148,205</u>	<u>(328,210)</u>	<u>2,080,057</u>	<u>2,408,267</u>
<b>Other financing sources (uses)</b>				
Transfer out	-	(284,662)	(284,662)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(284,662)</u>	<u>(284,662)</u>	<u>-</u>
Net changes in fund balances	<u>2,148,205</u>	<u>(612,872)</u>	<u>1,795,395</u>	<u>2,408,267</u>
Fund balance as of January 1	-	-	14,610,338	14,610,338
<b>Fund balance as of December 31</b>	<u>\$2,148,205</u>	<u>\$(612,872)</u>	<u>\$16,405,733</u>	<u>\$17,018,605</u>

	Equipment Rental	Administrative Services	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$10,271,843	\$16,682,020	\$26,953,863
Deposits with fiscal agent	-	1,000	1,000
Accounts receivable, net	6,478	8,163	14,641
Due from other funds	54,998	218,556	273,554
Due from other governments	1,563	17,502	19,065
Interfund loan receivable	231,611	-	231,611
Employee advances	-	1,416	1,416
Inventory	1,456,174	33,112	1,489,286
<b>Total current assets</b>	<b>12,022,667</b>	<b>16,961,769</b>	<b>28,984,436</b>
Noncurrent assets			
Interfund loan-long-term	1,907,271	-	1,907,271
Capital assets:			
Land	750,381	-	750,381
Building and structures, net	1,249,860	4,032	1,253,892
Capital leases, net	-	56,873	56,873
Other improvements, net	320,133	-	320,133
Machinery and equipment, net	6,083,382	267,327	6,350,709
Total capital assets, net	8,403,756	328,232	8,731,988
<b>Total noncurrent assets</b>	<b>10,311,027</b>	<b>328,232</b>	<b>10,639,259</b>
<b>Total assets</b>	<b>22,333,694</b>	<b>17,290,001</b>	<b>39,623,695</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	293,574	568,689	862,263
Claims cost payable	-	3,835,832	3,835,832
Due to other funds	449	1,794	2,243
Due to other governments	4,038	17,635	21,673
Compensated absences	166,713	566,078	732,791
<b>Total current liabilities</b>	<b>464,774</b>	<b>4,990,028</b>	<b>5,454,802</b>
Noncurrent liabilities			
Other liabilities	-	308,830	308,830
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>308,830</b>	<b>308,830</b>
<b>Total liabilities</b>	<b>464,774</b>	<b>5,298,858</b>	<b>5,763,632</b>
<b>Net position</b>			
Net investment in capital assets	8,403,756	328,232	8,731,988
Unrestricted	13,465,164	11,662,911	25,128,075
<b>Total net position</b>	<b>\$21,868,920</b>	<b>\$11,991,143</b>	<b>\$33,860,063</b>

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds  
Year Ended December 31, 2012

**Whatcom County**  
W A S H I N G T O N

	Equipment Rental	Administrative Services	Total
<b>Operating Revenue</b>			
Intergovernmental	\$-	\$103,567	\$103,567
Charges for service	4,867,178	8,181,248	13,048,426
Rents and parking	4,885,199	498,837	5,384,036
Fines and forfeits	-	1,225	1,225
Insurance premiums	-	9,575,291	9,575,291
Other miscellaneous revenues	-	37,170	37,170
<b>Total operating revenues</b>	<b>9,752,377</b>	<b>18,397,338</b>	<b>28,149,715</b>
<b>Operating expenses</b>			
General operations	7,777,360	15,795,626	23,572,986
General administration	707,048	-	707,048
Depreciation	1,348,167	232,645	1,580,812
<b>Total operating expenses</b>	<b>9,832,575</b>	<b>16,028,271</b>	<b>25,860,846</b>
<b>Operating income (loss)</b>	<b>(80,198)</b>	<b>2,369,067</b>	<b>2,288,869</b>
<b>Non-operating revenues (expenses)</b>			
Gain (loss) on sale of capital assets	7,561	-	7,561
Interest expense	-	(6,766)	(6,766)
Insurance recoveries	-	69,126	69,126
<b>Total non-operating revenues (expenses)</b>	<b>7,561</b>	<b>62,360</b>	<b>69,921</b>
<b>Income (loss) before contributions and transfers</b>	<b>(72,637)</b>	<b>2,431,427</b>	<b>2,358,790</b>
Capital contributions	241	-	241
Transfers in	-	413,267	413,267
Transfers out	(12,623)	(447,928)	(460,551)
<b>Changes in net position</b>	<b>(85,019)</b>	<b>2,396,766</b>	<b>2,311,747</b>
Total net position-beginning	21,953,939	9,594,377	31,548,316
<b>Total net position-ending</b>	<b>\$21,868,920</b>	<b>\$11,991,143</b>	<b>\$33,860,063</b>

	Equipment Rental	Administrative Services	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$9,935,566	\$18,180,100	\$28,115,666
Cash payments for goods and services	(6,963,721)	(11,093,786)	(18,057,507)
Cash payments to employees	(1,184,114)	(5,201,290)	(6,385,404)
<b>Net cash provided by operating activities</b>	<b>1,787,731</b>	<b>1,885,024</b>	<b>3,672,755</b>
<b>Cash flows from non-capital financing activities:</b>			
Transfers in	-	413,267	413,267
Transfers out	(12,623)	(447,928)	(460,551)
Insurance recoveries	-	69,126	69,126
<b>Net cash provided by non-capital financing activities</b>	<b>(12,623)</b>	<b>34,465</b>	<b>21,842</b>
<b>Cash flows from capital financing activities:</b>			
Interest paid on lease purchase	-	(6,766)	(6,766)
Proceeds from sale of assets	40,938	-	40,938
Payments for capital assets	(852,223)	(128,969)	(981,192)
<b>Net cash used by capital financing activities</b>	<b>(811,285)</b>	<b>(135,735)</b>	<b>(947,020)</b>
Net Increase (decrease) in cash and cash equivalents	963,823	1,783,754	2,747,577
Balances - beginning of the year	9,308,020	14,898,266	24,206,286
Balances - end of the year	\$10,271,843	\$16,682,020	\$26,953,863
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$(80,198)	\$2,369,067	\$2,288,869
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation expense	1,348,167	232,645	1,580,812
Change in assets and liabilities:			
Receivables	183,189	(217,238)	(34,049)
Inventories	191,381	15,896	207,277
Accounts and other payables	146,144	(547,726)	(401,582)
Accrued expenses	(952)	32,380	31,428
<b>Net cash provided by operating activities</b>	<b>\$1,787,731</b>	<b>\$1,885,024</b>	<b>\$3,672,755</b>

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$115,841	\$1,425,704	\$1,541,545
Due from other funds	-	8,041	8,041
Prepayments	-	17,887	17,887
<b>Total current assets</b>	<u>115,841</u>	<u>1,451,632</u>	<u>1,567,473</u>
Noncurrent assets			
Machinery and equipment, net	-	5,166	5,166
<b>Total noncurrent assets</b>	<u>-</u>	<u>5,166</u>	<u>5,166</u>
<b>Total assets</b>	<u>115,841</u>	<u>1,456,798</u>	<u>1,572,639</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	7,629	10,840	18,469
Due to other funds	32	42,686	42,718
Due to other governments	313	3,399	3,712
Compensated absences	24,920	101,876	126,796
<b>Total current liabilities</b>	<u>32,894</u>	<u>158,801</u>	<u>191,695</u>
<b>Total liabilities</b>	<u>32,894</u>	<u>158,801</u>	<u>191,695</u>
<b>Net position</b>			
Net investment in capital assets	-	5,166	5,166
Unrestricted	82,947	1,292,831	1,375,778
<b>Total net position</b>	<u>\$82,947</u>	<u>\$1,297,997</u>	<u>\$1,380,944</u>

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Non-Major Enterprise Funds  
Year Ended December 31, 2012

**Whatcom County**  
W A S H I N G T O N

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
<b>Operating revenues</b>			
Intergovernmental	\$-	\$181,433	\$181,433
Charges for service	-	1,447,131	1,447,131
Other miscellaneous revenues	145,494	6,668	152,162
<b>Total operating revenues</b>	<u>145,494</u>	<u>1,635,232</u>	<u>1,780,726</u>
<b>Operating expenses</b>			
General operations	248,077	2,225,640	2,473,717
General administration	-	258,166	258,166
Depreciation	-	4,219	4,219
<b>Total operating expenses</b>	<u>248,077</u>	<u>2,488,025</u>	<u>2,736,102</u>
<b>Operating income (loss)</b>	<u>(102,583)</u>	<u>(852,793)</u>	<u>(955,376)</u>
Transfers in	-	1,161,914	1,161,914
Transfers out	-	(136,777)	(136,777)
<b>Changes in net position</b>	<u>(102,583)</u>	<u>172,344</u>	<u>69,761</u>
<b>Total net position-beginning</b>	<u>185,530</u>	<u>1,125,653</u>	<u>1,311,183</u>
<b>Total net position-ending</b>	<u>\$82,947</u>	<u>\$1,297,997</u>	<u>\$1,380,944</u>

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$145,494	\$1,626,139	\$1,771,633
Cash payments for goods and services	(63,220)	(1,407,590)	(1,470,810)
Cash payments to employees	(186,649)	(1,053,338)	(1,239,987)
<b>Net cash provided by operating activities</b>	<b>(104,375)</b>	<b>(834,789)</b>	<b>(939,164)</b>
<b>Cash flows from non-capital financing activities:</b>			
Transfers in	-	1,161,913	1,161,913
Transfers out	-	(136,778)	(136,778)
<b>Net cash provided by non-capital financing activities</b>	<b>-</b>	<b>1,025,135</b>	<b>1,025,135</b>
Net increase (decrease) in cash and cash equivalents	(104,375)	190,346	85,971
Balances - beginning of the year	220,216	1,235,358	1,455,574
Balances - end of the year	\$115,841	\$1,425,704	\$1,541,545
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$(102,583)	\$(852,793)	\$(955,376)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation expense	-	4,219	4,219
Change in assets and liabilities:			
Receivables, net	-	(9,093)	(9,093)
Accounts and other payables	(612)	23,093	22,481
Accrued expenses	(1,180)	(215)	(1,395)
<b>Net cash provided by operating activities</b>	<b>\$(104,375)</b>	<b>\$(834,789)</b>	<b>\$(939,164)</b>

	Investment Trust Fund
<b>Assets</b>	
Certificates of deposit and saving accounts	\$6,951,537
Taxable municipal notes	4,457,127
US agency notes	113,453,980
LGIP	7,905,788
Promissory Notes	4,762
<b>Total assets</b>	132,773,194
<b>Net position</b>	
Held in trust for pool participants	132,773,194
<b>Total net position</b>	\$132,773,194

Combining Statement of Changes in Net Position  
Investment Trust Funds  
Year Ended December 31, 2012

	Investment Trust Fund
<b>Additions</b>	
Contributions	\$137,509,830
Net investment earnings (losses)	
Interest	748,777
<b>Total additions</b>	138,258,607
<b>Deductions</b>	
Distributions	147,723,624
Change in net position	(9,465,017)
Net position - January 1, 2012	142,238,211
Net position - December 31, 2012	\$132,773,194

	Cemetery Districts	Drainage, Diking & Flood Control Districts	Park & Recreation Districts	Watershed Management Project Joint Board	Rural Library	Northwest Regional Council
<b>Assets</b>						
Cash and cash equivalents	\$542,244	\$306,951	\$79,473	\$585,457	\$239,524	\$1,143,727
Deposits with fiscal agent	-	-	-	-	-	-
Assets held in trust-external investment pool	1,639,949	150,187	739,971	-	7,978,568	1,527,817
Accounts receivable, net	-	-	-	-	-	-
<b>Total assets</b>	<b>\$2,182,193</b>	<b>\$457,138</b>	<b>\$819,444</b>	<b>\$585,457</b>	<b>\$8,218,092</b>	<b>\$2,671,544</b>
<b>Liabilities</b>						
Warrants payable	\$-	\$-	\$-	\$-	\$-	\$-
Accounts payable	3,718	2,795	9,699	12,644	218,403	7,683
Matured interest payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	(136)
Revenue collected in advance	-	-	-	-	-	-
Custodial accounts	2,178,475	454,343	809,745	572,813	7,999,689	2,663,997
<b>Total liabilities</b>	<b>\$2,182,193</b>	<b>\$457,138</b>	<b>\$819,444</b>	<b>\$585,457</b>	<b>\$8,218,092</b>	<b>\$2,671,544</b>

Council of Government	Hospital Districts	Port	P.U.D. District	Whatcom Transit	School Districts	Watershed Districts	Fire Districts	Water Districts
\$21,154	\$6,028	\$109,828	\$35,387	\$-	\$8,775,812	\$17,911	\$1,029,787	\$898,371
-	-	-	-	-	106,748	-	-	-
159,628	253,176	-	19,471,412	24,703,982	57,238,500	-	15,298,802	3,611,202
-	-	-	-	-	-	-	-	-
<u>\$180,782</u>	<u>\$259,204</u>	<u>\$109,828</u>	<u>\$19,506,799</u>	<u>\$24,703,982</u>	<u>\$66,121,060</u>	<u>\$17,911</u>	<u>\$16,328,589</u>	<u>\$4,509,573</u>
\$-	\$-	\$-	\$-	\$-	\$8,270,499	\$-	\$-	\$-
-	14,632	-	5,084	-	-	-	110,661	116,198
-	-	-	-	-	5,000	-	-	-
-	-	-	4	-	23,271	-	1,668	(52)
-	-	-	-	-	-	-	-	-
<u>180,782</u>	<u>244,572</u>	<u>109,828</u>	<u>19,501,711</u>	<u>24,703,982</u>	<u>57,822,290</u>	<u>17,911</u>	<u>16,216,260</u>	<u>4,393,427</u>
<u>\$180,782</u>	<u>\$259,204</u>	<u>\$109,828</u>	<u>\$19,506,799</u>	<u>\$24,703,982</u>	<u>\$66,121,060</u>	<u>\$17,911</u>	<u>\$16,328,589</u>	<u>\$4,509,573</u>

	Treasurer's Suspense	Inmate Trust Fund	Claims Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$4,148,964	\$71,525	\$2,115,766	\$20,127,909
Deposits with fiscal agent	-	-	-	106,748
Assets held in trust-external investment pool	-	-	-	132,773,194
Accounts receivable, net	1,057	-	-	1,057
<b>Total assets</b>	<b>\$4,150,021</b>	<b>\$71,525</b>	<b>\$2,115,766</b>	<b>\$153,008,908</b>
<b>Liabilities</b>				
Warrants payable	\$-	\$-	\$2,115,766	\$10,386,265
Accounts payable	5	-	-	501,522
Matured interest payable	-	-	-	5,000
Other accrued liabilities	-	-	-	24,755
Revenue collected in advance	250,307	-	-	250,307
Custodial accounts	3,899,709	71,525	-	141,841,059
<b>Total liabilities</b>	<b>\$4,150,021</b>	<b>\$71,525</b>	<b>\$2,115,766</b>	<b>\$153,008,908</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Cemetery Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$570,623	\$818,285	\$846,664	\$542,244
Assets held in trust-external investment pool	1,580,723	149,004	89,778	1,639,949
<b>Total assets</b>	<b>\$2,151,346</b>	<b>\$967,289</b>	<b>\$936,442</b>	<b>\$2,182,193</b>
<b>Liabilities</b>				
Accounts payable	\$4,268	\$413,976	\$414,526	\$3,718
Other accrued liabilities	-	352,684	352,684	-
Custodial accounts	2,147,078	31,397	-	2,178,475
<b>Total liabilities</b>	<b>\$2,151,346</b>	<b>\$798,057</b>	<b>\$767,210</b>	<b>\$2,182,193</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Drainage, Diking and Flood Control Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$242,642	\$186,721	\$122,412	\$306,951
Assets held in trust-external investment pool	160,221	1,103	11,137	150,187
<b>Total assets</b>	<b>\$402,863</b>	<b>\$187,824</b>	<b>\$133,549</b>	<b>\$457,138</b>
<b>Liabilities</b>				
Accounts payable	\$260	\$112,630	\$110,095	\$2,795
Custodial accounts	402,603	51,740	-	454,343
<b>Total liabilities</b>	<b>\$402,863</b>	<b>\$164,370</b>	<b>\$110,095</b>	<b>\$457,138</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Park and Recreation Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$49,797	\$474,555	\$444,879	\$79,473
Assets held in trust-external investment pool	885,214	5,493	150,736	739,971
<b>Total assets</b>	<b>\$935,011</b>	<b>\$480,048</b>	<b>\$595,615</b>	<b>\$819,444</b>
<b>Liabilities</b>				
Accounts payable	\$2,115	\$200,353	\$192,769	\$9,699
Other accrued liabilities	-	59,782	59,782	-
Custodial accounts	932,896	-	123,151	809,745
<b>Total liabilities</b>	<b>\$935,011</b>	<b>\$260,135</b>	<b>\$375,702</b>	<b>\$819,444</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Watershed Management Project Joint Board  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$829,824	\$7,360	\$251,727	\$585,457
<b>Total assets</b>	<u>\$829,824</u>	<u>\$7,360</u>	<u>\$251,727</u>	<u>\$585,457</u>
<b>Liabilities</b>				
Accounts payable	\$-	\$241,025	\$228,381	\$12,644
Custodial accounts	829,824	-	257,011	572,813
<b>Total liabilities</b>	<u>\$829,824</u>	<u>\$241,025</u>	<u>\$485,392</u>	<u>\$585,457</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Rural Library  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$229,925	\$12,680,789	\$12,671,190	\$239,524
Assets held in trust-external investment pool	6,381,744	5,530,815	3,933,991	7,978,568
<b>Total assets</b>	<b>\$6,611,669</b>	<b>\$18,211,604</b>	<b>\$16,605,181</b>	<b>\$8,218,092</b>
<b>Liabilities</b>				
Accounts payable	\$157,472	\$3,033,568	\$2,972,637	\$218,403
Custodial accounts	6,454,197	1,545,492	-	7,999,689
<b>Total liabilities</b>	<b>\$6,611,669</b>	<b>\$4,579,060</b>	<b>\$2,972,637</b>	<b>\$8,218,092</b>

	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$926,399	\$9,632,867	\$9,415,539	\$1,143,727
Assets held in trust-external investment pool	1,519,551	9,616	1,350	1,527,817
<b>Total assets</b>	<b>\$2,445,950</b>	<b>\$9,642,483</b>	<b>\$9,416,889</b>	<b>\$2,671,544</b>
<b>Liabilities</b>				
Accounts payable	\$57,343	\$5,741,005	\$5,790,665	\$7,683
Other accrued liabilities	-	4,719,749	4,719,885	(136)
Custodial accounts	2,388,607	275,390	-	2,663,997
<b>Total liabilities</b>	<b>\$2,445,950</b>	<b>\$10,736,144</b>	<b>\$10,510,550</b>	<b>\$2,671,544</b>

	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$15,997	\$3,297,423	\$3,292,266	\$21,154
Assets held in trust-external investment pool	264,384	1,441,028	1,545,784	159,628
<b>Total assets</b>	<b>\$280,381</b>	<b>\$4,738,451</b>	<b>\$4,838,050</b>	<b>\$180,782</b>
<b>Liabilities</b>				
Accounts payable	\$-	\$1,032,694	\$1,032,694	\$-
Other accrued liabilities	-	1,166,232	1,166,232	-
Custodial accounts	280,381	-	99,599	180,782
<b>Total liabilities</b>	<b>\$280,381</b>	<b>\$2,198,926</b>	<b>\$2,298,525</b>	<b>\$180,782</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Hospital Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$(1,329)	\$421,975	\$414,618	\$6,028
Assets held in trust-external investment pool	252,773	166,609	166,206	253,176
<b>Total assets</b>	<b>\$251,444</b>	<b>\$588,584</b>	<b>\$580,824</b>	<b>\$259,204</b>
<b>Liabilities</b>				
Accounts payable	\$124	\$211,151	\$196,643	\$14,632
Other accrued liabilities	-	32,052	32,052	-
Custodial accounts	251,320	11,033	17,781	244,572
<b>Total liabilities</b>	<b>\$251,444</b>	<b>\$254,236</b>	<b>\$246,476</b>	<b>\$259,204</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Port  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$88,975	\$7,078,753	\$7,057,900	\$109,828
<b>Total assets</b>	\$88,975	\$7,078,753	\$7,057,900	\$109,828
<b>Liabilities</b>				
Custodial accounts	\$88,975	\$20,853	\$-	\$109,828
<b>Total liabilities</b>	\$88,975	\$20,853	\$-	\$109,828

	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$17,825	\$37,959,713	\$37,942,151	\$35,387
Assets held in trust-external investment pool	26,146,540	14,651,523	21,326,651	19,471,412
<b>Total assets</b>	<b>\$26,164,365</b>	<b>\$52,611,236</b>	<b>\$59,268,802</b>	<b>\$19,506,799</b>
<b>Liabilities</b>				
Accounts payable	\$5,630	\$9,482,559	\$9,483,105	\$5,084
Other accrued liabilities	-	2,369,373	2,369,369	4
Custodial accounts	26,158,735	-	6,657,024	19,501,711
<b>Total liabilities</b>	<b>\$26,164,365</b>	<b>\$11,851,932</b>	<b>\$18,509,498</b>	<b>\$19,506,799</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Whatcom Transit  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$-	\$42,365,093	\$42,365,093	\$-
Assets held in trust-external investment pool	19,533,983	23,559,969	18,389,970	24,703,982
<b>Total assets</b>	<u>\$19,533,983</u>	<u>\$65,925,062</u>	<u>\$60,755,063</u>	<u>\$24,703,982</u>
<b>Liabilities</b>				
Custodial accounts	\$19,533,983	\$5,169,999	\$-	\$24,703,982
<b>Total liabilities</b>	<u>\$19,533,983</u>	<u>\$5,169,999</u>	<u>\$-</u>	<u>\$24,703,982</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 School Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$7,086,325	\$385,507,480	\$383,817,993	\$8,775,812
Deposits with fiscal agent	66,825	23,593,233	23,553,310	106,748
Assets held in trust-external investment pool	68,106,448	83,235,001	94,102,949	57,238,500
<b>Total assets</b>	<b>\$75,259,598</b>	<b>\$492,335,714</b>	<b>\$501,474,252</b>	<b>\$66,121,060</b>
<b>Liabilities</b>				
Warrants payable	\$6,655,511	\$143,447,697	\$141,832,709	\$8,270,499
Matured long-term debt	-	16,497,091	16,497,091	-
Matured interest payable	5,000	7,083,091	7,083,091	5,000
Other accrued liabilities	23,271	-	-	23,271
Custodial accounts	68,575,816	132,905,731	143,659,257	57,822,290
<b>Total liabilities</b>	<b>\$75,259,598</b>	<b>\$299,933,610</b>	<b>\$309,072,148</b>	<b>\$66,121,060</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Watershed Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$14,168	\$51,228	\$47,485	\$17,911
<b>Total assets</b>	<b>\$14,168</b>	<b>\$51,228</b>	<b>\$47,485</b>	<b>\$17,911</b>
<b>Liabilities</b>				
Accounts payable	\$2,614	\$44,871	\$47,485	\$-
Custodial accounts	11,554	6,357	-	17,911
<b>Total liabilities</b>	<b>\$14,168</b>	<b>\$51,228</b>	<b>\$47,485</b>	<b>\$17,911</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Fire Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$825,409	\$37,071,727	\$36,867,349	\$1,029,787
Assets held in trust-external investment pool	14,100,624	12,327,725	11,129,547	15,298,802
<b>Total assets</b>	<b>\$14,926,033</b>	<b>\$49,399,452</b>	<b>\$47,996,896</b>	<b>\$16,328,589</b>
<b>Liabilities</b>				
Accounts payable	\$148,486	\$7,380,603	\$7,418,428	\$110,661
Other accrued liabilities	1,534	7,412,712	7,412,578	1,668
Custodial accounts	14,776,013	1,440,247	-	16,216,260
<b>Total liabilities</b>	<b>\$14,926,033</b>	<b>\$16,233,562</b>	<b>\$14,831,006</b>	<b>\$16,328,589</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Water Districts  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$802,117	\$7,493,573	\$7,397,319	\$898,371
Assets held in trust-external investment pool	3,306,006	759,976	454,780	3,611,202
<b>Total assets</b>	<b>\$4,108,123</b>	<b>\$8,253,549</b>	<b>\$7,852,099</b>	<b>\$4,509,573</b>
<b>Liabilities</b>				
Accounts payable	\$128,371	\$4,211,375	\$4,223,548	\$116,198
Other accrued liabilities	-	792,388	792,440	(52)
Custodial accounts	3,979,752	413,675	-	4,393,427
<b>Total liabilities</b>	<b>\$4,108,123</b>	<b>\$5,417,438</b>	<b>\$5,015,988</b>	<b>\$4,509,573</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Treasurer's Suspense  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$3,019,197	\$125,074,737	\$123,944,970	\$4,148,964
Accounts receivable, net	523	653,040	652,506	1,057
<b>Total assets</b>	<b>\$3,019,720</b>	<b>\$125,727,777</b>	<b>\$124,597,476</b>	<b>\$4,150,021</b>
<b>Liabilities</b>				
Accounts Payable	\$-	\$5	\$-	\$5
Revenue collected in advance	110,647	484,822	345,162	250,307
Custodial accounts	2,909,073	12,109,350	11,118,714	3,899,709
<b>Total liabilities</b>	<b>\$3,019,720</b>	<b>\$12,594,177</b>	<b>\$11,463,876</b>	<b>\$4,150,021</b>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Inmate Trust Fund  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$48,149	\$1,426,281	\$1,402,905	\$71,525
<b>Total assets</b>	\$48,149	\$1,426,281	\$1,402,905	\$71,525
<b>Liabilities</b>				
Custodial accounts	\$48,149	\$1,426,281	\$1,402,905	\$71,525
<b>Total liabilities</b>	\$48,149	\$1,426,281	\$1,402,905	\$71,525

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Claims Fund  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$1,607,939	\$203,950,759	\$203,442,932	\$2,115,766
<b>Total assets</b>	\$1,607,939	\$203,950,759	\$203,442,932	\$2,115,766
<b>Liabilities</b>				
Warrants payable	\$1,607,939	\$94,621,651	\$94,113,824	\$2,115,766
<b>Total liabilities</b>	\$1,607,939	\$94,621,651	\$94,113,824	\$2,115,766

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Total Agency Funds  
 For the Year Ended December 31, 2012



	Balance January 1	Additions	Deletions	Balance December 31
<b>Assets</b>				
Cash and cash equivalents	\$16,373,982	\$875,499,319	\$871,745,392	\$20,127,909
Deposits with fiscal agent	66,825	23,593,233	23,553,310	106,748
Assets held in trust-external investment pool	142,238,211	141,837,862	151,302,879	132,773,194
Accounts receivable, net	523	653,040	652,506	1,057
<b>Total assets</b>	<b>\$158,679,541</b>	<b>\$1,041,583,454</b>	<b>\$1,047,254,087</b>	<b>\$153,008,908</b>
<b>Liabilities</b>				
Warrants payable	\$8,263,450	\$238,069,348	\$235,946,533	\$10,386,265
Accounts payable	506,683	32,105,815	32,110,976	501,522
Matured long-term debt	-	16,497,091	16,497,091	-
Matured interest payable	5,000	7,083,091	7,083,091	5,000
Other accrued liabilities	24,805	16,904,972	16,905,022	24,755
Revenue collected in advance	110,647	484,822	345,162	250,307
Custodial accounts	149,768,956	155,407,545	163,335,442	141,841,059
<b>Total liabilities</b>	<b>\$158,679,541</b>	<b>\$466,552,684</b>	<b>\$472,223,317</b>	<b>\$153,008,908</b>

Schedule of Expenditures - Budget and Actual  
 General Fund by Department  
 Year Ended December 31, 2012



	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Expenditures*</b>				
Assessor	\$2,811,792	\$2,881,792	\$2,654,469	\$227,323
Auditor	1,280,960	1,280,960	1,135,687	145,273
County Council	969,228	1,041,400	930,506	110,894
County Executive	603,465	603,465	469,937	133,528
Planning & Development Services	5,195,898	5,164,516	4,524,193	640,323
Treasurer	1,358,505	1,358,505	1,254,675	103,830
Sheriff	13,600,754	14,435,399	13,828,145	607,254
District Court	1,999,966	2,073,394	1,946,501	126,893
District Court Probation	1,709,803	1,709,803	1,451,199	258,604
Hearing Examiner	180,641	180,641	176,998	3,643
Juvenile	4,364,502	4,216,586	3,943,706	272,880
Prosecuting Attorney	5,816,665	5,763,208	5,554,048	209,160
Public Defender	3,409,407	3,417,156	3,222,947	194,209
Superior Court	5,043,289	5,043,289	4,786,182	257,107
Extension	327,018	342,018	326,814	15,204
Non-Departmental	10,927,611	12,423,956	11,025,975	1,397,981
Park	3,672,521	3,736,909	3,266,789	470,120
Health	12,842,544	12,833,262	10,944,418	1,888,844
<b>Total expenditures</b>	<b>\$76,114,569</b>	<b>\$78,506,259</b>	<b>\$71,443,189</b>	<b>\$7,063,070</b>

\* Includes transfers out. Also, expenditures for the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balance are \$281,724 greater due to Special Revenue Funds that are required to be added to the General Fund per GASB 54.

Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (GAAP Basis)  
 LEOFF I Healthcare\*  
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Expenditures</b>				
Current:				
Public safety	450,000	450,000	281,724	168,276
<b>Total expenditures</b>	<u>450,000</u>	<u>450,000</u>	<u>281,724</u>	<u>168,276</u>
Excess (deficiency) of revenues over expenditures	<u>(450,000)</u>	<u>(450,000)</u>	<u>(281,724)</u>	<u>168,276</u>
Fund balance as of January 1	-	-	674,068	674,068
<b>Fund balance as of December 31</b>	<u><u>\$(450,000)</u></u>	<u><u>\$(450,000)</u></u>	<u><u>\$392,344</u></u>	<u><u>\$842,344</u></u>

\* The activities of this fund are reported with the General Fund in the basic financial statements.



## **Statistical Section**

## Contents

### Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance has changed over time.

Schedule 1	Net Position by Component . . . . .	174
Schedule 2	Changes in Net Position . . . . .	176
Schedule 3	Fund Balances, Governmental Funds . . . . .	180
Schedule 4	Changes in Fund Balances, Governmental Funds . . . . .	182

### Revenue Capacity

These schedules contain information intended to assist users in understanding and assessing the factors affecting the County's ability to generate its own-source revenues.

Schedule 5	Assessed Value of Taxable Property . . . . .	184
Schedule 6	Direct and Overlapping Property Tax Rates . . . . .	185
Schedule 7	Principal Property Tax Payers . . . . .	187
Schedule 8	Property Tax Levies and Collections. . . . .	188

### Debt Capacity

These schedules present information intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt.

Schedule 9	Ratio of Outstanding Debt by Type . . . . .	189
Schedule 10	Ratio of General Bonded Debt Outstanding . . . . .	190
Schedule 11	Direct and Overlapping Governmental Activities Debt . . . . .	191
Schedule 12	Legal Debt Margin Information . . . . .	192
Schedule 13	Pledged Revenue Coverage. . . . .	194

### Demographic and Economic Information

These schedules offer demographic and economic indicators to assist users in understanding the socioeconomic environment within which the County operates.

Schedule 14	Demographic and Economic Statistics . . . . .	195
Schedule 15	Principal Employers . . . . .	196

**Operating Information**

These schedules contain service and infrastructure data to assist readers in using financial statement information to understand and assess the County's economic condition.

Schedule 16	Full-Time Equivalent County Government Employees . . . . .	197
Schedule 17	Operating Indicators by Function/Program . . . . .	198
Schedule 18	Capital Asset Statistics by Function/Program . . . . .	200

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Schedule 1

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

Net Position by Component  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Schedule 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$152,741,995	\$154,711,058	\$161,673,277	\$170,627,638	\$177,863,686	\$174,525,706
42,636,125	48,763,237	52,108,715	55,818,803	82,559,994	93,042,965
42,369,254	40,277,750	41,820,506	48,310,008	30,353,275	33,346,775
<u>\$237,747,374</u>	<u>\$243,752,045</u>	<u>\$255,602,498</u>	<u>\$274,756,449</u>	<u>\$290,776,955</u>	<u>\$300,915,446</u>
\$-	\$-	\$11,030	\$13,604	\$9,385	\$5,166
1,118,015	1,281,325	1,065,524	717,027	1,074,308	1,720,740
<u>\$1,118,015</u>	<u>\$1,281,325</u>	<u>\$1,076,554</u>	<u>\$730,631</u>	<u>\$1,083,693</u>	<u>\$1,725,906</u>
\$152,741,995	\$154,711,058	\$161,684,307	\$170,641,242	\$177,873,071	\$174,530,872
42,636,125	48,763,237	52,108,715	55,818,803	82,559,994	93,042,965
43,487,269	41,559,075	42,886,030	49,027,035	31,427,583	35,067,515
<u>\$238,865,389</u>	<u>\$245,033,370</u>	<u>\$256,679,052</u>	<u>\$275,487,080</u>	<u>\$291,860,648</u>	<u>\$302,641,352</u>

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$19,215,312	\$20,640,020	\$23,079,350	\$25,962,056
Public safety	24,030,011	27,370,451	30,495,277	32,987,070
Physical environment	5,897,760	4,241,623	4,735,305	6,834,562
Transportation	19,011,206	20,089,939	21,254,817	20,255,214
Economic environment	1,430,023	1,768,412	2,095,684	1,699,968
Mental and physical health	9,236,054	9,226,067	9,893,505	10,391,837
Culture and recreation	3,800,758	3,737,864	3,918,909	4,127,397
Interest on long-term debt	824,720	635,089	586,099	520,685
<b>Total governmental activities expenses</b>	<b>83,445,844</b>	<b>87,709,465</b>	<b>96,058,946</b>	<b>102,778,789</b>
Business-type activities:				
Whatcom County Investment Pool	192,156	163,494	162,519	166,927
Whatcom County Ferry System	-	-	-	1,853,340
<b>Total business-type activities expense</b>	<b>192,156</b>	<b>163,494</b>	<b>162,519</b>	<b>2,020,267</b>
<b>Total primary government expenses</b>	<b>\$83,638,000</b>	<b>\$87,872,959</b>	<b>\$96,221,465</b>	<b>\$104,799,056</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	\$3,031,848	\$3,364,168	\$4,087,134	\$4,465,927
Public safety	5,745,448	5,411,257	6,318,706	5,438,864
Physical environment	794,036	818,983	836,399	861,816
Transportation	2,310,752	2,266,228	2,386,724	2,086,524
Economic environment	446,854	341,943	515,901	619,536
Mental and physical health	1,830,631	1,971,109	2,092,146	2,200,935
Culture and recreation	340,336	340,494	334,705	357,967
Operating grants and contributions	13,876,354	16,080,469	18,765,699	20,823,563
Capital grants and contributions	5,544,945	5,952,476	7,449,734	8,920,486
<b>Total governmental activities program revenues</b>	<b>33,921,204</b>	<b>36,547,127</b>	<b>42,787,148</b>	<b>45,775,618</b>
Business-type activities:				
Charges for services	194,225	221,635	238,615	1,085,280
<b>Total business-type activities program revenues</b>	<b>194,225</b>	<b>221,635</b>	<b>238,615</b>	<b>1,085,280</b>
<b>Total primary government program revenues</b>	<b>\$34,115,429</b>	<b>\$36,768,762</b>	<b>\$43,025,763</b>	<b>\$46,860,898</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$(49,524,640)	\$(51,162,338)	\$(53,271,798)	\$(57,003,171)
Business-type activities	2,069	58,141	76,096	(934,987)
<b>Total primary government net expense</b>	<b>\$(49,522,571)</b>	<b>\$(51,104,197)</b>	<b>\$(53,195,702)</b>	<b>\$(57,938,158)</b>

Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Schedule 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$28,158,688	\$27,997,779	\$28,168,081	\$28,311,133	\$28,299,947	\$28,215,657
37,224,359	38,232,242	40,222,432	39,655,473	39,647,081	39,547,247
5,347,914	6,186,344	5,837,464	5,879,096	4,906,672	4,858,695
22,278,320	22,798,444	21,018,834	20,425,894	21,759,103	21,548,292
3,124,810	2,850,280	3,238,483	3,202,356	3,461,965	3,864,716
11,434,223	12,120,599	12,533,782	12,554,614	12,908,382	13,889,613
4,477,382	4,629,266	4,471,334	4,341,404	4,081,926	4,494,034
455,019	386,777	349,055	338,326	303,440	232,859
<u>112,500,715</u>	<u>115,201,731</u>	<u>115,839,465</u>	<u>114,708,296</u>	<u>115,368,516</u>	<u>116,651,113</u>
121,904	210,241	231,888	237,051	240,334	246,714
<u>1,878,616</u>	<u>2,122,726</u>	<u>2,610,124</u>	<u>2,703,673</u>	<u>2,489,181</u>	<u>2,370,448</u>
<u>2,000,520</u>	<u>2,332,967</u>	<u>2,842,012</u>	<u>2,940,724</u>	<u>2,729,515</u>	<u>2,617,162</u>
<u>\$114,501,235</u>	<u>\$117,534,698</u>	<u>\$118,681,477</u>	<u>\$117,649,020</u>	<u>\$118,098,031</u>	<u>\$119,268,275</u>
\$4,961,311	\$5,053,605	\$4,943,476	\$4,864,383	\$5,104,591	\$5,071,916
4,493,174	4,792,536	4,304,219	4,255,009	3,623,893	4,045,779
872,539	814,710	765,824	780,925	769,494	776,426
1,927,735	1,783,013	2,898,710	2,821,648	2,687,479	2,671,800
727,247	760,265	1,046,421	1,166,884	1,049,701	1,254,669
2,172,139	2,113,196	2,603,941	2,604,947	2,331,138	2,675,550
375,583	447,164	382,305	334,926	361,225	365,545
18,649,931	20,863,909	22,394,421	25,612,409	26,001,375	22,426,812
<u>6,780,293</u>	<u>5,945,726</u>	<u>11,302,265</u>	<u>10,320,164</u>	<u>8,089,478</u>	<u>6,111,570</u>
<u>40,959,952</u>	<u>42,574,124</u>	<u>50,641,582</u>	<u>52,761,295</u>	<u>50,018,374</u>	<u>45,400,067</u>
1,352,430	1,551,139	1,488,534	1,432,710	1,887,527	1,780,726
<u>1,352,430</u>	<u>1,551,139</u>	<u>1,488,534</u>	<u>1,432,710</u>	<u>1,887,527</u>	<u>1,780,726</u>
<u>\$42,312,382</u>	<u>\$44,125,263</u>	<u>\$52,130,116</u>	<u>\$54,194,005</u>	<u>\$51,905,901</u>	<u>\$47,180,793</u>
\$(71,540,763)	\$(72,627,607)	\$(65,197,883)	\$(61,947,001)	\$(65,350,142)	\$(71,251,046)
(648,090)	(781,828)	(1,353,478)	(1,508,014)	(841,988)	(836,436)
<u>\$(72,188,853)</u>	<u>\$(73,409,435)</u>	<u>\$(66,551,361)</u>	<u>\$(63,455,015)</u>	<u>\$(66,192,130)</u>	<u>\$(72,087,482)</u>

Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	\$32,197,138	\$37,287,454	\$39,217,958	\$40,919,106
Timber taxes	417,291	166,270	165,567	198,732
Retail taxes	10,924,526	11,631,120	14,343,922	19,145,002
Excise taxes	6,250,210	4,222,852	5,363,992	5,266,333
Penalties and interest	1,929,056	1,970,312	2,016,817	1,603,642
Unrestricted investment earnings	2,371,918	2,076,569	3,004,248	4,618,179
Gain/loss on sale of capital assets	1,948,251	1,984,251	1,887,188	1,070,852
Miscellaneous	1,574,142	1,314,903	1,803,649	1,589,307
Transfers	-	-	-	(2,153,572)
<b>Total governmental activities</b>	<b>57,612,532</b>	<b>60,653,731</b>	<b>67,803,341</b>	<b>72,257,581</b>
Business-type activities:				
Transfers	-	-	-	2,153,572
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,153,572</b>
<b>Total primary government</b>	<b>\$57,612,532</b>	<b>\$60,653,731</b>	<b>\$67,803,341</b>	<b>\$74,411,153</b>
<b>Change in Net Assets</b>				
Governmental activities	\$8,087,892	\$9,491,393	\$14,531,543	\$15,254,410
Business-type activities	2,069	58,141	76,096	1,218,585
<b>Total primary government</b>	<b>\$8,089,961</b>	<b>\$9,549,534</b>	<b>\$14,607,639</b>	<b>\$16,472,995</b>

Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Schedule 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$42,763,435	\$44,559,288	\$46,380,334	\$47,208,461	\$47,891,011	\$48,366,671
278,895	329,173	184,659	183,636	354,707	550,876
20,126,476	21,174,687	22,018,138	22,368,270	22,887,516	24,049,680
5,181,286	3,744,369	2,773,961	2,466,037	2,612,122	3,202,538
1,659,701	1,582,257	1,519,426	2,362,264	2,498,709	2,088,649
5,648,889	4,397,348	2,610,935	1,358,391	1,096,735	717,360
406,285	2,041,760	902,804	698,530	1,013,444	1,453,925
1,626,065	1,748,534	1,806,786	2,869,262	1,677,984	2,438,487
(409,126)	(945,138)	(1,148,707)	(1,162,091)	(1,195,050)	(1,025,137)
<u>77,281,906</u>	<u>78,632,278</u>	<u>77,048,336</u>	<u>78,352,760</u>	<u>78,837,178</u>	<u>81,843,049</u>
<u>409,126</u>	<u>945,138</u>	<u>1,148,707</u>	<u>1,162,091</u>	<u>1,195,050</u>	<u>1,025,137</u>
<u>409,126</u>	<u>945,138</u>	<u>1,148,707</u>	<u>1,162,091</u>	<u>1,195,050</u>	<u>1,025,137</u>
<u>\$77,691,032</u>	<u>\$79,577,416</u>	<u>\$78,197,043</u>	<u>\$79,514,851</u>	<u>\$80,032,228</u>	<u>\$82,868,186</u>
\$5,741,143	\$6,004,671	\$11,850,453	\$16,405,759	\$13,487,036	\$10,592,003
(238,964)	163,310	(204,771)	(345,923)	353,062	188,701
<u>\$5,502,179</u>	<u>\$6,167,981</u>	<u>\$11,645,682</u>	<u>\$16,059,836</u>	<u>\$13,840,098</u>	<u>\$10,780,704</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Fund</b>					
Reserved	\$602,066	\$961,837	\$1,533,073	\$1,500,338	\$1,578,146
Unreserved	18,891,088	21,314,448	22,074,170	21,264,377	13,946,987
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total general fund</b>	<b>\$19,493,154</b>	<b>\$22,276,285</b>	<b>\$23,607,243</b>	<b>\$22,764,715</b>	<b>\$15,525,133</b>
<b>All Other Governmental Funds</b>					
Reserved	\$4,969,099	\$4,521,743	\$4,649,640	\$3,555,539	\$11,536,525
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	25,034,534	27,062,122	29,301,974	27,435,371	28,828,111
Capital projects funds	9,193,792	10,481,786	14,534,527	18,986,564	16,861,084
Debt service funds	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$39,197,425</b>	<b>\$42,065,651</b>	<b>\$48,486,141</b>	<b>\$49,977,474</b>	<b>\$57,225,720</b>

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

Fiscal Year				
2008	2009	2010	2011	2012
\$496,119	\$1,905,595	\$349,228	\$-	\$-
10,449,164	5,780,610	8,839,368	-	-
-	-	-	158,781	536,962
-	-	-	10,370,694	10,869,965
<u>\$10,945,283</u>	<u>\$7,686,205</u>	<u>\$9,188,596</u>	<u>\$10,529,475</u>	<u>\$11,406,927</u>
\$7,462,881	\$10,233,116	\$10,092,405	\$-	\$-
-	-	-	85,559,994	94,313,965
-	-	-	418,449	361,694
-	-	-	4,107,225	4,464,983
38,144,944	45,552,152	51,695,565	-	-
19,377,053	17,469,599	21,780,998	-	-
-	-	-	-	-
<u>\$64,984,878</u>	<u>\$73,254,867</u>	<u>\$83,568,968</u>	<u>\$90,085,668</u>	<u>\$99,140,642</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$51,872,132	\$55,452,648	\$61,728,366	\$67,370,343	\$70,107,234
Licenses and permits	2,243,794	2,390,146	2,734,130	2,414,757	2,274,537
Intergovernmental	19,404,333	21,763,095	25,326,753	29,274,897	25,185,457
Charges for services	10,022,119	10,163,856	11,344,374	10,868,913	11,024,720
Fines and forfeits	2,675,698	2,124,567	2,242,373	2,341,077	2,215,230
Miscellaneous	3,864,099	3,388,809	4,874,670	6,255,152	7,252,667
<b>Total Revenues</b>	<b>90,082,175</b>	<b>95,283,121</b>	<b>108,250,666</b>	<b>118,525,139</b>	<b>118,059,845</b>
<b>Expenditures</b>					
General government	18,270,858	19,443,137	21,788,506	23,812,063	24,866,182
Public safety	23,597,879	25,866,906	29,133,971	32,082,423	35,688,892
Physical environment	5,866,598	4,167,394	4,690,061	6,800,424	5,316,908
Transportation	14,371,656	14,761,101	15,371,674	14,265,469	15,626,476
Economic environment	1,424,252	1,758,741	2,112,155	1,686,264	3,106,759
Mental and physical health	9,180,782	9,151,500	9,758,671	10,317,834	11,392,901
Culture and recreation	3,639,514	3,623,601	3,822,326	4,023,630	4,412,479
Capital outlay	5,715,028	10,215,134	12,328,740	20,223,545	13,466,397
Debt service:					
Principal	1,339,612	1,366,817	1,454,054	1,487,667	1,471,877
Interest	761,804	630,680	582,938	513,772	443,708
<b>Total expenditures</b>	<b>84,167,983</b>	<b>90,985,011</b>	<b>101,043,096</b>	<b>115,213,091</b>	<b>115,792,579</b>
Excess of revenues over (under) expenditures	5,914,192	4,298,110	7,207,570	3,312,048	2,267,266
<b>Other Financing Sources (Uses)</b>					
Proceeds of refunding long-term debt	4,535	-	-	-	-
Payments to refunded debt escrow agent	(700,000)	-	-	-	-
Sales of capital assets	1,948,251	1,984,251	1,887,188	1,070,852	406,285
Transfers in	7,024,604	3,282,824	6,308,650	13,664,755	14,419,515
Transfers out	(7,316,157)	(3,913,828)	(7,651,960)	(17,398,850)	(17,084,402)
Insurance recoveries	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-
Proceeds of refunding long-term debt	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>961,233</b>	<b>1,353,247</b>	<b>543,878</b>	<b>(2,663,243)</b>	<b>(2,258,602)</b>
<b>Net change in fund balance</b>	<b>\$6,875,425</b>	<b>\$5,651,357</b>	<b>\$7,751,448</b>	<b>\$648,805</b>	<b>\$8,664</b>
Debt service as a percentage of noncapital expenditures	2.7%	2.5%	2.3%	2.1%	1.9%

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

Fiscal Year				
2008	2009	2010	2011	2012
\$71,604,169	\$73,092,573	\$75,212,285	\$77,746,503	\$79,361,709
2,129,723	2,318,034	2,314,115	2,091,213	2,005,544
26,676,379	33,569,286	35,734,318	33,678,960	28,279,651
11,014,729	11,719,977	11,240,618	10,738,984	11,173,817
2,472,025	1,996,883	2,314,995	2,157,685	2,735,872
6,091,879	3,818,078	3,187,505	2,991,394	3,261,098
<u>119,988,904</u>	<u>126,514,831</u>	<u>130,003,836</u>	<u>129,404,739</u>	<u>126,817,691</u>
26,805,883	26,465,479	26,796,709	26,560,989	26,509,059
36,746,100	39,325,404	39,352,531	38,991,462	39,015,373
6,159,485	5,886,626	5,992,306	4,925,995	4,905,619
16,678,152	15,278,092	14,881,399	15,744,702	16,065,687
2,852,800	3,224,050	3,202,329	3,461,926	3,871,139
12,019,930	12,433,475	12,522,896	12,859,278	13,958,410
4,494,523	4,337,790	4,201,730	4,003,549	4,347,714
8,241,819	13,503,595	13,908,191	13,058,768	7,765,286
1,564,266	1,636,834	4,984,596	1,912,564	945,754
377,370	340,715	343,889	308,415	236,501
<u>115,940,328</u>	<u>122,432,060</u>	<u>126,186,576</u>	<u>121,827,648</u>	<u>117,620,542</u>
4,048,576	4,048,576	4,082,771	7,577,091	9,197,149
-	-	-	-	-
-	-	-	-	-
2,041,760	902,804	698,530	1,013,444	1,453,925
13,070,745	19,572,672	20,336,343	18,045,344	11,417,019
(15,991,306)	(19,547,336)	(20,060,214)	(19,173,253)	(12,394,872)
9,533	-	31,395	-	-
-	-	152,156	24,916	259,205
-	-	6,299,585	-	-
<u>(869,268)</u>	<u>928,140</u>	<u>7,457,795</u>	<u>(89,549)</u>	<u>735,277</u>
<u>\$3,179,308</u>	<u>\$4,976,716</u>	<u>\$11,540,566</u>	<u>\$7,487,542</u>	<u>\$9,932,426</u>
1.8%	1.8%	4.7%	2.0%	1.1%

Assessed Value of Taxable Property  
Last Ten Fiscal Years  
Schedule 5



Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Public Utilities and Water Craft	Total Assessed Value	Total Direct Tax Rate
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
2007	\$21,046,543,035	\$578,359,690	\$574,762,041	\$22,199,664,766	2.85
2008	\$23,082,183,045	\$638,899,035	\$543,741,467	\$24,264,823,547	2.69
2009	\$23,880,773,485	\$679,638,800	\$517,127,911	\$25,077,540,196	2.56
2010	\$22,505,099,007	\$677,339,019	\$546,628,098	\$23,729,066,124	2.54
2011	\$22,308,236,281	\$662,811,967	\$560,527,534	\$23,531,575,782	2.75
2012	\$22,244,515,577	\$675,219,121	\$564,676,305	\$23,484,411,003	2.81

Source: Whatcom County Assessor.

Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
*(rate per \$1,000 of assessed value)*  
 Schedule 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
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
2007	1.119	1.733	0.000	2.852	3.292	1.078	0.342	2.345	2.698
2008	1.061	1.631	0.000	2.692	3.122	1.053	0.325	2.282	2.427
2009	0.991	1.573	0.000	2.564	3.080	1.005	0.306	2.131	2.219
2010	0.995	1.542	0.000	2.537	3.060	1.106	0.296	2.095	2.198
2011	1.086	1.665	0.000	2.751	3.418	1.078	0.297	2.202	2.456
2012	1.110	1.702	0.000	2.812	3.586	1.110	0.289	2.252	2.508

Source: Whatcom County Assessor.

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

<b>Overlapping Rates</b>				
Rural Library	Hospital District	Park & Rec District	Water District	Cemetery Districts
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
0.374	0.489	0.071	0.806	0.066
0.350	0.538	0.082	0.465	0.060
0.339	0.564	0.070	0.440	0.060
0.440	0.583	0.083	0.431	0.060
0.486	0.543	0.073	0.511	0.070
0.500	0.564	0.084	0.514	0.069

Principal Property Tax Payers  
Current Year and Nine Years Ago  
Schedule 7



Taxpayer	2012			2003		
	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 (ARCO)	\$888,697,954	1	3.78%	\$507,641,895	1	3.88%
Phillips 66 Company	452,603,599	2	1.93	111,568,960	3	0.85
Puget Sound Energy/ Electric	258,197,706	3	1.10	253,978,940	2	1.94
Alumet Corp 61%, ET AL	81,336,572	4	0.35	95,256,990	4	0.73
Tenaska Washington Partners LP	58,980,720	5	0.25	64,441,050	6	0.49
Northwest Pipeline Corp	49,151,563	6	0.21			-
Trans Mountain Pipeline	48,444,051	7	0.21			-
Bellis Fair Partners	41,568,969	8	0.18	47,372,780	8	0.36
Cascade Natural Gas	40,907,306	9	0.17			-
BNSF Railway Company	39,283,107	10	0.17			0.00
Sumas Cogeneration Co., LP			-	65,004,125	5	0.50
Frontier Comm. NW (Verizon)			-	47,767,687	7	0.37
Trillium			-	35,028,860	10	0.27
Talbot Real Estate LLC			-	44,020,940	9	0.34
Total	<u>\$1,959,171,547</u>		<u>8.34%</u>	<u>\$1,272,082,227</u>		<u>9.73%</u>

Source: Whatcom County Assessor.

Property Tax Levies and Collections  
Last Ten Fiscal Years  
Schedule 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
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%
2007	\$41,982,591	\$40,855,941	97.32%	\$919,109	\$41,775,050	99.51%
2008	\$44,627,279	\$43,683,039	97.88%	\$872,790	\$44,555,829	99.84%
2009	\$46,463,503	\$45,913,252	98.82%	\$705,064	\$46,618,316	100.33%
2010	\$47,153,892	\$45,685,615	96.89%	\$1,172,306	\$46,857,921	99.37%
2011	\$47,847,922	\$46,776,167	97.76%	\$1,608,502	\$48,384,669	101.12%
2012	\$48,443,499	\$47,404,513	97.86%	\$1,049,012	\$48,453,525	100.02%

Source: Whatcom County Assessor and Whatcom County Treasurer.

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

Fiscal Year	Governmental Activities			Total Primary Government Total	Percentage of Personal Income Percentage	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases			
2003	\$14,075,000	\$282,538	\$416,428	\$14,773,966	0.18%	\$86
2004	\$12,805,000	\$194,482	\$328,397	\$13,327,879	0.20%	\$76
2005	\$11,495,000	\$78,013	\$337,571	\$11,910,584	0.24%	\$67
2006	\$10,115,000	\$-	\$394,926	\$10,509,926	0.28%	\$58
2007	\$8,675,000	\$-	\$418,255	\$9,093,255	0.36%	\$49
2008	\$7,145,000	\$-	\$454,846	\$7,599,846	0.46%	\$40
2009	\$5,545,000	\$-	\$302,541	\$5,847,541	0.61%	\$31
2010	\$6,735,000	\$-	\$387,240	\$7,122,240	0.50%	\$37
2011	\$4,865,000	\$-	\$268,374	\$5,133,374	0.71%	\$26
2012	\$3,965,000	\$-	\$384,412	\$4,349,412	Not Available	\$21

*Note: Details of the County's outstanding debt can be found in the Notes to the Financial Statements.*

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$14,075,000	0.11%	\$81.74
2004	\$12,805,000	0.09%	\$73.38
2005	\$11,495,000	0.07%	\$64.83
2006	\$10,115,000	0.05%	\$55.95
2007	\$8,675,000	0.04%	\$47.07
2008	\$7,145,000	0.03%	\$37.94
2009	\$5,545,000	0.02%	\$29.03
2010	\$6,735,000	0.03%	\$34.88
2011	\$4,865,000	0.02%	\$24.88
2012	\$3,965,000	0.02%	\$19.32

*Note: Details of the County's outstanding debt can be found in the Notes to the Financial Statements.*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Whatcom County	Amount Applicable to Whatcom County
Whatcom County	\$3,965,000	100%	\$3,965,000
<b>Total Direct Bonded Debt</b>	<b>\$3,965,000</b>		<b>\$3,965,000</b>
Fire Districts	\$2,315,000	100%	\$2,315,000
Water Districts	\$894,798	100%	\$894,798
School Districts	\$148,530,027	100%	\$148,530,027
Park Districts	\$540,000	100%	\$540,000
<b>Total Overlapping Bonded Debt</b>	<b>\$152,279,825</b>		<b>\$152,279,825</b>
<b>Total Direct &amp; Overlapping Bonded Debt</b>	<b>\$156,244,825</b>		<b>\$156,244,825</b>

Source: Whatcom County Treasurer.

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt limit	\$196,045,944	\$217,976,649	\$251,111,247	\$304,185,667	\$332,994,971
Total net debt applicable to limit	19,386,417	19,949,864	20,994,212	18,940,844	17,952,035
Legal debt margin	\$176,659,527	\$198,026,785	\$230,117,035	\$285,244,823	\$315,042,936
Total net debt applicable to the limit as a percentage of debt limit	9.89%	9.15%	8.36%	6.23%	5.39%

*Note: The amount of long-term debt that can be incurred by the county is limited by state statute. See Schedule of Limitation of Indebtedness.*

Fiscal Year				
2008	2009	2010	2011	2012
\$363,972,353	\$376,163,103	\$355,935,992	\$352,973,637	\$352,266,165
16,095,405	15,119,442	16,587,403	15,087,827	14,852,077
<u>\$347,876,948</u>	<u>\$361,043,661</u>	<u>\$339,348,589</u>	<u>\$337,885,810</u>	<u>\$337,414,088</u>
4.42%	4.02%	4.66%	4.27%	4.22%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value	23,484,411,003
Debt limit (1.5% of assessed value without a vote)	352,266,165
Debt applicable to limit:	
Outstanding debt	14,855,204
Less: Amounts set aside for repayment of general obligation debt	<u>(3,127.00)</u>
Total net debt applicable to limit	<u>14,852,077</u>
Legal debt margin	<u><u>\$337,414,088</u></u>

Pledged Revenue Coverage  
 Last Ten Fiscal Years  
 Schedule 13



Fiscal Year	Special Assessment Bonds			
	Assessments Collected	Debt Service		Coverage
		Principal	Interest	
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
2007	\$7,952	\$-	\$-	-
2008	\$7,123	\$-	\$-	-
2009	\$-	\$-	\$-	-
2010	\$-	\$-	\$-	-
2011	\$7,283	\$-	\$-	-
2012	\$-	\$-	\$-	-

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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	\$6,163,453	\$32,639	35.36	26,807	4.5%
2007	188,300	\$6,750,225	\$35,004	35.45	26,755	4.2%
2008	191,000	\$7,010,166	\$35,592	35.53	26,787	5.0%
2009	193,100	\$7,111,092	\$35,478	35.65	26,514	8.3%
2010	195,500	\$7,378,285	\$36,596	35.87	26,711	8.8%
2011	202,100	\$7,759,117	\$38,098	36.89	27,161	8.3%
2012	205,262	Not Available	Not Available	36.97	27,375	7.1%

*Source: Population provided by Washington State Office of Financial Management. Personal income and per capita personal income provided by the U.S. Bureau of Economic Analysis. Unemployment rate and median age provided by Economic Development Intelligence System. School enrollment data provided by Education Service District #189.*

Principal Employers  
Current and Nine Years Ago  
Schedule 15



Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Joseph Hospital/Madrona	2,751	1	2.63%	1,800	2	2.11%
Western Washington University	2,196	2	2.10%	1,970	1	2.30%
Bellingham School District	1,278	3	1.22%	1,216	3	1.42%
City of Bellingham	840	4	0.80%	823	6	0.96%
Whatcom County	822	5	0.79%	828	4	0.97%
BP (Cherry Point Refinery)	800	6	0.77%			0.00%
Sodexo Services	726	7	0.69%			
Ferndale School District	685	8	0.66%	685	7	0.80%
Heath Techna	610	9	0.58%			
Bellingham Technical College	560	10	0.54%			
Lummi Tribal Office				650	8	0.76%
Haggen, Inc.				827	5	0.97%
Brown & Cole, Inc				520	10	0.61%
Anvil				560	9	0.66%
Total	<u>11,268</u>		<u>10.78%</u>	<u>9,879</u>		<u>11.56%</u>

Source: Western Washington University.

Full-Time Equivalent County Government Employees  
by Function/Program  
Last Ten Fiscal Years  
Schedule 16

Function/ Program	Full-Time Equivalent Employees as of December 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
Administrative Svcs	60.75	67.45	72.95	77.55	81.75	81.05	78.45	66.85	61.85	61.15
Assessor	30.00	30.00	30.00	30.00	30.00	30.00	30.00	29.00	28.00	28.00
Auditor	19.00	20.00	22.00	22.00	22.00	22.00	21.00	19.00	19.00	19.00
County Council	9.50	9.50	9.50	9.50	10.50	10.50	10.50	9.50	9.50	9.50
County Executive	4.50	4.50	4.50	4.50	4.50	4.50	4.40	4.00	4.00	4.00
District Court Prob.	18.00	18.00	19.00	20.00	19.50	19.50	18.50	15.70	15.70	15.70
District Court	16.00	17.00	18.00	19.00	21.00	21.00	20.00	18.50	18.50	18.50
Prosecuting Attorney	48.60	48.60	52.60	52.60	54.60	54.60	54.60	50.90	50.90	49.90
Public Defender	28.00	28.00	33.50	34.50	36.80	37.80	36.80	32.80	29.80	29.80
Superior Court	33.00	34.70	37.20	41.50	44.50	44.50	43.50	40.20	40.20	40.20
Treasurer	15.50	16.00	16.00	16.00	16.00	16.00	15.00	13.00	13.00	13.00
<b>Public Safety</b>										
Jail	60.00	63.00	88.00	88.50	91.50	91.50	92.50	88.50	86.50	86.50
Juvenile Court Admin	45.00	45.10	45.80	45.80	45.80	46.80	46.80	38.40	38.40	37.40
Planning & Dev't Svcs	49.35	57.00	69.60	72.60	74.60	73.60	67.60	47.00	47.00	45.00
Sheriff	92.00	99.80	101.80	102.20	106.20	108.20	108.70	106.50	108.50	108.50
<b>Transportation</b>										
Public Works	153.00	155.00	155.50	163.70	173.70	176.20	169.70	153.70	155.70	155.70
<b>Economic Environment</b>										
Hearing Examiner	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Mental &amp; Physical Health</b>										
Health	80.10	80.10	80.50	80.70	84.70	90.70	86.70	75.20	73.15	73.15
<b>Culture and Recreation</b>										
Cooperative Extension	2.79	2.52	2.52	2.52	2.52	2.52	2.42	2.52	2.52	2.52
Parks & Recreation	33.55	33.55	33.55	33.55	34.75	34.75	33.75	25.75	23.00	23.00
<b>Total</b>	<b>799.64</b>	<b>830.82</b>	<b>893.52</b>	<b>917.72</b>	<b>955.92</b>	<b>966.72</b>	<b>941.92</b>	<b>838.02</b>	<b>826.22</b>	<b>821.52</b>

Source: Whatcom County Administrative Services.

Function/ Program	2003	2004	2005	2006
<b>General Government</b>				
General Election (1)				
# of Registered Voters	94,753	106,094	102,118	102,819
# of Votes	45,786	91,497	63,716	69,782
% of Reg. Voters Voting	48.3%	86.2%	62.4%	67.9%
Assessor (2)				
Real Property Parcels	102,025	102,261	105,200	108,076
Building Permits Evaluated	4,434	5,276	5,528	5,521
New Single Family Residences	1,916	1,992	2,295	2,487
Judicial (3)				
District Court Infractions	17,810	19,016	18,393	19,837
<b>Public Safety (4)</b>				
# of Fire Inspections	446	540	303	163
# Sheriffs - Commissioned	74.00	77.00	78.00	78.00
# Sheriffs - Civilian	19.00	22.80	23.80	24.20
Calls for Service	28,815	26,930	28,815	28,477
Average Daily Jail Population	240	246	263	290
Building Department				
Permits Applications	1,880	2,022	2,050	1,748
Mechanical/Plumbing	844	800	607	496
<b>Physical Environment (5)</b>				
Flood Permits Issued	115	125	115	50
<b>Transportation (6)</b>				
Roads Oiled	665.38	666.03	667.17	668.53
Roads Asphalt	220.28	226.23	230.75	235.07
Roads Gravel	48.50	41.79	38.99	35.24
Roads Misc	17.90	17.90	17.86	15.69
Ferry Passengers	227,282	230,563	226,933	231,111
Ferry Vehicle Trips	136,441	137,127	133,717	137,366
<b>Culture and Recreation (7)</b>				
Number of Parks	10	11	11	12

(1) Source: Whatcom County Auditor.

(2) Source: Whatcom County Assessor.

(3) Source: Whatcom County District Court.

(4) Source: Whatcom County Sheriff and Planning and Development Departments.

(5) Source: Whatcom County Public Works (River and Flood Divisions).

(6) Source: Whatcom County Public Works.

(7) Source: Whatcom County Parks.

Fiscal Year					
2007	2008	2009	2010	2011	2012
102,458	115,314	114,292	116,581	117,162	125,485
55,059	101,399	61,288	86,993	69,147	104,727
53.7%	87.9%	53.6%	74.6%	59.0%	83.5%
109,013	109,507	110,327	111,567	111,107	111,302
5,821	4,083	5,460	3,186	4,622	2,716
2,592	877	496	151	210	314
21,062	21,253	17,478	19,142	18,206	18,790
336	337	325	253	180	168
82.00	84.00	84.00	85.00	88.00	88.00
24.20	24.20	24.70	20.50	20.50	20.50
29,917	29,499	27,642	27,230	26,632	25,713
262	277	283	275	261	278
1,409	1,142	855	946	739	722
515	420	433	467	461	512
32	17	22	55	91	118
667.15	667.94	663.93	663.55	663.24	661.75
236.11	237.83	233.39	233.94	234.09	235.66
31.74	30.46	30.40	30.40	29.55	29.35
16.04	15.54	15.60	15.60	14.59	14.59
222,604	216,838	207,160	197,980	185,801	182,484
129,552	123,285	119,400	110,405	107,164	109,336
12	20	20	20	17	17

Function/ Program	Fiscal Year			
	2003	2004	2005	2006
<b>Function</b>				
Public Safety (1)				
Sheriff Patrol Units	82.00	82.00	87.50	87.50
Transportation (1)				
Miles of Road	952.06	952.00	954.77	954.54
Traffic Signals	4	4	4	4
Ferry Vessel	1	1	1	1
Fire Protection (2)				
No. of Districts	18	18	17	16
No. of Paid Firemen	51	55	54	58
No. of Volunteer Firemen	599	584	566	529
Culture and Recreation (3)				
Parks - Number	9	10	11	12
Parks - Acres	4,077.77	6,615.69	6,636.69	6,820.35
Senior Centers	8*	8*	8*	8*
Public Schools (4)				
Number of Schools				
Elementary	35	36	35	35
Middle	11	12	11	11
High	10	11	10	10
Alternative or Special	16	12	10	15
Education				
Community Colleges	1	1	1	1
Technical	1	1	1	1

\*Two Senior Centers are County Owned.

(1) Source: Whatcom County Public Works.

(2) Source: Whatcom County Small Taxing Districts.

(3) Source: Whatcom County Parks.

(4) Source: Education Service District #189.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
91.50	93.50	93.5	93.5	93.5	93.5	
951.04	951.77	943.32	943.49	941.47	941.35	
4	3	3	3	3	3	
1	1	1	1	1	1	
16	16	12	12	11	11	
58	58	53	53	45	45	
528	528	448	448	396	396	
12	20	20	20	17	17	
6,894.88	7,030.38	7,030.38	7,030.38	7,109.00	7,109.00	
8*	8*	8*	8*	8*	8*	
35	35	35	36	37	36	
11	11	11	10	11	11	
10	10	11	11	11	11	
17	16	13	13	14	13	
1	1	1	1	1	1	
1	1	1	1	1	1	