



Comprehensive Annual Financial Report

For Fiscal Year Ending
December 31, 2010

Whatcom County
WASHINGTON

Comprehensive Annual Financial Report

Whatcom County Washington

Fiscal Year Ending December 31, 2010



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

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by Perry Rice

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



Pete Kremen
County Executive

September 30, 2011

Citizens of Whatcom County:

We are pleased to submit the Comprehensive Annual Financial Report of Whatcom County for the year ended December 31, 2010, 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 11.

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 2010 is estimated at 195,500.

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 12.0% since 2003. The County’s greatest employment sector is “government.” Employment of Whatcom County’s workforce of approximately 97,250 includes the following sectors:

Agriculture, Forestry, Fishing and Hunting	3.76%
Mining	0.17%
Utilities	0.29%
Construction.....	7.14%
Manufacturing.....	9.76%
Transportation and Warehousing.....	2.35%
Wholesale/Retail Trade.....	15.83%
Professional/Technical Services.....	3.87%
Finance/Insurance/Real Estate.....	3.62%
Management of Companies and Enterprises.....	0.69%
Administrative/Waste Services.....	4.03%
Educational Services	0.90%
Healthcare and Social Assistance	11.92%
Arts, Entertainment and Recreation.....	1.94%
Accommodation and Food Services	9.64%
Government.....	18.07%
Information.....	1.95%
Other Services, except Public Administration.....	4.07%

Source: Office of Financial Management, State of Washington

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 91 buildings on its 212 acre main campus and 169 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 2010 enrollment was 13,809. On-campus student enrollment is estimated to increase by 15 percent over the next decade. As one of the county's largest employers, WWU employs 2,196 full-time faculty and staff.

Retail Trade

Between 2001 and 2010, annual taxable retail sales in Whatcom County grew by \$794 million or a 38% increase. The strong Canadian dollar makes shopping in Whatcom County attractive to residents of British Columbia. Growth in sales tax is expected to slow in the short term, due to a slow down in construction.

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

Bellingham Waterfront Redevelopment

On January 20, 2005, the Port of Bellingham acquired approximately 137 acres of waterfront property previously owned by Georgia Pacific Corporation. 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.

MAJOR INITIATIVES

The following is a summary of major initiatives that will be implemented in the 2009-2010 Biennium.

Water Quality Projects/Stormwater Management

During the 2007-2008 biennium, Whatcom County developed a prioritized countywide water resource project list. The project list was compiled from projects previously approved in several water-related strategic plans (i.e., Water Resource Inventory Plan, Drayton Harbor Shellfish Plan, Shoreline Management Plan). In order to implement projects on the list, the Council proposed and adopted a 4 cent per thousand dollars of assessed valuation Flood Fund tax increase that should generate an additional \$940,000 per year. The Council also proposed and adopted using \$500,000 per year of REET II funding during the 2009-2010 biennium for water quality projects. A new stormwater management fund has been created and is initially being funded by transfers from the Flood Fund with instructions to develop a stormwater utility district to provide permanent funding. The 2009-2010 budget also includes \$300,000 to pursue conveyance to Whatcom County of a substantial amount of Washington State Department of Natural Resources trust land located in the Lake Whatcom Watershed. We will maintain this land as parkland for use of future generations while protecting and preserving a significant amount of the watershed. We

have also received a \$443,000 grant to develop a Birch Bay watershed action plan.

Agriculture

Whatcom County is investing \$110,000 per year in a Conservation Program for Agricultural Lands (CPAL), as well as budgeting \$1.8 million for purchase of development rights and land acquisitions in the Conservation Futures Fund.

Growth Management

The biennial budget includes \$2,350,000 for new parks projects and parks facilities upgrades as envisioned in the Parks comprehensive plan, \$550,000 to review and update Whatcom County's comprehensive plan, the addition of a Critical Areas Ordinance planning position, and \$40,000 for Smart Trips commuter program.

Maintain a Safe, Secure Community

Our county continues to have one of the highest ratios of sworn law enforcement officers to population among comparable Washington State counties. We will continue to fund public safety programs despite reductions in program related revenue. And we will continue to fund alternatives to incarceration, including jail work crews, drug court, and adult probation. A position will be added to the Jail to increase the electronic home monitoring program.

Facilities Investments

In conjunction with projects envisioned in Whatcom County's Capital Improvements Plan (CIP), this budget contains funding for the initial phases of several capital projects. Our proposed budget funds high priority road and flood projects along with capital improvements to the Civic Center building. We will be reducing some lease payments by consolidating many of the Public Works staff into the Civic Center Building. Further, by exercising an option to acquire the Central Plaza Building for use by the Public Defenders Office, we will eliminate monthly lease payments that provide savings to the General Fund Budget. Parks projects include improvements to Bay Horizon, Silver Lake, South Fork, Lighthouse Marine, and Hovander Parks, as well as three trail projects. We will adopt other multi-year facilities and road capital projects in phases as capital project budgets throughout the 2009-2010 biennium.

Productivity Through Technology

Over \$350,000 is budgeted for improvements in technology, which will enhance productivity. This will include automating regional lands records, enabling the Assessor's Office to maintain land records with geographic information systems instead of the current use of pen and mylar. The Administrative Services Finance office will implement electronic timekeeping that will download directly into the payroll system and decrease data entry errors. Installation of an e-mail archiving device will reduce time spent retrieving e-mails in response to public information requests. Enhancements to the jail records management system will decrease data entry time by using bar code scanning and decrease time spent in retrieving paper files. In addition, jail electronic files will also be available to other parts of the law and justice system. Other enhancements include Auditor's maps that will be available on the Internet, and courtroom video recording equipment that will be upgraded and replaced.

Technology Infrastructure

Whatcom County will be spending \$2.9 million to replace its 26 year old Assessor-Treasurer software system. We will also be investing another \$900,000 in various hardware component replacements, improvements and software upgrades to our system i520 and network infrastructure. These systems form the core of our computer systems upon which a myriad of applications are run.

Significant Changes from Prior Biennium

The County's economy is suffering from the effects of the global recession. We are experiencing a sharp downturn in building and development activity. 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 and Whatcom County's cash balances are declining. Interest earnings are projected to be down significantly from the prior biennium. Projected revenues were not sufficient to continue all programs and staff at the 2008 budget levels. Thirty two positions were eliminated in the 2009 – 2010 budget. In addition to the reductions included in the 2009-2010 budget at mid biennium revenues were falling behind projections therefore the administration implemented a budget stabilization plan. The plan transferred reserves to the general fund to allow time for an orderly transition to a lower level of funding. The budget stabilization plan continued a selective hiring freeze to reduce the county's work force through attrition. The budget stabilization plan also included 80 hours of unpaid furlough for most employees over the remainder of the biennium. The county's work force is projected to be down to 836 authorized positions by the end of 2010. This is 131 positions less than 2008 staffing levels.

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.

Distinguished Budget Presentation Award

Whatcom County was awarded GFOA's "Distinguished Budget Presentation Award" for its 2009-2010 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,

A handwritten signature in black ink, reading "Pete Kremen". The signature is written in a cursive style with a long, sweeping underline.

Pete Kremen
County Executive

Elected Officials
as of December 31, 2010

ELECTED OFFICIALS

Executive	Term Ends January, 2012	Pete Kremen
Assessor	Term Ends January, 2012	Keith Willnauer
Auditor	Term Ends January, 2012	Shirley Forslof
Prosecuting Attorney	Term Ends January, 2011	David S. McEachran
Sheriff	Term Ends January, 2012	Bill Elfo
Treasurer	Term Ends January, 2012	Steve Oliver

COUNTY COUNCIL

District No. 1, Position A	Term Ends January, 2014	Kathy Kershner
District No. 1, Position B.	Term Ends January, 2012	Tony Larson
District No. 2, Position A	Term Ends January, 2014	Ken Mann
District No. 2, Position B.	Term Ends January, 2012	Sam Crawford
District No. 3, Position A	Term Ends January, 2014	Carl Weimer
District No. 3, Position B.	Term Ends January, 2012	Barbara Brenner
Councilperson At Large	Term Ends January, 2014	Bill Knutzen

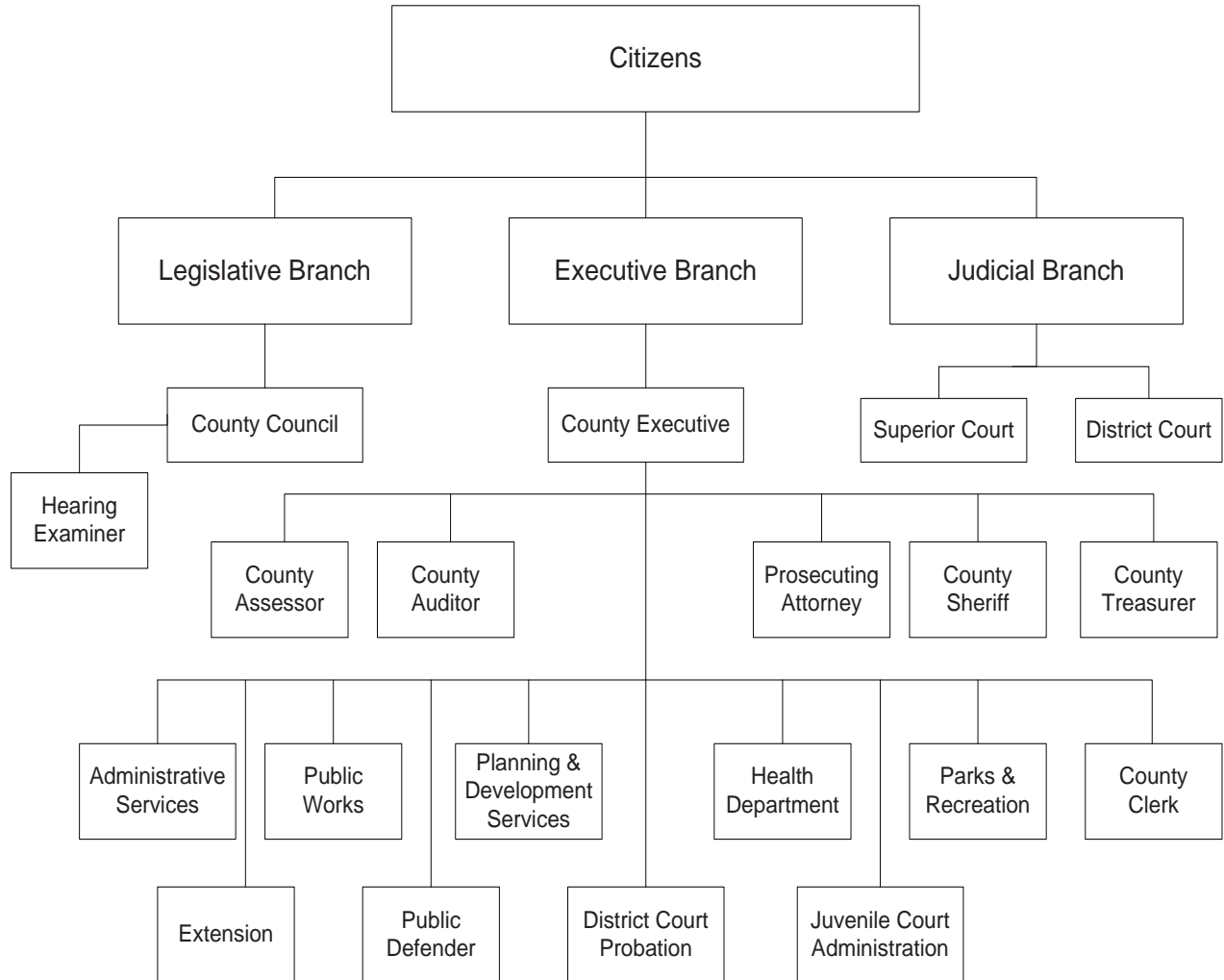
SUPERIOR COURT JUDGES

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

DISTRICT COURT JUDGES

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

Whatcom County Organizational Chart





MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2010

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, 2010. 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 2010, adjustments the administration implemented in 2008 and 2009 to address the financial crisis and economic down turn continue to stabilize the County's financial condition. The recovery is expected to be slow. Unemployment remains high and building activity is weak.

Expenditures on governmental activities decreased \$1.0 million dollars or 1.0% between 2009 and 2010.

Whatcom County decreased the number of employees from 935 in 2009, to 838 in 2010.

The unreserved fund balance for the General Fund was \$9.0 million at the close of 2010 or 12.0% of total General Fund expenditures.

The total value of taxable property increased \$812 million or 3.3% from 2009 to 2010.

Whatcom County's total assets exceeded liabilities (net assets) by \$275,487,080 as compared to \$256,679,052 in 2009 (7.3% increase). 17.8% of net assets or \$49,027,035 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 assets are discussed later within this management's discussion and analysis.

Whatcom County's total net assets increased by \$16,059,836. Capital assets net of related debt increased by \$9.0 million, restricted net assets increased \$3.7 million, and unrestricted net assets increase \$6.1 million. The increase in unrestricted net assets was primarily due to an increase in Road Fund net assets.

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 Assets presents information on all the County’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, this is just one indicator of financial health of the County. Other indicators include the condition of the County’s capital assets (roads, 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

Assets and the Statement of Activities. In fact, the County’s enterprise funds (one type of proprietary fund) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other type of proprietary fund), such as the County’s Administrative Services Fund, to report activities that provide supplies and services to the County’s other programs and activities.

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

Government-wide Financial Analysis

The following table reflects a condensed Statement of Net Assets.

Table MDA1 - Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$127,269,454	\$113,479,366	\$880,720	\$1,240,751	\$128,150,174	\$114,720,117
Capital assets	174,749,879	167,520,818	13,604	11,030	174,763,483	167,531,848
Total assets	302,019,333	281,000,184	894,324	1,251,781	302,913,657	282,251,965
Long-term debt	20,477,389	18,948,292	130,295	117,587	20,607,684	19,065,879
Other liabilities	6,785,495	6,449,394	33,398	57,640	6,818,893	6,507,034
Total liabilities	27,262,884	25,397,686	163,693	175,227	27,426,577	25,572,913
Net assets:						
Invested in capital, net of debt	170,627,638	161,673,277	13,604	11,030	170,641,242	161,684,307
Restricted	55,818,803	52,108,715	-	-	55,818,803	52,108,715
Unrestricted	48,310,008	41,820,506	717,027	1,065,524	49,027,035	42,886,030
Total net assets	\$274,756,449	\$255,602,498	\$730,631	\$1,076,554	\$275,487,080	\$256,679,052

For more detailed information see page 21 for the Statement of Net Assets.

Net assets may serve over time as a useful indicator of a government’s financial position. Whatcom County’s assets exceeded liabilities by \$275,487,080 at the close of the most recent fiscal year. The largest portion of Whatcom County’s net assets (62%) reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. Whatcom County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Whatcom County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves

cannot be used to liquidate these liabilities.

Restricted net assets total \$55,818,803 or 20% of net assets. Restricted net assets are subject to external restrictions on how they may be used. The remaining balance of net assets, unrestricted net assets (\$49,027,035) may be used to meet the government's ongoing obligations to citizens and creditors.

For 2010, net assets invested in capital assets, net of debt increased net assets by \$9.0 million. Whatcom County spent \$5.4 million (including \$3.9 million in donations) to purchase the Lily Point property at Point Roberts, \$659,053 for properties along the Nooksack River, \$6.4 million on infrastructure and \$2.4 million on vehicles and road maintenance equipment, \$2.2 million on building improvements. Principal payments reduced debt related to capital assets by \$1.8 million. Depreciation expense decreased net assets by \$10.0 million.

Restricted net assets increased \$3.7 million. These increases resulted from revenues exceeding expenditures in restricted funds. Net assets increased \$1.8 million in the Chemical Dependency/Mental Health Sales Tax Fund, \$1.5 million in the Parks Improvement Fund, and \$1.1 million in the Public Utilities Improvement Fund. Conservation Futures Fund, Real Estate Excise Tax I Fund and Real Estate Excise Tax II Fund decreased as a result of investments in capital assets.

Unrestricted net assets increased \$6.1 million. The majority of the increase was the Road Fund which increased \$4.0 million. The General Fund and the Lincoln Road Construction Fund (established by a Road Fund transfer) each increased by \$1.5 million. The LEOFF I Healthcare Fund decreased \$1.0 million.

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

Table MDA2 - Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenue:						
Charges for services	\$16,828,722	\$16,944,896	\$1,432,710	\$1,488,534	\$18,261,432	\$18,433,430
Operating grants & contributions	25,612,409	22,394,421	-	-	25,612,409	22,394,421
Capital grants & contributions	10,320,164	11,302,265	-	-	10,320,164	11,302,265
General revenue:						
Property taxes	47,208,461	46,380,334	-	-	47,208,461	46,380,334
Timber taxes	183,636	184,659	-	-	183,636	184,659
Retail taxes	22,368,270	22,018,138	-	-	22,368,270	22,018,138
Excise taxes	2,466,037	2,773,961	-	-	2,466,037	2,773,961
Penalties and interest	2,362,264	1,519,426	-	-	2,362,264	1,519,426
Other	4,926,183	5,320,525	-	-	4,926,183	5,320,525
Total revenues	132,276,146	128,838,625	1,432,710	1,488,534	133,708,856	130,327,159
Expenses						
General government	28,311,133	28,168,081	-	-	28,311,133	28,168,081
Public safety	39,655,473	40,222,432	-	-	39,655,473	40,222,432
Physical environment	5,879,096	5,837,464	-	-	5,879,096	5,837,464
Transportation	20,425,894	21,018,834	-	-	20,425,894	21,018,834
Economic environment	3,202,356	3,238,483	-	-	3,202,356	3,238,483
Mental and physical health	12,554,614	12,533,782	-	-	12,554,614	12,533,782
Culture and recreation	4,341,404	4,471,334	-	-	4,341,404	4,471,334
Interest on long-term debt	338,326	349,055	-	-	338,326	349,055
Whatcom Co. Investment Pool	-	-	237,051	231,888	237,051	231,888
Ferry System	-	-	2,703,673	2,610,124	2,703,673	2,610,124
Total expenses	114,708,296	115,839,465	2,940,724	2,842,012	117,649,020	118,681,477
Change in net assets before transfers	17,567,850	12,999,160	(1,508,014)	(1,353,478)	16,059,836	11,645,682
Transfers	(1,162,091)	(1,148,707)	1,162,091	1,148,707	-	-
Change in net assets	16,405,759	11,850,453	(345,923)	(204,771)	16,059,836	11,645,682
Net assets-beginning	255,602,498	243,752,045	1,076,554	1,281,325	256,679,052	245,033,370
Prior period adjustment	2,748,192	-	-	-	2,748,192	-
Net assets-beginning (restated)	258,350,690	243,752,045	1,076,554	1,281,325	259,427,244	245,033,370
Net assets-ending	\$274,756,449	\$255,602,498	\$730,631	\$1,076,554	\$275,487,080	\$256,679,052

For more detailed information see page 22 for the Statement of Activities.

Governmental activities increased Whatcom County's net assets by \$16,405,759, thereby accounting for all of the growth in the net assets of Whatcom County. Business-type activities net assets decreased \$345,923. The decrease is primarily the result of operating losses from ferry operations.

Property tax revenue is \$828,127 greater than last year, due to \$320 million of new construction added to the tax rolls and a \$543,000 increase in the General Fund property tax levy. The General Fund tax levy increase was off set by a \$543,000 decrease in the Conservation Futures Fund property tax levy. Sales tax revenue is up \$350,132 as a result of the first full year collections of the Chemical Dependency / Mental Health Sales Tax that was implemented mid year 2009. Chemical Dependency / Mental Health Sales Tax was \$624,468 greater than last year. Other sales tax revenues were down an average of 1.4% from 2009. Excise taxes are down \$307,924 from 2009. Penalties and interest are higher than 2009 by \$842,838. This is the result of unanticipated payments from a large commercial landowner and a local mortgage company.

Interest income is \$1.3 million less than 2009 due to lower investment interest rates.

Operating grants and contributions increased \$3.6 million or (16.0%) during 2010. Whatcom County received a \$1.5 million grant for the Lily Point property acquisition. \$577,770 was received for the construction of the East Whatcom Regional Resource Center and grant revenue for flood control projects was \$719,433 greater than 2009.

Capital grants and contributions are down \$982,101 from 2009. In 2009, Whatcom County declared flood and snow disasters and received \$903,195 in disaster grants from the Department of Homeland Security.

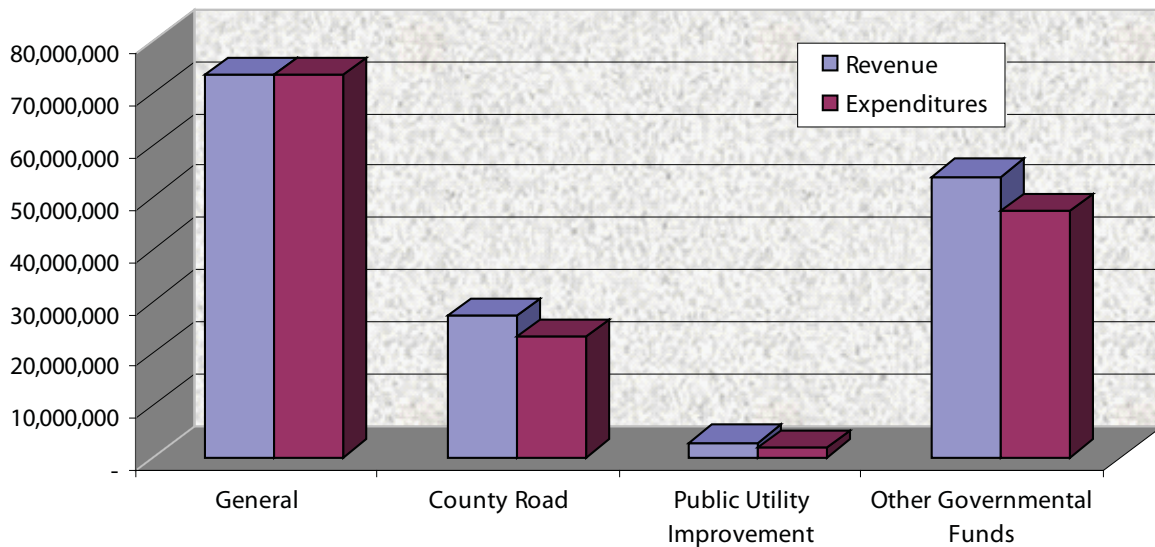
Financial Analysis of the County's Funds

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 49% of total governmental fund assets and 46% of total governmental fund balance.

As of December 31, 2010, the County's governmental funds reported combined fund balances of \$93 million. Of the total amount, nearly \$83 million or 89% is unreserved and available for spending within designated funds. Reserved fund balance of \$10 million is not available for new spending because it has already been committed to encumbrances, long-term loans, and debt service.

The chart below compares revenues and expenditures for the major governmental funds and all other governmental funds combined for 2010.

Table MDA3 - Governmental Fund Revenues and Expenditures



In the General Fund, the budgeted decrease in fund balance was \$7.7 million. The actual fund balance increased \$1.5 million. Since the current economic recession resulted in reduced revenue to the County, the administration took action. The County reduced expenditures in response to declining revenues and negotiated a 40 hour unpaid furlough for most employees. The County reduced its workforce through attrition. The County also transferred \$2.1 million in one-time resources available in other funds into the General Fund.

In 2009, the Washington State Auditor’s office required the County to allocate interest income from the General Fund to various restricted funds. In November 2010, the Washington State Attorney General’s Office issued an opinion that reversed the Washington State Auditor’s Office position regarding the allocation of interest income. In 2010, a prior period adjustment was made in the General Fund that increased the fund balance by \$1.5 million. (The prior period adjustment is not reflected in the above table.)

For 2010, intergovernmental revenue for county road construction projects is down \$3.0 million from 2009 and capital outlays for construction projects are down \$4.3 million from 2009.

In 2010, the fund balance for the Public Utilities Improvement Fund increased \$1.1 million. Rural county sales taxes revenues exceeded expenditures for capital projects.

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, 2010.

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

	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$40,407,554	\$39,052,054	\$39,539,733
Intergovernmental	14,758,318	17,123,363	15,587,895
Other	16,999,044	14,140,551	12,936,002
Total revenues	<u>72,164,916</u>	<u>70,315,968</u>	<u>68,063,630</u>
Expenditures:			
Expenditures	75,580,509	76,729,215	67,264,336
Other financing sources (uses)	(1,906,451)	(1,295,983)	(792,909)
Total expenditures	<u>77,486,960</u>	<u>78,025,198</u>	<u>68,057,245</u>
Change to fund balance	<u><u>\$(5,322,044)</u></u>	<u><u>\$(7,709,230)</u></u>	<u><u>\$6,385</u></u>

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 \$487,679. Interest and penalty tax collections are \$883,590 over budget. This is primarily the result of unanticipated payments from a large commercial landowner and a local mortgage company. Sales tax is less than budgeted revenue by \$601,073 due to declines in retail sales and reduced construction activity.

Intergovernmental revenues. Intergovernmental revenue received is \$1.5 million less than budgeted revenue. The County was awarded two federal block grants that totaled \$1.0 million. These are pass-through grants with the Opportunity Council and Kulshan Community Land Trust. Of the \$1.0 million budgeted, only \$35,625 of revenue was received in 2010.

Other. Other revenues are \$1.2 million less than budgeted amounts. Interest earnings totaled \$1.2 million and are \$772,927 less than budgeted revenue. This is a result of declining interest rates.

Expenditures. Overall expenditures for the General Fund are 88% of the approved budget at year-end. Continuing appropriations will carry over \$208,783 of spending authority into 2011 to complete contract obligations that span fiscal reporting periods.

Capital Assets

The County's capital assets for its governmental activities as of December 31, 2010, totaled \$175 million (net of accumulated depreciation). This includes land, buildings, improvements, machinery and equipment, and infrastructure.

New investment in capital assets for 2010 was \$17.5 million. Depreciation expense in 2010 totaled \$10.3 million, resulting in \$7.2 million increase in net assets.

The County invested \$6.4 million in infrastructure, which includes roads, bridges and road-related improvements.

Land purchases totaled \$6.5 million. Whatcom County purchased the Lily Point property at Pt. Roberts for \$5.4 million (including \$3.9 million in donations), and using a grant from the Washington State Military Department, the County purchased flood prone properties along the Nooksack River for \$659,053. The County invested \$1.0 million to remodel the Civic Center building.

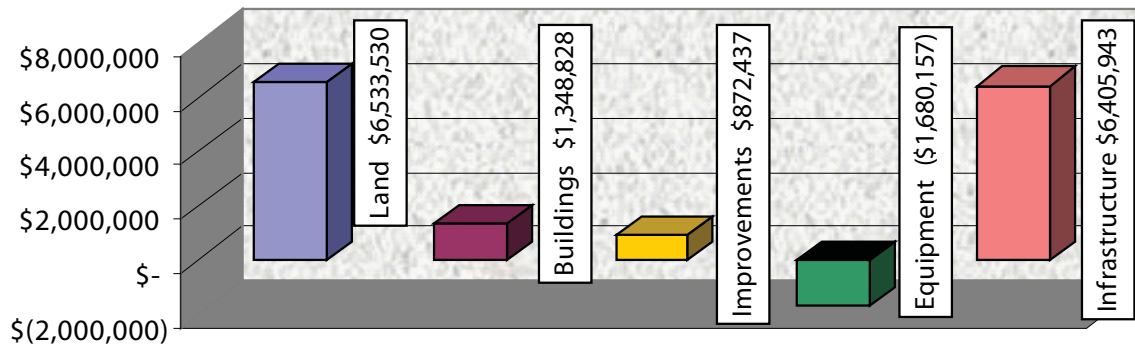
Improvements totaled \$666,527 and included cooling system upgrades for the courthouse computer room, storm water improvements to Lahti Drive, upgrades to the Sheriff's compound at Pt. Roberts and improvements to various parks. The County's investment in new equipment, including vehicles and road maintenance equipment, increased capital assets by \$2.4 million.

Table MDA5 - Capital Assets

	Governmental Activities	
	2010	2009
Land	\$42,122,870	\$35,589,340
Buildings	44,918,621	44,945,010
Improvements	3,094,283	2,459,217
Equipment	10,802,719	10,922,006
Infrastructure	73,811,385	73,605,248
Totals	\$174,749,878	\$167,520,821

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

Table MDA6 - Change in Capital Assets



Debt Administration

At year-end, the County had \$20,477,389 in outstanding debt compared to \$18,948,292 last year. The increase of \$1.5 million is related primarily to new general obligation debt. The County's outstanding general obligation debt totaled \$6.9 million at the end of 2010. The County issued new general obligation bonds in the amount of \$6,135,000. Approximately half of the bonds issued will be used to fund improvements to the County's jail. The balance of the new bonds was used to refund existing County debt to take advantage of lower interest rates.

Table MDA7 - Outstanding Debt

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$6,943,110	\$5,571,882
Capital Leases	387,240	302,541
Estimated Self-Insurance Claims	4,108,863	4,320,149
Other Postemployment Benefits Payable	1,181,688	1,158,357
Compensated Absences	7,481,618	7,180,897
Other Long-term Liabilities	374,870	414,466
	<u>\$20,477,389</u>	<u>\$18,948,292</u>

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

Economic Factors and Next Year's Budgets and Rates

For the last few years, the local economy of Whatcom County has been suffering from the effects of the global recession. Retail sales have consistently grown over recent years, averaging approximately 6.03% annual growth. In 2009, retail sales were down 9.5% but are starting to recover in 2010. Retail sales are up 1.6%. Unemployment in Whatcom County decreased from 10.1% in January 2010 to 8.2% in December 2010. The population of Whatcom County has grown at an average rate of 1.58% during the past five years. Per capita income of Whatcom County had been growing in recent years at approximately 6.3%; however, in 2009 per capita income decreased 2.2%. Whatcom County is a very desirable place to live. This is reflected in the assessed valuations of property, which grew at an average rate of approximately 3.0% in 2010.

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		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$93,914,227	\$879,441	\$94,793,668
Cash with fiscal agent	249,757	-	249,757
Investments	14,449,224	-	14,449,224
Receivables, net	3,614,363	184,806	3,799,169
Receivables-court, net	1,140,218	-	1,140,218
Due from other governments	11,827,785	-	11,827,785
Internal balances	183,527	(183,527)	-
Inventories	1,890,353	-	1,890,353
Capital assets:			
Non-depreciable	42,122,871	-	42,122,871
Depreciable, net	132,627,008	13,604	132,640,612
Total assets	302,019,333	894,324	302,913,657
Liabilities			
Accounts payable and accrued expenses	4,616,728	30,075	4,646,803
Due to other governments	422,867	3,323	426,190
Unearned revenue	1,745,900	-	1,745,900
Noncurrent liabilities (Note 8):			
Due within one year	12,553,411	86,879	12,640,290
Due in more than one year	7,923,978	43,416	7,967,394
Total liabilities	27,262,884	163,693	27,426,577
Net Assets			
Invested in capital assets, net of related debt	170,627,638	13,604	170,641,242
Restricted for:			
General government	952,130	-	952,130
Public safety	8,166,991	-	8,166,991
Physical environment	12,437,137	-	12,437,137
Transportation	446,796	-	446,796
Economic environment	3,177,950	-	3,177,950
Mental and physical health	3,971,435	-	3,971,435
Culture and recreation	1,019,132	-	1,019,132
Debt service	150,944	-	150,944
Capital projects	25,496,288	-	25,496,288
Unrestricted (deficit)	48,310,008	717,027	49,027,035
Total net assets	\$274,756,449	\$730,631	\$275,487,080

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

Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets - Primary Government			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
Functions/ Programs							
Primary government:							
Governmental activities:							
General government	\$28,311,133	\$4,864,383	\$7,980,955	\$-	\$(15,465,795)	\$-	\$(15,465,795)
Public safety	39,655,473	4,255,009	6,088,291	-	(29,312,173)	-	(29,312,173)
Physical environment	5,879,096	780,925	2,027,367	-	(3,070,804)	-	(3,070,804)
Transportation	20,425,894	2,821,648	-	10,320,164	(7,284,082)	-	(7,284,082)
Economic environment	3,202,356	1,166,884	667,520	-	(1,367,952)	-	(1,367,952)
Mental and physical health	12,554,614	2,604,947	7,301,225	-	(2,648,442)	-	(2,648,442)
Culture and recreation	4,341,404	334,926	1,547,051	-	(2,459,427)	-	(2,459,427)
Interest on long-term debt	338,326	-	-	-	(338,326)	-	(338,326)
Total government activities	114,708,296	16,828,722	25,612,409	10,320,164	(61,947,001)	-	(61,947,001)
Business-type activities:							
Whatcom Co Investment Pool	237,051	283,030	-	-	45,979	-	45,979
Ferry System	2,703,673	1,149,680	-	-	(1,553,993)	-	(1,553,993)
Total Business-Type Activities	2,940,724	1,432,710	-	-	(1,508,014)	-	(1,508,014)
Total primary government	\$117,649,020	\$18,261,432	\$25,612,409	\$10,320,164	(61,947,001)	(1,508,014)	(63,455,015)
General Revenues:							
Taxes:							
Property taxes				47,208,461	-		47,208,461
Timber taxes				183,636	-		183,636
Retail taxes				22,368,270	-		22,368,270
Excise taxes				2,466,037	-		2,466,037
Penalties and interest				2,362,264	-		2,362,264
Unrestricted investment earnings				1,358,391	-		1,358,391
Gain/loss on sale of capital assets				698,530	-		698,530
Miscellaneous				2,869,262	-		2,869,262
Transfers				(1,162,091)	1,162,091		-
Total general revenues & transfers				78,352,760	1,162,091		79,514,851
Change in net assets				16,405,759	(345,923)		16,059,836
Net assets-beginning				255,602,498	1,076,554		256,679,052
Prior period adjustment				2,748,192	-		2,748,192
Net assets-beginning (restated)				258,350,690	1,076,554		259,427,244
Net assets-ending				\$274,756,449	\$730,631		\$275,487,080

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

	General	County Road	Public Utilities Improvement	Other Gov't'l Funds	Total Gov't'l Funds
Assets					
Cash and cash equivalents	\$10,485,880	\$17,863,727	\$11,118,023	\$33,523,404	\$72,991,034
Deposits with fiscal agent	249,757	-	-	-	249,757
Investments at cost	-	-	-	14,449,224	14,449,224
Taxes receivable, net	1,238,863	902,435	-	253,125	2,394,423
Accounts receivable, net	458,911	33,364	-	240,735	733,010
Accounts receivable-court, net	963,115	-	-	177,103	1,140,218
Special assessments, net	-	-	-	93,948	93,948
Interest receivable, net	88,550	-	-	12,096	100,646
Notes receivable, net	3,958	-	-	83,735	87,693
Due from other funds	539,634	71,304	-	1,241,915	1,852,853
Interfund loan receivable	17,730	-	-	-	17,730
Due from other governments	2,736,723	1,718,069	4,086,828	3,173,457	11,715,077
Employee advances	1,156	1,333	-	-	2,489
Prepayments	-	-	-	738,357	738,357
Total assets	\$16,784,277	\$20,590,232	\$15,204,851	\$53,987,099	\$106,566,459
Liabilities and fund balance					
Liabilities					
Accounts payable	\$1,537,533	\$348,172	\$180,341	\$1,542,510	\$3,608,556
Due to other funds	331,972	198,320	231,937	1,478,666	2,240,895
Interfund loans payable	2,500,000	-	-	17,730	2,517,730
Revenue collected in advance	55,757	1,364	-	-	57,121
Due to other governments	339,480	31,100	246	25,090	395,916
Other accrued liabilities	88,245	114,832	-	1,053	204,130
Custodial accounts	-	-	-	34,104	34,104
Other current liabilities	9,650	26,259	-	-	35,909
Deferred revenue	2,693,033	935,328	-	617,326	4,245,687
Deferred credits	40,011	60,452	-	27	100,490
Total liabilities	7,595,681	1,715,827	412,524	3,716,506	13,440,538
Fund balances					
Reserved for:					
Encumbrances	208,783	221,908	1,249,268	4,366,465	6,046,424
Boating reserve	140,445	-	-	-	140,445
Noncurrent loans	-	-	4,086,828	-	4,086,828
Debt service	-	-	-	167,936	167,936
Unreserved	8,839,368	18,652,497	9,456,231	-	36,948,096
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	33,411,425	33,411,425
Capital projects funds	-	-	-	12,324,767	12,324,767
Total fund balance	9,188,596	18,874,405	14,792,327	50,270,593	93,125,921
Total liabilities and fund balance	\$16,784,277	\$20,590,232	\$15,204,851	\$53,987,099	\$106,566,459

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

Reconciliation of the Governmental Funds
Balance Sheet
to the Statement of Net Assets
December 31, 2010

Fund balance - total governmental funds	\$93,125,921
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	163,972,435
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	30,623,798
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	2,471,764
Liabilities, including \$7,461,603 of bonds/ loans payable, \$6,794,178 of compensated absences and \$1,181,688 of other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,437,469)</u>
Net assets of governmental activities	<u>\$274,756,449</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, 2010

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

	General	County Road	Public Utilities Improvement	Other Govt'l Funds	Total Govt'l Funds
Revenues					
Taxes	\$39,539,733	\$16,400,899	\$2,768,821	\$16,502,832	\$75,212,285
Licenses and permits	2,196,297	117,818	-	-	2,314,115
Intergovernmental	15,587,895	8,319,653	-	11,459,271	35,366,819
Charges for service	6,510,452	1,239,976	-	3,490,190	11,240,618
Fines and forfeits	1,810,630	-	-	504,365	2,314,995
Miscellaneous	2,418,623	58,377	65,085	645,420	3,187,505
Total revenues	68,063,630	26,136,723	2,833,906	32,602,078	129,636,337
Expenditures					
Current:					
General government	24,760,311	440,980	25,000	1,570,418	26,796,709
Public safety	23,917,640	-	-	15,434,891	39,352,531
Physical environment	549,885	-	-	5,442,421	5,992,306
Transportation	-	14,851,499	-	29,900	14,881,399
Economic environment	1,298,235	-	-	1,904,094	3,202,329
Mental and physical health	11,559,835	-	-	963,061	12,522,896
Culture and recreation	3,692,621	-	-	509,109	4,201,730
Capital outlay	1,402,588	4,572,220	558,075	6,639,452	13,172,335
Debt service:					
Principal	39,596	-	-	4,945,000	4,984,596
Interest	43,625	-	-	300,264	343,889
Total expenditures	67,264,336	19,864,699	583,075	37,738,610	125,450,720
Excess (deficiency) of revenues over expenditures	799,294	6,272,024	2,250,831	(5,136,532)	4,185,617
Other financing sources (uses)					
Sales of capital assets	239,973	411,475	-	47,082	698,530
Transfers in	5,069,269	439,180	-	14,827,894	20,336,343
Transfers out	(6,186,412)	(3,164,129)	(1,177,509)	(9,532,164)	(20,060,214)
Insurance recoveries	-	9,533	-	21,862	31,395
Capital lease proceeds	84,261	54,093	-	13,802	152,156
Proceeds of refunding long-term debt	-	-	-	6,299,585	6,299,585
Total other financing sources (uses)	(792,909)	(2,249,848)	(1,177,509)	11,678,061	7,457,795
Net change in fund balances	6,385	4,022,176	1,073,322	6,541,529	11,643,412
Fund balance as of January 1	7,686,205	14,852,229	13,719,005	44,683,633	80,941,072
Prior period adjustments	1,496,006	-	-	(954,569)	541,437
Fund balance as of December 31	\$9,188,596	\$18,874,405	\$14,792,327	\$50,270,593	\$93,125,921

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, 2010

Net change in fund balances-total governmental funds	\$11,643,412
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$12,546,282) exceeded depreciation expense (\$8,282,003) in the current period.	4,264,279
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.	681,231
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,364,899
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.	(233,073)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,314,989)
Change in net assets of governmental activities	<u>\$16,405,759</u>

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

	Enterprise Funds	Internal Service Funds
Assets		
Current assets		
Cash and cash equivalents	\$879,441	\$20,923,193
Deposits with fiscal agent	-	1,000
Accounts receivable, net	-	8,377
Due from other funds	184,806	230,017
Due from other governments	-	112,708
Interfund loan receivable	-	177,891
Inventory	-	1,890,353
Total current assets	1,064,247	23,343,539
Noncurrent assets		
Interfund loan-long-term	-	2,322,109
Land	-	750,381
Building and structures, net	-	1,349,710
Capital leases, net	-	244,131
Other improvements, net	-	371,806
Machinery and equipment, net	13,604	8,061,416
Total noncurrent assets	13,604	13,099,553
Total assets	1,077,851	36,443,092
Liabilities		
Current liabilities		
Accounts payable	27,497	576,000
Claims cost payable	-	4,073,299
Due to other funds	2,723	24,057
Due to other governments	3,323	26,951
Compensated absences	130,295	687,439
Other accrued liabilities	(145)	418
Unearned revenue	-	21,477
Total current liabilities	163,693	5,409,641
Noncurrent liabilities		
Other noncurrent liabilities	-	279,181
Total noncurrent liabilities	-	279,181
Total liabilities	163,693	5,688,822
Net assets		
Net assets, invested in capital assets	13,604	10,777,444
Unrestricted	900,554	19,976,826
Total net assets	914,158	\$30,754,270
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.	(183,527)	
Net assets of business-type activities	\$730,631	

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

Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2010

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	Enterprise Funds	Internal Service Funds
Operating revenues		
Intergovernmental	\$119,890	\$415,703
Charges for service	1,021,801	11,634,641
Rents and parking	-	5,827,971
Fines and forfeits	-	2,111
Insurance premiums	-	9,278,440
Other miscellaneous revenues	291,019	67,125
Total operating revenues	<u>1,432,710</u>	<u>27,225,991</u>
Operating expenses		
General operations	2,590,387	22,370,505
General administration	233,623	629,386
Depreciation	3,845	1,970,825
Total operating expenses	<u>2,827,855</u>	<u>24,970,716</u>
Operating income (loss)	<u>(1,395,145)</u>	<u>2,255,275</u>
Non-operating revenues (expenses)		
Gain (loss) on sale of capital assets	-	(7,594)
Interest expense	-	(15,361)
Total non-operating revenues (expenses)	<u>-</u>	<u>(22,955)</u>
Income (loss) before contributions and transfers	<u>(1,395,145)</u>	<u>2,232,320</u>
Transfers in	1,162,728	544,710
Transfers out	(637)	(1,982,930)
Changes in net assets	<u>(233,054)</u>	<u>794,100</u>
Total net assets-beginning		30,501,607
Prior period adjustment		(541,437)
Total net assets-ending		<u>\$30,754,270</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.		
Change in net assets of business-type activities	<u>(112,869)</u>	<u>\$(345,923)</u>

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

	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$1,894,729	\$26,946,545
Cash payments for goods and services	(1,653,347)	(16,700,504)
Cash payments to employees	(1,182,198)	(6,567,858)
Net cash provided by operating activities	(940,816)	3,678,183
Cash flows from non-capital financing activities:		
Transfers in	1,162,728	544,710
Transfers out	(637)	(1,982,930)
Net cash provided by non-capital financing activities	1,162,091	(1,438,220)
Cash flows from capital financing activities:		
Interest paid on lease purchase	-	(15,361)
Proceeds from sale of assets	-	47,189
Payments for capital assets	(6,419)	(1,116,044)
Net cash used by capital financing activities	(6,419)	(1,084,216)
Net increase (decrease) in cash and cash equivalents	214,856	1,155,747
Balances - beginning of the year	664,585	19,767,446
Balances - end of the year	\$879,441	\$20,923,193
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$(1,395,145)	\$2,255,275
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	3,845	1,970,825
Change in assets and liabilities:		
Receivables, net	462,018	(279,449)
Inventories	-	98,342
Accounts and other payables	(24,242)	(388,763)
Accrued expenses	12,708	21,953
Net cash provided by operating activities	\$(940,816)	\$3,678,183

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 December 31, 2010



	Investment Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$-	\$15,878,868
Deposits with fiscal agent	-	33,333
Assets held in trust-external investment pool	-	161,133,448
Investments at cost	161,133,448	-
Accounts receivable, net	-	(369)
Total assets	161,133,448	177,045,280
Liabilities		
Warrants payable	-	6,321,105
Accounts payable	-	466,571
Other accrued liabilities	-	23,659
Revenue collected in advance	-	128,771
Custodial accounts	-	170,105,174
Total liabilities	-	177,045,280
Net Assets		
Held in trust for pool participants	\$161,133,448	\$-

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

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 Year Ended December 31, 2010

	Investment Trust Fund
Additions	
Contributions	\$182,451,267
Net investment earnings (losses)	
Interest	1,802,806
Total additions	184,254,073
Deductions	
Distributions	136,154,229
Change in net assets	48,099,844
Net assets - January 1, 2010	113,033,604
Net assets - December 31, 2010	\$161,133,448

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



NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

B. FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS, BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

When both restricted and unrestricted resources are available for use, it is 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 assets and changes in net assets presented in the government-wide financial statements.

The County reports the following major governmental funds:

- **General Fund:** This fund is the general operating fund of the county. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **County Road Fund:** This fund finances the design, construction and maintenance of county roads.
- **Public Utilities Improvement Fund:** This fund accounts for the collection of a rural county sales or use tax (pursuant to RCW 82.14.370) that provides funds for financing public facilities.

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

PROPRIETARY FUND FINANCIAL STATEMENTS

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

The County reports the following non-major proprietary funds:

- **Enterprise funds:** These funds are used to report any activity for which a fee is charged to external users for goods or services. The Whatcom County Investment Pool and the Ferry System are the County's enterprise funds.
- **Internal service funds:** These funds account for operations that provide goods or services to other departments or funds of the County on a cost reimbursement basis. The County's internal service funds are Equipment Rental and Revolving, Whatcom County Supplemental Retirement and Administrative Services.

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

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

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

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary fund financial statements include a Statement of Net Assets and a Statement of Changes in Net Assets (for Investment Trust Funds). Fiduciary funds are accounted for using the accrual basis of accounting, as are proprietary funds explained above. Whatcom County has two types of fiduciary funds: investment trust funds and agency funds.

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

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

C. BUDGETARY INFORMATION

Annual appropriated budgets are adopted on the modified accrual basis of accounting for all funds except the following special revenue funds: Tax Refund, Water Resources, Park ORV, CERB, Emergency Contingency, Drug Task Force, Imminent Threat Grant, Sewer Improvement District No. 1, Emergency Communications, Sumas Sub-Flood Control Zone District and Lake Management District No. 1; debt service funds: 1981 Ltd. Tax General Obligation Bond, 1982 Ltd. Tax General Obligation Bond, 1983 Ltd. Tax General Obligation Bond, CRID No. 4 General Debt, CRID No. 5 General Debt, CRID No. 9 General Debt, LRID No. 10 General Debt, 1991 Ltd. Tax General Obligation Bond, and 1993 Ltd. Tax General Obligation Bond; and capital project funds: 1983 Sewer Construction, Courthouse Expansion Construction, Road Improvement District No. 10 Construction, Civic Center Building Improvement, Jail Construction Project and 2010 Jail Improvements, 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 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 are referred to as "interfund loans receivable/payable." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the

government-wide financial statements as “internal balances.” A separate schedule of interfund loans receivable and payable is furnished in Note 11 (Interfund Balances and Transfers).

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

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

Table FN1 - Capital Assets 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, 2010 and 2009. Sick leave accruals are recorded at 50 percent if hired prior to May 15, 1984 or 25 percent sick leave accrual if hired after.

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

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

Long-Term Debt: See Note 8.

Fund Reserves: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally committed for specific future uses such as continuing appropriations and where assets are not available for appropriation because they have been advanced to another fund, or because they are non-current receivables.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions in any of the funds of the county. Expenditures exceeded legal appropriations in the 1997 Limited Tax General Obligation Bond Fund, the 1998 Limited Tax General Obligation Bond Fund and the 2010 Limited Tax General Obligation Bond Fund. These expenditures relate to the issuance of the 2010 Limited Tax General Obligation and Refunding Bonds. The issuance of these bonds was authorized by the Whatcom County Council in ordinance no. 2010-040.

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 (GSEs), Banker's Acceptances (BAs) 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, 2010 the carrying amount of the county's cash demand deposits was \$110,672,532.

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

Custodial Credit Risk of Bank Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. Whatcom County's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the county's deposits. The deposit balances over \$250,000 are insured by the WPDPC. State statute permits additional amounts to be assessed on a pro rata basis to members of the WPDPC pool in the event the pool's collateral should be insufficient to cover a loss.

Custodial Credit Risk of Investments: Custodial credit risk of investments is the risk that, in the event of the failure of a counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county investment policy requires that all deliverable securities will be settled delivery versus payment (DVP), which ensures that securities are deposited at a third party, such as a safekeeping and custodian bank acting as an agent for the county. A signed safekeeping and custodial agreement(s) shall be entered into with a federally-regulated financial institution, currently Union Bank of California. The custodian institution shall hold the securities as evidenced by a safekeeping receipt. Non-negotiable CDs, 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, BAs 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, 2010, the county had the following investments and maturities:

Table FN2 - Investment Maturities

Investments and Maturities (In Years)*

Investment Type	Fair Value	Less Than 1	1 to 5
LGIP	\$52,833,507	\$52,833,507	\$-
Federal Farm Credit Bank	25,032,033	5,125,500	19,906,533
Federal Home Loan Bank	62,765,614	20,074,450	42,691,164
Federal Home Loan Mortgage	45,944,510	-	45,944,510
Federal National Mortgage Assoc.	69,992,500	-	69,992,500
Government National Mortgage Assoc.	6,090,371	-	6,090,371
General Obligation Municipal Bonds	6,573,739	4,021,700	2,552,039
Certificates of Deposit	10,026,385	10,026,385	-
Total	\$279,258,659	\$92,081,542	\$187,177,117

*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, 2010.

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, 2010 the county held no investments in banker’s acceptances, repurchase agreements or commercial paper.

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

Table FN3 - Credit Quality Distribution for Securities

Investment Type	Moody’s Rating	Percentage of Portfolio
Federal Farm Credit Bank	AAA	9%
Federal Home Loan Bank	AAA	22%
Federal Home Loan Mortgage Corp	AAA	16%
Federal National Mortgage Assn	AAA	25%
Government National Mortgage Assn	AAA	2%
General Obligation Municipal Bonds	A1	1%
General Obligation Municipal Bonds	Aa1	0%
General Obligation Municipal Bonds	Aa1	0%
General Obligation Municipal Bonds	A2	0%
LGIP	Not Rated	24%

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 2010, 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, 2010, the market value of investments in the WCIP was \$1,412,690 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 Assets and Changes in Net Assets as of December 31, 2010, are as follows:

Table FN4 - Condensed Statement of Net Assets

Assets	\$279,829,911
Less: Liabilities	-
Net assets held in trust for pool participants	\$279,829,911
Equity of internal pool participants	\$118,696,463
Equity of external pool participants	161,133,448
Total equity	\$279,829,911

Table FN5 - Condensed Statement of Changes in Net Assets

Net assets - January 1, 2010	\$219,927,904
Net change in investments by pool participants	59,902,007
Net assets - December 31, 2010	\$279,829,911

NOTE 4 – PROPERTY TAXES

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

PROPERTY TAX CALENDAR

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied, offset by 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 FN6 - Tax Collection Record

Collection Year	Regular Assessed Valuation (1)	Ad Valorem Tax Levy (2)	Year of Levy Tax Collection
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%
2005	14,531,776,570	21,301,986	97.7%
2004	13,069,729,631	20,261,087	97.5%

(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 2010 was \$1.02054 per \$1,000 on an assessed valuation of \$25.1 billion for a regular levy of \$25,592,633. This levy was used for general governmental purposes.

The Road Fund levied \$1.33610 per \$1,000 on an assessed value of \$12.8 billion in 2010. This resulted in a total levy of \$17,044,042 to be used for county road maintenance and construction.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2010 was as follows:

Table FN7 - Capital Assets Activity

Governmental activities	January 1	Increases	Decreases	December 31
Not being depreciated:				
Land	\$35,589,340	\$6,533,530	\$-	\$42,122,870
Subtotal	35,589,340	6,533,530	-	42,122,870
Other capital assets:				
Buildings	67,008,479	1,348,828	-	68,357,307
Improvements	6,653,550	872,437	-	7,525,987
Equipment	37,315,565	2,385,286	(4,065,443)	35,635,408
Infrastructure	139,876,275	6,405,943	-	146,282,218
Subtotal	250,853,869	11,012,494	(4,065,443)	257,800,920
Accumulated depreciation				
Buildings	(22,063,469)	(1,375,217)	-	(23,438,686)
Improvements	(4,194,333)	(237,371)	-	(4,431,704)
Equipment	(26,393,559)	(2,440,434)	4,001,304	(24,832,689)
Infrastructure	(66,271,027)	(6,199,806)	-	(72,470,833)
Subtotal	(118,922,388)	(10,252,828)	4,001,304	(125,173,912)
Net other capital assets	131,931,481	759,666	(64,139)	132,627,008
Net capital assets	\$167,520,821	\$7,293,196	\$(64,139)	\$174,749,878
Business-Type Activities				
Other capital assets:				
Equipment	\$17,886	\$6,419	\$-	\$24,305
Subtotal	17,886	6,419	-	24,305
Accumulated depreciation				
Equipment	(6,856)	(3,845)	-	(10,701)
Subtotal	(6,856)	(3,845)	-	(10,701)
Net other capital assets	11,030	2,574	-	13,604
Net capital assets	\$11,030	\$2,574	\$-	\$13,604

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

Table FN8 - Depreciation Expense

Governmental activities:	
General governments	\$1,638,001
Public safety	495,747
Physical environment	29,087
Transportation	7,850,388
Mental and physical health	59,712
Culture and recreation	179,893
Total depreciation expense	<u>\$10,252,828</u>

NOTE 6 – PENSION PLANS

Substantially all county full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers and No. 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

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials, state employees, employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

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 exercise 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 PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. 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 Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (The AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan I 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. Plan 1 members retiring from inactive status prior to age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased by 3 percent annually. Plan 1 members may also 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 payable to the age of 60. The allowance 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. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance 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. A cost-of-living allowance is granted at age 66 based upon years of service times the 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 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.

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 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Plan 2 members who have at least 20 years of service credit and are 55 years 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:

1. With a benefit that is reduced by 3 percent for each year before age 65.
2. 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. 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.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in Operation Enduring Freedom or Persian Gulf, Operation Iraqi Freedom.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

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 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

1. 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.
2. 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 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

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.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniform services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also 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, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by 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 said member's covered employment, if found eligible by the Department of Labor and Industries.

JUDICIAL BENEFIT MULTIPLIER

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices or judges in PERS Plan 1 and 2 were able to make a one-time 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 can elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who chose to participate in JBM 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, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), 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; continue to participate in JRA, if applicable; never be a participant in JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who have 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 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Table FN9 - PERS Membership

Retirees and Beneficiaries Receiving Benefits	74,857
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	28,074
Active Plan Members Vested	105,339
Active Plan Members Non-vested	53,896
TOTAL	262,166

The County covered payroll for the year ended December 31, 2010 was \$49,466,406. The County's total payroll for all employees was \$59,356,493.

FUNDING POLICY

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected 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. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 percent to 15 percent; 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, 2010, are as follows:

Table FN10 - PERS Contribution Rates

Members not participating in JBM:			
	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%	5.31%	5.31%**
Employee	6.00%	3.90%	***

* 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:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-Local Govt*	5.31%	5.31%	5.31%**
Employee-Local Govt	12.26%	9.75%	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:

Table FN11 - County Contribution to PERS

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2010	\$ 139,647	\$ 1,718,560	\$ 768,459
2009	\$ 189,749	\$ 2,191,720	\$ 942,097
2008	\$ 224,281	\$ 2,338,533	\$ 971,834

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

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF 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. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. 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.

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 for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit 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 the state legislative appropriations. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

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 FN12 - 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 allowances 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, 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 allowance or service retirement allowance.

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 allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months.) Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. 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 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 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. 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 catastrophic 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 severely 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 allowance 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 purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

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, if found eligible by the Department of Labor and Industries.

There are 372 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Table FN13 - LEOFF Membership

Retirees and Beneficiaries Receiving Benefits	9,454
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	674
Active Plan Members Vested	13,363
Active Plan Members Non-vested	<u>3,944</u>
TOTAL	27,435

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements 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.

The County's covered payroll for the year ended December 31, 2010 was \$6,637,623. The County's total payroll for all employees was \$59,356,493.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2010, are as follows:

Table FN14 - 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 FN15 - County Contribution to LEOFF

	LEOFF Plan 1	LEOFF Plan 2
2010	\$ 135	\$ 343,376
2009	\$ 96	\$ 332,003
2008	\$ 131	\$ 330,794

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

Plan Description

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

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

A covered employer is one that participates in PSERS. Covered employers include the following: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and have one of the following:

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 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. 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 provides disability benefits. There is no minimum amount of service required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is 2 percent of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. 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).

PSERS Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

PSERS members may also purchase up to 24 consecutive months of service credit for each 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, if the member was not at normal retirement age at death. 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, if found eligible by the Department of Labor and Industries.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2009:

Table FN16 - PSERS Membership

Retirees and Beneficiaries Receiving Benefits	2
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	<u>4,340</u>
TOTAL	4,342

Funding Policy

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

The County’s covered payroll for the year ended December 31, 2010 was \$3,252,464. The County’s total payroll for all employees was \$59,356,493.

The required contributions rates expressed as a percentage of current-year covered payroll, as of December 31, 2010, are as follows:

Table FN17 - PSERS Required Contribution Rates

	PSERS Plan 2
Employer*	7.85%
Employee	6.55%

**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 FN18 - County Contribution to PSERS

	PSERS Plan 2
2010	\$ 255,318
2009	\$ 268,246
2008	\$ 240,246

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, 2010, the amount of these liabilities was \$4,108,863. Changes in the balances of claims liabilities during 2009 and 2010 were as follows:

Table FN19 - Claims Liability Balance Changes

	Beginning of Year Claims Liability	Claims Paid During the Year	Estimated Additional Liability Incurred	Balance at Year End
2009	\$4,245,560	\$(6,137,176)	\$6,211,765	\$4,320,149
2010	\$4,320,149	\$(5,977,947)	\$5,766,661	\$4,108,863

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, 2010, the estimate of the present value of the future cash payments totals \$46,904.

Whatcom County is one of the twenty-seven members 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, and Walla Walla and Yakima Counties. Kitsap County terminated its membership September 30, 2010. Klickitat and Whitman Counties were also former Pool members, having terminated their memberships September 30, 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) against the particular year's membership.

The Pool's reassessments receivable balance at December 31, 2010 remains at \$0.

Joint Self-Insurance Liability Program: The Pool has been providing its member counties with occurrence-based, jointly self-insured and/or jointly purchased liability coverage since October 1, 1988 for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, including public officials' errors and

omissions. Total coverage limits have grown from the \$1 million limit existing during the Pool's initial two months to \$5 million, then to \$10 million and onto \$15 million before reaching the \$20 million occurrence limit existing the past seven years. (Note: Additional limits of \$5 million have been available several recent years as an option for acquisition by individual member counties.)

Except for the Pool's self insured retention (the greater of the member's deductible or \$100,000), the initial \$10 million of coverage is fully reinsured 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. The remaining insurance (up to \$15 million) is acquired as "following form" excess insurance 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 2010 with the addition of 769 new claims (and lawsuits) raising the 3rd-party liability claims to-date total submitted by member counties to 17,238. Estimates of incurred losses (payments made plus reserve estimates for open claims) increased \$17.8 million during the year to \$221.4 million.

Washington Counties Property Program: Since the Pool began offering a fully-insured and jointly-purchased property insurance coverage to its membership in October 2005 as an individual county option, participation has grown by more than 50% and the total value of covered properties has nearly doubled. Twenty seven member counties with covered properties totaling \$2.76 billion participated in this program during fiscal year 2010.

Coverage is for structures, vehicles, mobile equipment, EDP equipment, et cetera, 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 are solely responsible for, 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 property claims submitted for processing during fiscal year 2010 with incurred losses-to-date totaling \$0.33 million. But during its first five years as an optional WCRP insuring program, there have been 65 property claims filed with incurred losses-to-date totaling nearly \$9 million.

Other Insurances: Many member counties also use the Pool's producer (broker) for other insurance placements. Public officials bonds, or crime and fidelity, special events/concessionaires and environmental hazards insurance coverages are a few 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. The Pool operates under Washington's "pooling" laws, more specifically Chapters 48.62 RCW and 82.60 WAC. It is 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.

New members can expect to pay the Pool modest admittance fees to cover that members' share of 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 any unresolved, unreported, and in-process claims for the period they were 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 Annual Meeting. The board of directors is responsible for determining the 3rd-party liability coverage to be offered (approving the insuring document or coverage form), the reinsurance program to acquire, the excess insurance(s) to be jointly purchased or offered for optional purchase, for approval of the Pool's annual operating budget(s) and work program(s), and for approval of the member deposit assessment formulas.

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 during each Annual Meeting. 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 5-person claims staff with more than eighty years combined claims-handling experience handles or oversees the handling of the several hundred liability cases filed each year upon the Pool's member counties each year. This includes establishing reserves for reported and unreported covered events and estimating undiscounted future cash payments for losses and related claims adjustment expenses. Other Pool staffers provide various member services, including conducting risk assessments and compliance audits, coordinating numerous trainings, researching other coverages and marketing. Some address and support the organization's administrative needs.

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; insurance producer (brokerage) and advanced loss control services are provided by Arthur J. Gallagher Risk Management Services, Inc.; coverage counsel is provided by Stafford Frey Cooper; and independent claims auditing will be conducted by Strategic Claims Directions LLC with special claims audits frequently performed by the Pool's commercial reinsurers / insurers. These noted professionals are in addition to the many contracted and in-county counselors assigned to defend Pool cases as well as the State Risk Manager and the State Auditor.

Financial Summary: The following constitute the more significant highlights from the Pool's most recently completed Policy (Fiscal) Year (October 2009 through September 2010):

- Net Operating Income was realized of \$1.8 million, a 59% increase from the prior year.
- Total Assets grew \$3.2 million (9%) to \$38.9 million. Current assets increased \$3.1 million (9%) while non-current assets increased \$0.1 million (12%).
- Total Claims Reserves for the Pool's direct reserving exposures increased to \$14.0 million, up 7% from the prior year. This total includes: \$6.1 million for losses in the Pool-only retained layer, down 13%; \$7.0 million for losses within the aggregated stop losses of the "corridor" program for automobile and general liabilities, up 37%; and \$0.9 million for unallocated loss adjustment expenses, down 2% from one year ago. NOTE: The corridor program is only four years old and not fully matured. Its occurrence coverage maximum was increased to one million dollars in Fiscal year 2010, up from the half million level that existed during the program's first three years. The program's occurrence minimum remains the greater of the applicable member's deductible or \$100,000.
- Net Assets (aka Members' Equity) increased \$2 million to \$10.2 million as of September 30, 2010. Of the total, \$5.8 million is classified as Restricted Net Assets — \$1 million to satisfy the State's solvency provisions (WAC 82.60.03001) plus \$4.8 million for the Pool's Underwriting Policy requirements. \$0.2 million is invested in a real property (fraud) recovery and another \$1 million in Capital Assets (net of debt). The remaining \$3.2 million is Non-Restricted Net Assets that is available for use as directed by the Board of Directors.

NOTE 8 – LONG-TERM DEBT AND CAPITAL LEASES

GENERAL OBLIGATION BONDS

The county issued general obligation bonds in the amount of \$9,990,000 in 1997 to refinance the 1991 issue of bonds for the remodeling of the County courthouse and to pay off interfund loans for the remodeling of the County courthouse. Interest on these bond issues are fixed at 4.0 percent -5.5 percent (depending on maturity date) with final maturity in 2012. In 2010, these bonds were refinanced under the 2010 bond issue.

In 1998, the county issued \$3,360,000 in general obligation bonds to pay off an interfund loan for the purchase of the Civic Center Building. Interest rate on these bonds is fixed at 3.75 percent - 4.7 percent (depending on maturity date) with final maturity in 2018. In 2010, these bonds were refinanced under the 2010 bond issue.

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. This debt issue matures in full in 2012. As of December 31, 2010, outstanding bonds totaled \$835,000. Repayment will be made 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, 2010, outstanding bonds totaled \$5,900,000.

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

Table FN20 - GO Bonds

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2011	\$1,870,000	\$227,463
2012	900,000	185,600
2013	305,000	166,613
2014	310,000	157,462
2015	325,000	146,613
2016 - 2020	1,325,000	558,100
2021 - 2025	795,000	360,875
2026 - 2030	905,000	145,687
Total	\$6,735,000	\$1,948,413

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, 2010, the County had \$16,992 available in debt service funds to service the general bonded debt.

CHANGES IN LONG-TERM DEBT

During the year ended December 31, 2010, the following changes occurred in long-term liabilities:

Table FN21 - Changes in Long-Term Debt

Governmental Activities	January 1	Additions	Reductions	December 31	Due Within One Year
Bonds payable					
General obligation debt	\$5,545,000	\$6,135,000	\$4,945,000	\$6,735,000	\$1,870,000
Less deferred amounts for issuance discounts/premiums	26,882	202,152	20,924	208,110	-
Total bonds payable	5,571,882	6,337,152	4,965,924	6,943,110	1,870,000
Capital leases	302,541	230,884	146,185	387,240	140,045
Claims and judgements (see Note 7)	4,320,149	5,766,661	5,977,947	4,108,863	4,073,299
Other postemployment benefits payable	1,158,357	23,331	-	1,181,688	-
Compensated absences	7,180,897	6,541,015	6,240,294	7,481,618	6,427,503
Loans payable	164,466	-	39,596	124,870	42,564
Landfill post-closure costs	250,000	-	-	250,000	-
Total Governmental Activities	\$18,948,292	\$18,899,043	\$17,369,946	\$20,477,389	\$12,553,411
Business-Type Activities					
Compensated absences	\$117,587	97,057	\$84,349	\$130,295	\$86,879
Total Business-Type Activities	\$117,587	\$97,057	\$84,349	\$130,295	\$86,879

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

Compensated Absences

For governmental activities, the compensated absences liability will be paid from the General Fund, County Road, Election Reserve, Whatcom County Jail, 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 on the following page.

Table FN22 - Capital Lease Assets

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$780,093
Less: Accumulated depreciation	<u>(392,339)</u>
Total	<u><u>\$387,754</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010 are as follows:

Table FN23 - Future Minimum Lease Obligations

	<u>Governmental Activities</u>
2011	\$153,266
2012	106,836
2013	72,414
2014	48,275
2015	36,093
2016 and Beyond	<u>-</u>
Total Minimum Lease Payments	<u>416,884</u>
Less: Interest	<u>29,644</u>
Present Value of Minimum Lease Payments	<u><u>\$387,240</u></u>

DEBT LIMITATIONS

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

Table FN24 - Long-Term Debt Capacity

Purpose of Indebtedness	Remaining Capacity
General Government (No vote required)	\$355,935,992
General Government (With 3/5 majority vote)	\$593,226,653

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 2010, Whatcom County contributed \$1,390,455 and the City of Bellingham contributed \$1,036,371. 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, 2010, due to and from other funds balances were as follows:

Table FN25 - Due To/From Other Funds

Due To	Due From					Total
	General Fund	County Road	Public Utilities Improvement	Internal Service	All Others	
General Fund	\$-	\$-	\$-	\$-	\$539,634	\$539,634
County Road	66	-	-	24,057	47,181	71,304
Internal Service	158,829	21,438	4,428	-	45,322	230,017
All Others	173,077	176,882	227,509	-	849,253	1,426,721
Total	\$331,972	\$198,320	\$231,937	\$24,057	\$1,481,390	\$2,267,676

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, 2010 were as follows:

Table FN26 - Interfund Loans Receivable/Payable

Interfund Loan Receivable	Interfund Loan Payable		
	General Fund	Other	Total
General Fund	\$-	\$17,730	\$17,730
Internal Service	2,500,000	-	2,500,000
Total	\$2,500,000	\$17,730	\$2,517,730

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, 2010, consisted of the following:

Table FN27 - Interfund Transfers

Transfer To	Transfers From					Total
	General Fund	County Road	Public Utilities Improvement	Internal Service	All Others	
General Fund	\$24,908	\$-	\$-	\$1,592,940	\$3,451,421	\$5,069,269
County Road	70,000	308,000	-	60,113	1,067	439,180
Internal Service	423,029	84,039	-	5,100	32,542	544,710
All Others	5,668,475	2,772,090	1,177,509	324,777	6,047,771	15,990,622
Total	\$6,186,412	\$3,164,129	\$1,177,509	\$1,982,930	\$9,532,801	\$22,043,781

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 \$754,237 as its share of operations in 2010. Whatcom County did not have an equity interest in What-Comm in 2010. 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 \$227 - \$253 per month for a Medicare supplement for each retiree eligible for Medicare. There is currently 1 active LEOFF I member and 23 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 below 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 \$1,181,688 is included as a noncurrent liability on the Statement of Net Assets.

Table FN28 - Annual OPEB Cost

	12/31/10
Net OPEB Obligation:	
Annual Required Contribution	\$524,897
Interest on Net OPEB Obligation	52,126
Amortization of Net OPEB Obligation	(107,859)
Annual OPEB Cost	469,164
Contributions Made	(445,833)
Increase in Net OPEB Obligation	23,331
Net OPEB Obligation-Beginning of Year	1,158,357
Net OPEB Obligation-End of Year	<u>\$1,181,688</u>

The County's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Table FN29 - Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$644,495	41.4%	\$813,759
12/31/09	\$681,114	49.4%	\$1,158,357
12/31/10	\$469,164	95.0%	\$1,181,688

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.

OTHER INFORMATION

In 2007, the County created a fund to provide for LEOFF I postemployment benefits (LEOFF I Healthcare Fund). \$3.5 million was transferred from the General Fund to the LEOFF I Healthcare Fund to fund future health care costs. The last two years Whatcom County's revenues have declined as a result of the economic recession. The County Council as part of a plan to maintain critical county services transferred \$1.2 million in 2009 and \$600,000 in 2010 back to the General Fund from the LEOFF I Healthcare Fund. Additionally, \$488,647 from the LEOFF I Healthcare Fund was used to pay LEOFF I post employment benefits during the year.

NOTE 14 – POSTCLOSURE CARE COST

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

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

NOTE 15 – OTHER DISCLOSURES**Accounting and Reporting Changes**

During 2010, the following funds were added: 2010 Ltd Tax GO and Refunding Bond Fund, Lincoln Road Construction Fund and 2010 Jail Improvement Fund.

Prior Period Adjustments

- In 2009, we recorded an interfund liability in the General Fund and interfund receivables in Real Estate Excise Tax I Fund, Real Estate Excise Tax II Fund, Convention Center Fund, Conservation Futures Fund and Equipment Rental and Revolving Fund. We did this solely because the Washington State Auditor's Office believed state law required that these funds must receive interest on investment of their cash balances. The Washington State Auditor's Office requested a legal opinion from the Washington State Attorney General on this matter. The Attorney General decided that Whatcom County does not have to invest the cash balances of these funds for the funds' benefit. In 2010, we reversed the interest that was recorded in 2009 through a prior period adjustment.
- The County purchased Lily Point property in Point Roberts. The southern portion of this property was

purchased in 2008 and the northern portion was purchased in 2010. When we capitalized the land in 2008, we recorded it at the cost to the County. However, it should have been recorded at the assessed value. This resulted in the County recording a prior period adjustment on the Statement of Activities in 2010 for \$2,748,192.

Required Supplemental Information
 Schedule of Revenues, Expenditures and Changes in Fund
 Balance - Budget and Actual
 General Fund
 Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$40,407,554	\$39,052,054	\$39,539,733	\$487,679
Licenses and permits	2,622,870	2,184,631	2,196,297	11,666
Intergovernmental	14,758,318	17,123,363	15,587,895	(1,535,468)
Charges for service	7,910,457	6,872,254	6,510,452	(361,802)
Fines and forfeits	1,966,130	1,810,130	1,810,630	500
Miscellaneous	4,499,587	3,273,536	2,418,623	(854,913)
Total revenues	72,164,916	70,315,968	68,063,630	(2,252,338)
Expenditures				
Current:				
General government	27,081,122	28,905,739	24,760,311	4,145,428
Public safety	25,702,781	25,967,504	23,917,640	2,049,864
Physical environment	569,022	554,180	549,885	4,295
Economic environment	1,411,971	1,787,740	1,298,235	489,505
Mental and physical health	13,922,769	13,304,670	11,559,835	1,744,835
Culture and recreation	4,188,795	4,128,751	3,692,621	436,130
Capital outlay	2,704,049	2,064,131	1,402,588	661,543
Debt service:				
Principal	-	-	39,596	(39,596)
Interest	-	16,500	43,625	(27,125)
Total expenditures	75,580,509	76,729,215	67,264,336	9,464,879
Excess (deficiency) of revenues over expenditures	(3,415,593)	(6,413,247)	799,294	7,212,541
Other financing sources (uses)				
Sales of capital assets	749,000	399,000	239,973	(159,027)
Transfers in	4,528,592	5,389,702	5,069,269	(320,433)
Transfers out	(7,184,043)	(7,084,685)	(6,186,412)	898,273
Capital lease proceeds	-	-	84,261	84,261
Total other financing sources (uses)	(1,906,451)	(1,295,983)	(792,909)	503,074
Net change in fund balances	(5,322,044)	(7,709,230)	6,385	7,715,615
Fund balance as of January 1	-	2,387,186	7,686,205	5,299,019
Prior period adjustments	-	-	1,496,006	1,496,006
Fund balance as of December 31	\$(5,322,044)	\$(5,322,044)	\$9,188,596	\$14,510,640

Required Supplemental Information
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
County Road Fund
Year Ended December 31, 2010

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		
Revenues				
Taxes	\$16,098,000	\$16,098,000	\$16,400,899	\$302,899
Licenses and permits	75,100	75,100	117,818	42,718
Intergovernmental	4,806,405	9,394,025	8,319,653	(1,074,372)
Charges for service	1,158,959	1,158,959	1,239,976	81,017
Miscellaneous	13,000	13,000	58,377	45,377
Total revenues	22,151,464	26,739,084	26,136,723	(602,361)
Expenditures				
Current:				
General government	300,000	300,000	440,980	(140,980)
Transportation	19,839,608	21,711,595	14,851,499	6,860,096
Capital outlay	10,000	5,298,011	4,572,220	725,791
Total expenditures	20,149,608	27,309,606	19,864,699	7,444,907
Excess (deficiency) of revenues over expenditures	2,001,856	(570,522)	6,272,024	6,842,546
Other financing sources (uses)				
Sales of capital assets	600,000	600,000	411,475	(188,525)
Transfers in	71,053	71,053	439,180	368,127
Transfers out	(1,284,327)	(2,937,652)	(3,164,129)	(226,477)
Insurance recoveries	-	-	9,533	9,533
Capital lease proceeds	-	-	54,093	54,093
Total other financing sources (uses)	(613,274)	(2,266,599)	(2,249,848)	16,751
Net change in fund balances	1,388,582	(2,837,121)	4,022,176	6,859,297
Fund balance as of January 1	-	4,225,703	14,852,229	10,626,526
Fund balance as of December 31	\$1,388,582	\$1,388,582	\$18,874,405	\$17,485,823

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 2010.

Required Supplemental Information
 LEOFF I Retiree Medical Benefits
 Schedule of Funding Progress
 Year Ended December 31, 2010

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
12/31/08	\$-	\$6,610,086	\$6,610,086	0%	\$82,439	8018.15%
12/31/09	\$-	\$6,610,086	\$6,610,086	0%	\$84,194	7851.02%
12/31/10	\$-	\$5,515,156	\$5,515,156	0%	\$85,538	6447.61%

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.

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

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

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

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

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

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.

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

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

LEOFF I Healthcare - A fund established to account for the post-employment healthcare costs of LEOFF I retirees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Flood Control Zone District - 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.

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

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

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

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

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

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

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

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

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

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.

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

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

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

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

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

ENTERPRISE FUNDS

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

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

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

FIDUCIARY FUNDS

INVESTMENT TRUST FUNDS

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

AGENCY FUNDS

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

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
Assets				
Cash and cash equivalents	\$21,013,140	\$167,936	\$12,342,328	\$33,523,404
Investments at cost	10,982,535	-	3,466,689	14,449,224
Taxes receivable, net	253,125	-	-	253,125
Accounts receivable, net	206,822	-	33,913	240,735
Accounts receivable-court, net	177,103	-	-	177,103
Special assessments, net	86,665	7,283	-	93,948
Interest receivable, net	9,286	-	2,810	12,096
Notes receivable, net	83,735	-	-	83,735
Due from other funds	945,101	-	296,814	1,241,915
Due from other governments	2,346,727	-	826,730	3,173,457
Prepayments	738,357	-	-	738,357
Total assets	\$36,842,596	\$175,219	\$16,969,284	\$53,987,099
Liabilities and fund balance				
Liabilities				
Accounts payable	\$1,172,521	\$-	\$369,989	\$1,542,510
Due to other funds	1,040,888	-	437,778	1,478,666
Interfund loans payable	17,730	-	-	17,730
Due to other governments	25,090	-	-	25,090
Other accrued liabilities	1,053	-	-	1,053
Custodial accounts	34,104	-	-	34,104
Deferred revenue	610,043	7,283	-	617,326
Deferred credits	27	-	-	27
Total liabilities	2,901,456	7,283	807,767	3,716,506
Fund balances				
Reserved for:				
Encumbrances	529,715	-	3,836,750	4,366,465
Debt service	-	167,936	-	167,936
Unreserved, reported in:				
Special revenue funds	33,411,425	-	-	33,411,425
Capital projects funds	-	-	12,324,767	12,324,767
Total fund balance	33,941,140	167,936	16,161,517	50,270,593
Total liabilities and fund balance	\$36,842,596	\$175,219	\$16,969,284	\$53,987,099

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Governmental Funds
Year Ended December 31, 2010

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

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
Revenues				
Taxes	\$14,520,999	\$-	\$1,981,833	\$16,502,832
Intergovernmental	7,346,855	-	4,112,416	11,459,271
Charges for service	3,490,190	-	-	3,490,190
Fines and forfeits	504,365	-	-	504,365
Miscellaneous	601,936	-	43,484	645,420
Total revenues	26,464,345	-	6,137,733	32,602,078
Expenditures				
Current:				
General government	1,551,757	-	18,661	1,570,418
Public safety	15,311,926	-	122,965	15,434,891
Physical environment	5,163,390	-	279,031	5,442,421
Transportation	29,900	-	-	29,900
Economic environment	1,904,094	-	-	1,904,094
Mental and physical health	963,061	-	-	963,061
Culture and recreation	336,197	-	172,912	509,109
Capital outlay	2,520,524	-	4,118,928	6,639,452
Debt service:				
Principal	-	4,945,000	-	4,945,000
Interest	-	256,764	43,500	300,264
Total expenditures	27,780,849	5,201,764	4,755,997	37,738,610
Excess (deficiency) of revenues over expenditures	(1,316,504)	(5,201,764)	1,381,736	(5,136,532)
Other financing sources (uses)				
Sales of capital assets	47,082	-	-	47,082
Transfers in	7,152,773	4,928,307	2,746,814	14,827,894
Transfers out	(4,671,668)	(3,074,686)	(1,785,810)	(9,532,164)
Insurance recoveries	21,862	-	-	21,862
Capital lease proceeds	13,802	-	-	13,802
Proceeds of refunding long-term debt	-	3,294,667	3,004,918	6,299,585
Total other financing sources (uses)	2,563,851	5,148,288	3,965,922	11,678,061
Net change in fund balances	1,247,347	(53,476)	5,347,658	6,541,529
Fund balance as of January 1	32,898,409	221,412	11,563,812	44,683,633
Prior period adjustments	(204,616)	-	(749,953)	(954,569)
Fund balance as of December 31	\$33,941,140	\$167,936	\$16,161,517	\$50,270,593

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O & M	Water Resources	Whatcom County Jail
Assets						
Cash and cash equivalents	\$82,605	\$881,928	\$71	\$305,108	\$-	\$3,822,333
Investments at cost	-	-	-	-	-	-
Taxes receivable, net	17,599	13,453	5	-	-	-
Accounts receivable, net	-	-	-	-	-	10,607
Accounts receivable-court, net	-	-	-	-	-	-
Special assessments, net	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	-	-
Due from other funds	-	10,762	-	-	-	71,324
Due from other governments	189,837	-	-	-	-	257,089
Prepayments	-	-	-	-	-	-
Total assets	\$290,041	\$906,143	\$76	\$305,108	\$-	\$4,161,353
Liabilities and fund balance						
Liabilities						
Accounts payable	\$8,265	\$-	\$-	\$4	\$-	\$239,952
Due to other funds	-	-	-	9,018	-	69,305
Interfund loans payable	-	-	-	-	-	-
Due to other governments	1,044	-	-	-	-	22,039
Other accrued liabilities	265	266	-	-	-	522
Custodial accounts	-	-	-	-	-	-
Deferred revenue	17,599	13,453	5	-	-	9,414
Deferred credits	-	27	-	-	-	-
Total liabilities	27,173	13,746	5	9,022	-	341,232
Fund balances						
Reserved for:						
Encumbrances	-	-	-	-	-	8,013
Unreserved, reported in:						
Special revenue funds	262,868	892,397	71	296,086	-	3,812,108
Total fund balance	262,868	892,397	71	296,086	-	3,820,121
Total liabilities and fund balance	\$290,041	\$906,143	\$76	\$305,108	\$-	\$4,161,353

REET Electronic Technology	Low-Income Housing	Homeless Housing	Stormwater	Chemical Dependency/ Mental Health	Countywide Emergency Medical Services	Park ORV	WC Trial Court Improvement	LEOFF I Healthcare
\$179,865	\$336,641	\$1,059,066	\$254,862	\$4,158,429	\$3,987,076	\$-	\$73,937	\$1,011,576
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	48,495	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	670,499	55,768	57,926	-	1,350	-
-	-	89,846	133,472	-	112,323	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$179,865</u>	<u>\$336,641</u>	<u>\$1,148,912</u>	<u>\$1,058,833</u>	<u>\$4,262,692</u>	<u>\$4,157,325</u>	<u>\$-</u>	<u>\$75,287</u>	<u>\$1,011,576</u>
\$-	\$13,515	\$195,754	\$65,249	\$147,467	\$7,183	\$-	\$-	\$223
179,865	-	54,556	3,308	94,394	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	901	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	48,495	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>179,865</u>	<u>13,515</u>	<u>250,310</u>	<u>68,557</u>	<u>291,257</u>	<u>7,183</u>	<u>-</u>	<u>-</u>	<u>223</u>
-	-	-	158,771	-	35,000	-	-	-
-	323,126	898,602	831,505	3,971,435	4,115,142	-	75,287	1,011,353
-	323,126	898,602	990,276	3,971,435	4,150,142	-	75,287	1,011,353
<u>\$179,865</u>	<u>\$336,641</u>	<u>\$1,148,912</u>	<u>\$1,058,833</u>	<u>\$4,262,692</u>	<u>\$4,157,325</u>	<u>\$-</u>	<u>\$75,287</u>	<u>\$1,011,576</u>

	Solid Waste Management	Convention Center	Victim/Witness Assistance	CERB	Emergency Contingency	Drug Task Force
Assets						
Cash and cash equivalents	\$1,270,666	\$1,021,566	\$58,129	\$-	\$5,250	\$16,170
Investments at cost	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	196,215	-	-	-	-	-
Accounts receivable-court, net	-	-	52,846	-	-	-
Special assessments, net	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	73,873	-	2,837	-	-	-
Prepayments	-	2,500	-	-	-	-
Total assets	\$1,540,754	\$1,024,066	\$113,812	\$-	\$5,250	\$16,170
Liabilities and fund balance						
Liabilities						
Accounts payable	\$41,179	\$4,934	\$1,117	\$-	\$-	\$-
Due to other funds	38,912	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-
Due to other governments	176	-	174	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Custodial accounts	-	-	-	-	-	-
Deferred revenue	-	-	52,846	-	-	-
Deferred credits	-	-	-	-	-	-
Total liabilities	80,267	4,934	54,137	-	-	-
Fund balances						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	1,460,487	1,019,132	59,675	-	5,250	16,170
Total fund balance	1,460,487	1,019,132	59,675	-	5,250	16,170
Total liabilities and fund balance	\$1,540,754	\$1,024,066	\$113,812	\$-	\$5,250	\$16,170

Community Development	Imminent Threat Grant	Sewer Improvement District No. 1	Emergency Communications	Whatcom County Drug	Auditor's O & M	Emergency Management	Sumas Sub-Flood Control Zone District	Flood Control Zone District
\$11,237	\$3	\$-	\$34,104	\$212,266	\$533,193	\$2,460	\$-	\$2,425
-	-	-	-	-	-	-	-	8,525,215
-	-	-	-	-	-	-	-	192,351
-	-	-	-	75,762	-	-	-	-
-	-	-	-	-	-	-	-	48
-	-	-	-	-	-	-	-	7,232
83,735	-	-	-	-	-	-	-	-
-	-	-	-	3,588	-	-	-	63,884
-	-	-	-	-	-	527,723	-	959,727
-	-	-	-	-	-	-	-	-
<u>\$94,972</u>	<u>\$3</u>	<u>\$-</u>	<u>\$34,104</u>	<u>\$291,616</u>	<u>\$533,193</u>	<u>\$530,183</u>	<u>\$-</u>	<u>\$9,750,882</u>
\$-	\$-	\$-	\$-	\$-	\$263	\$269,450	\$-	\$154,836
-	-	-	-	1,395	11,848	139,007	-	330,756
-	-	-	-	17,730	-	-	-	-
-	-	-	-	-	-	756	-	-
-	-	-	-	-	-	-	-	-
-	-	-	34,104	-	-	-	-	-
83,735	-	-	-	75,763	-	-	-	192,399
-	-	-	-	-	-	-	-	-
<u>83,735</u>	<u>-</u>	<u>-</u>	<u>34,104</u>	<u>94,888</u>	<u>12,111</u>	<u>409,213</u>	<u>-</u>	<u>677,991</u>
-	-	-	-	-	-	-	-	166,920
11,237	3	-	-	196,728	521,082	120,970	-	8,905,971
11,237	3	-	-	196,728	521,082	120,970	-	9,072,891
<u>\$94,972</u>	<u>\$3</u>	<u>\$-</u>	<u>\$34,104</u>	<u>\$291,616</u>	<u>\$533,193</u>	<u>\$530,183</u>	<u>\$-</u>	<u>\$9,750,882</u>

	Point Roberts Fuel Tax	Conservation Futures	Lake Management District No. 1	Road Improvement Districts	Lynden/ Everson Sub-Zone	Sumas/ Nooksack/ Everson Sub-Zone
Assets						
Cash and cash equivalents	\$402,598	\$1,242,671	\$-	\$46,698	\$5	\$36
Investments at cost	-	-	-	-	233,342	723,615
Taxes receivable, net	-	29,717	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Accounts receivable-court, net	-	-	-	-	-	-
Special assessments, net	-	-	-	2,409	1,489	9,289
Interest receivable	-	-	-	-	195	604
Notes receivable, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepayments	-	735,857	-	-	-	-
Total assets	\$402,598	\$2,008,245	\$-	\$49,107	\$235,031	\$733,544
Liabilities and fund balance						
Liabilities						
Accounts payable	\$-	\$1,680	\$-	\$2,500	\$-	\$-
Due to other funds	-	31,863	-	-	14,498	11,769
Interfund loans payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Custodial accounts	-	-	-	-	-	-
Deferred revenue	-	29,717	-	2,409	1,489	9,289
Deferred credits	-	-	-	-	-	-
Total liabilities	-	63,260	-	4,909	15,987	21,058
Fund balances						
Reserved for:						
Encumbrances	-	36,043	-	-	-	-
Unreserved, reported in:						
Special revenue funds	402,598	1,908,942	-	44,198	219,044	712,486
Total fund balance	402,598	1,944,985	-	44,198	219,044	712,486
Total liabilities & fund balance	\$402,598	\$2,008,245	\$-	\$49,107	\$235,031	\$733,544

Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31, 2010

Acme/ Van Zandt Sub-Zone	Samish Watershed Sub-Zone	Birch Bay Sub-Zone	Total Non Major Special Revenue Funds
\$3	\$24	\$139	\$21,013,140
169,247	62,196	1,268,920	10,982,535
-	-	-	253,125
-	-	-	206,822
-	-	-	177,103
2,502	565	70,363	86,665
141	52	1,062	9,286
-	-	-	83,735
-	-	10,000	945,101
-	-	-	2,346,727
-	-	-	738,357
<u>\$171,893</u>	<u>\$62,837</u>	<u>\$1,350,484</u>	<u>\$36,842,596</u>
\$-	\$2,010	\$16,940	\$1,172,521
11,858	-	38,536	1,040,888
-	-	-	17,730
-	-	-	25,090
-	-	-	1,053
-	-	-	34,104
2,502	565	70,363	610,043
-	-	-	27
<u>14,360</u>	<u>2,575</u>	<u>125,839</u>	<u>2,901,456</u>
-	-	124,968	529,715
<u>157,533</u>	<u>60,262</u>	<u>1,099,677</u>	<u>33,411,425</u>
<u>157,533</u>	<u>60,262</u>	<u>1,224,645</u>	<u>33,941,140</u>
<u>\$171,893</u>	<u>\$62,837</u>	<u>\$1,350,484</u>	<u>\$36,842,596</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 December 31, 2010

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O & M	Water Resources
Revenues					
Taxes	\$361,752	\$282,773	\$7	\$-	\$-
Intergovernmental	121,924	170	-	-	-
Charges for service	502,770	-	-	174,666	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	93	10,835	-	404	-
Total revenues	986,539	293,778	7	175,070	-
Expenditures					
Current:					
General government	1,332,606	-	-	46,696	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	166,765	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	1,332,606	166,765	-	46,696	-
Excess (deficiency) of revenues over expenditures	(346,067)	127,013	7	128,374	-
Other financing sources (uses)					
Sales of capital assets	3,280	2,569	-	-	-
Transfers in	128,000	-	-	-	-
Transfers out	-	-	-	(80,457)	-
Insurance recoveries	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses)	131,280	2,569	-	(80,457)	-
Net change in fund balances	(214,787)	129,582	7	47,917	-
Fund balance as of January 1	477,655	762,815	64	248,169	-
Prior period adjustments	-	-	-	-	-
Fund balance as of Dec. 31	\$262,868	\$892,397	\$71	\$296,086	\$-

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Special Revenue Funds
December 31, 2010

Whatcom County Jail	REET Electronic Technology	Low-Income Housing	Homeless Housing	Stormwater	Chemical Dependency/ Mental Health	Countywide Emergency Medical Services	Park ORV	Whatcom Co Trial Court Improvement
\$3,066,829	\$-	\$-	\$-	\$-	\$3,049,769	\$1,722,548	\$-	\$-
2,267,506	16,520	-	433,006	182,733	197,082	765,592	-	47,658
682,184	-	208,763	908,971	-	50,658	-	-	-
-	-	-	-	-	-	-	-	-
325,889	-	-	-	600	44,162	52,463	-	1,351
<u>6,342,408</u>	<u>16,520</u>	<u>208,763</u>	<u>1,341,977</u>	<u>183,333</u>	<u>3,341,671</u>	<u>2,540,603</u>	<u>-</u>	<u>49,009</u>
-	-	-	-	-	-	-	-	-
11,915,034	-	-	-	-	-	1,768,781	-	-
-	-	-	-	1,115,887	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	227,375	1,501,668	-	-	-	-	-
-	-	-	-	-	963,061	-	-	-
-	-	-	-	-	-	-	-	-
60,430	-	-	-	106,497	-	-	-	-
<u>11,975,464</u>	<u>-</u>	<u>227,375</u>	<u>1,501,668</u>	<u>1,222,384</u>	<u>963,061</u>	<u>1,768,781</u>	<u>-</u>	<u>-</u>
<u>(5,633,056)</u>	<u>16,520</u>	<u>(18,612)</u>	<u>(159,691)</u>	<u>(1,039,051)</u>	<u>2,378,610</u>	<u>771,822</u>	<u>-</u>	<u>49,009</u>
-	-	-	-	-	-	-	-	-
5,537,690	-	-	-	1,259,606	-	-	-	-
(69,305)	(179,865)	-	(54,556)	(2,500)	(597,642)	(653,277)	-	(31,055)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>5,468,385</u>	<u>(179,865)</u>	<u>-</u>	<u>(54,556)</u>	<u>1,257,106</u>	<u>(597,642)</u>	<u>(653,277)</u>	<u>-</u>	<u>(31,055)</u>
<u>(164,671)</u>	<u>(163,345)</u>	<u>(18,612)</u>	<u>(214,247)</u>	<u>218,055</u>	<u>1,780,968</u>	<u>118,545</u>	<u>-</u>	<u>17,954</u>
3,984,792	163,345	341,738	1,112,849	772,221	2,190,467	4,031,597	-	57,333
-	-	-	-	-	-	-	-	-
<u>\$3,820,121</u>	<u>\$-</u>	<u>\$323,126</u>	<u>\$898,602</u>	<u>\$990,276</u>	<u>\$3,971,435</u>	<u>\$4,150,142</u>	<u>\$-</u>	<u>\$75,287</u>

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Special Revenue Funds
December 31, 2010

	LEOFF I Healthcare	Solid Waste Mgmt	Convention Center	Victim/ Witness Assistance	CERB
Revenues					
Taxes	\$-	\$-	\$496,035	\$-	\$-
Intergovernmental	-	246,479	-	14,188	-
Charges for service	-	755,957	-	86,223	-
Fines and forfeits	-	-	-	31,989	-
Miscellaneous	-	12,159	-	-	-
Total revenues	-	1,014,595	496,035	132,400	-
Expenditures					
Current:					
General government	-	-	-	77,276	-
Public safety	488,647	-	-	-	-
Physical environment	-	775,308	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	336,197	-	-
Capital outlay	-	112,191	-	-	-
Total expenditures	488,647	887,499	336,197	77,276	-
Excess (deficiency) of revenues over expenditures	(488,647)	127,096	159,838	55,124	-
Other financing sources (uses)					
Sales of capital assets	-	-	-	-	-
Transfers in	-	31,653	-	-	-
Transfers out	(600,000)	(139,459)	-	(64,752)	-
Insurance recoveries	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses)	(600,000)	(107,806)	-	(64,752)	-
Net change in fund balances	(1,088,647)	19,290	159,838	(9,628)	-
Fund balance as of January 1	2,100,000	1,441,197	894,482	69,303	-
Prior period adjustments	-	-	(35,188)	-	-
Fund balance as of Dec. 31	\$1,011,353	\$1,460,487	\$1,019,132	\$59,675	\$-

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 December 31, 2010

Emergency Contingency	Drug Task Force	Community Development	Imminent Threat Grant	Sewer Improvement Dist No. 1	Emergency Communications	Whatcom County Drug	Auditor's O & M	Emergency Management
\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
-	-	-	-	-	-	-	92,664	1,313,058
-	-	-	-	-	-	-	95,030	-
-	-	-	-	-	-	472,376	-	-
-	-	-	-	-	-	12,110	-	3,360
-	-	-	-	-	-	484,486	187,694	1,316,418
-	-	-	-	-	-	-	95,179	-
-	-	-	-	-	-	88,171	-	1,051,293
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	67,878
-	-	-	-	-	-	88,171	95,179	1,119,171
-	-	-	-	-	-	396,315	92,515	197,247
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	177,024
-	-	(5,000)	-	-	-	(511,967)	(114,334)	(363,629)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	(5,000)	-	-	-	(511,967)	(114,334)	(186,605)
-	-	(5,000)	-	-	-	(115,652)	(21,819)	10,642
5,250	16,170	16,237	3	-	-	312,380	542,901	110,328
-	-	-	-	-	-	-	-	-
\$5,250	\$16,170	\$11,237	\$3	\$-	\$-	\$196,728	\$521,082	\$120,970

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Special Revenue Funds
December 31, 2010

	Sumas Sub- Flood Control Zone Dist.	Flood Control Zone District	Point Roberts Fuel Tax	Conser- vation Futures	Lake Manage- ment District No. 1
Revenues					
Taxes	\$-	\$4,092,677	\$54,938	\$443,901	\$-
Intergovernmental	-	1,647,321	-	954	-
Charges for service	-	14,968	-	-	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	-	110,664	-	120	-
Total revenues	-	5,865,630	54,938	444,975	-
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	3,054,200	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	8,286	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	676,797	-	1,496,731	-
Total expenditures	-	3,730,997	-	1,505,017	-
Excess (deficiency) of revenues over expenditures	-	2,134,633	54,938	(1,060,042)	-
Other financing sources (uses)					
Sales of capital assets	-	37,234	-	3,999	-
Transfers in	-	18,800	-	-	-
Transfers out	-	(1,020,207)	-	(148,019)	-
Insurance recoveries	-	21,862	-	-	-
Capital lease proceeds	-	13,802	-	-	-
Total other financing sources (uses)	-	(928,509)	-	(144,020)	-
Net change in fund balances	-	1,206,124	54,938	(1,204,062)	-
Fund balance as of January 1	-	7,866,767	347,660	3,318,475	-
Prior period adjustments	-	-	-	(169,428)	-
Fund balance as of Dec. 31	\$-	\$9,072,891	\$402,598	\$1,944,985	\$-

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Special Revenue Funds
December 31, 2010

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
\$26,368	\$36,327	\$109,075	\$22,986	\$17,256	\$737,758	\$14,520,999
-	-	-	-	-	-	7,346,855
-	-	-	-	-	10,000	3,490,190
-	-	-	-	-	-	504,365
1,067	2,909	8,702	2,058	703	12,287	601,936
<u>27,435</u>	<u>39,236</u>	<u>117,777</u>	<u>25,044</u>	<u>17,959</u>	<u>760,045</u>	<u>26,464,345</u>
-	-	-	-	-	-	1,551,757
-	-	-	-	-	-	15,311,926
-	29,551	16,320	12,227	3,920	155,977	5,163,390
29,900	-	-	-	-	-	29,900
-	-	-	-	-	-	1,904,094
-	-	-	-	-	-	963,061
-	-	-	-	-	-	336,197
-	-	-	-	-	-	2,520,524
<u>29,900</u>	<u>29,551</u>	<u>16,320</u>	<u>12,227</u>	<u>3,920</u>	<u>155,977</u>	<u>27,780,849</u>
<u>(2,465)</u>	<u>9,685</u>	<u>101,457</u>	<u>12,817</u>	<u>14,039</u>	<u>604,068</u>	<u>(1,316,504)</u>
-	-	-	-	-	-	47,082
-	-	-	-	-	-	7,152,773
(1,067)	-	(318)	-	-	(34,259)	(4,671,668)
-	-	-	-	-	-	21,862
-	-	-	-	-	-	13,802
<u>(1,067)</u>	<u>-</u>	<u>(318)</u>	<u>-</u>	<u>-</u>	<u>(34,259)</u>	<u>2,563,851</u>
<u>(3,532)</u>	<u>9,685</u>	<u>101,139</u>	<u>12,817</u>	<u>14,039</u>	<u>569,809</u>	<u>1,247,347</u>
47,730	209,359	611,347	144,716	46,223	654,836	32,898,409
-	-	-	-	-	-	(204,616)
<u>\$44,198</u>	<u>\$219,044</u>	<u>\$712,486</u>	<u>\$157,533</u>	<u>\$60,262</u>	<u>\$1,224,645</u>	<u>\$33,941,140</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Election Reserve
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$361,200	\$361,752	\$552	\$359,714
Intergovernmental	32,800	121,924	89,124	7,172
Charges for service	312,668	502,770	190,102	611,062
Miscellaneous	-	93	93	549
Total revenues	<u>706,668</u>	<u>986,539</u>	<u>279,871</u>	<u>978,497</u>
Expenditures				
Current:				
General government	1,323,804	1,332,606	(8,802)	1,030,239
Capital outlay	23,597	-	23,597	21,787
Total expenditures	<u>1,347,401</u>	<u>1,332,606</u>	<u>14,795</u>	<u>1,052,026</u>
Excess (deficiency) of revenues over expenditures	<u>(640,733)</u>	<u>(346,067)</u>	<u>294,666</u>	<u>(73,529)</u>
Other financing sources (uses)				
Sales of capital assets	12,000	3,280	(8,720)	5,215
Transfers in	512,000	128,000	(384,000)	120,000
Total other financing sources (uses)	<u>524,000</u>	<u>131,280</u>	<u>(392,720)</u>	<u>125,215</u>
Net change in fund balances	<u>(116,733)</u>	<u>(214,787)</u>	<u>(98,054)</u>	<u>51,686</u>
Fund balance as of January 1	<u>1,474</u>	<u>477,655</u>	<u>476,181</u>	<u>425,969</u>
Fund balance as of December 31	<u><u>\$(115,259)</u></u>	<u><u>\$262,868</u></u>	<u><u>\$378,127</u></u>	<u><u>\$477,655</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Veterans' Relief
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$265,834	\$282,773	\$16,939	\$272,121
Intergovernmental	-	170	170	16
Miscellaneous	120	10,835	10,715	16,152
Total revenues	<u>265,954</u>	<u>293,778</u>	<u>27,824</u>	<u>288,289</u>
Expenditures				
Current:				
Economic environment	292,334	166,765	125,569	167,720
Total expenditures	<u>292,334</u>	<u>166,765</u>	<u>125,569</u>	<u>167,720</u>
Excess (deficiency) of revenues over expenditures	<u>(26,380)</u>	<u>127,013</u>	<u>153,393</u>	<u>120,569</u>
Other financing sources (uses)				
Sales of capital assets	5,127	2,569	(2,558)	3,947
Total other financing sources (uses)	<u>5,127</u>	<u>2,569</u>	<u>(2,558)</u>	<u>3,947</u>
Net change in fund balances	<u>(21,253)</u>	<u>129,582</u>	<u>150,835</u>	<u>124,516</u>
Fund balance as of January 1	-	762,815	762,815	638,299
Fund balance as of December 31	<u><u>\$(21,253)</u></u>	<u><u>\$892,397</u></u>	<u><u>\$913,650</u></u>	<u><u>\$762,815</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Treasurer's O & M
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for service	\$218,693	\$174,666	\$(44,027)	\$160,586
Miscellaneous	-	404	404	-
Total revenues	<u>218,693</u>	<u>175,070</u>	<u>(43,623)</u>	<u>160,586</u>
Expenditures				
Current:				
General government	142,254	46,696	95,558	35,143
Capital outlay	4,939	-	4,939	-
Total expenditures	<u>147,193</u>	<u>46,696</u>	<u>100,497</u>	<u>35,143</u>
Excess (deficiency) of revenues over expenditures	<u>71,500</u>	<u>128,374</u>	<u>56,874</u>	<u>125,443</u>
Other financing sources (uses)				
Transfers out	(65,000)	(80,457)	(15,457)	(75,813)
Total other financing sources (uses)	<u>(65,000)</u>	<u>(80,457)</u>	<u>(15,457)</u>	<u>(75,813)</u>
Net change in fund balances	<u>6,500</u>	<u>47,917</u>	<u>41,417</u>	<u>49,630</u>
Fund balance as of January 1	-	248,169	248,169	198,539
Fund balance as of December 31	<u>\$6,500</u>	<u>\$296,086</u>	<u>\$289,586</u>	<u>\$248,169</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Whatcom County Jail
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$3,200,000	\$3,066,829	\$(133,171)	\$3,015,059
Intergovernmental	2,078,118	2,267,506	189,388	2,294,944
Charges for service	778,954	682,184	(96,770)	782,840
Miscellaneous	199,000	325,889	126,889	500,894
Total revenues	<u>6,256,072</u>	<u>6,342,408</u>	<u>86,336</u>	<u>6,593,737</u>
Expenditures				
Current:				
Public safety	12,671,860	11,915,034	756,826	11,871,606
Capital outlay	60,372	60,430	(58)	26,192
Total expenditures	<u>12,732,232</u>	<u>11,975,464</u>	<u>756,768</u>	<u>11,897,798</u>
Excess (deficiency) of revenues over expenditures	<u>(6,476,160)</u>	<u>(5,633,056)</u>	<u>843,104</u>	<u>(5,304,061)</u>
Other financing sources (uses)				
Transfers in	6,011,331	5,537,690	(473,641)	5,338,474
Transfers out	(91,585)	(69,305)	22,280	(187,263)
Total other financing sources (uses)	<u>5,919,746</u>	<u>5,468,385</u>	<u>(451,361)</u>	<u>5,151,211</u>
Net change in fund balances	<u>(556,414)</u>	<u>(164,671)</u>	<u>391,743</u>	<u>(152,850)</u>
Fund balance as of January 1	<u>1,474,581</u>	<u>3,984,792</u>	<u>2,510,211</u>	<u>4,137,642</u>
Fund balance as of December 31	<u>\$918,167</u>	<u>\$3,820,121</u>	<u>\$2,901,954</u>	<u>\$3,984,792</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
REET Technology
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$30,000	\$16,520	\$(13,480)	\$26,411
Total revenues	<u>30,000</u>	<u>16,520</u>	<u>(13,480)</u>	<u>26,411</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>16,520</u>	<u>(13,480)</u>	<u>26,411</u>
Other financing sources (uses)				
Transfers out	(180,000)	(179,865)	135	-
Total other financing sources (uses)	<u>(180,000)</u>	<u>(179,865)</u>	<u>135</u>	<u>-</u>
Net change in fund balances	<u>(150,000)</u>	<u>(163,345)</u>	<u>(13,345)</u>	<u>26,411</u>
Fund balance as of January 1	-	163,345	163,345	136,934
Fund balance as of December 31	<u>\$(150,000)</u>	<u>\$-</u>	<u>\$150,000</u>	<u>\$163,345</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Low-Income Housing
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for service	\$240,000	\$208,763	\$(31,237)	\$253,701
Total revenues	<u>240,000</u>	<u>208,763</u>	<u>(31,237)</u>	<u>253,701</u>
Expenditures				
Current:				
Economic environment	515,000	227,375	287,625	227,785
Total expenditures	<u>515,000</u>	<u>227,375</u>	<u>287,625</u>	<u>227,785</u>
Excess (deficiency) of revenues over expenditures	<u>(275,000)</u>	<u>(18,612)</u>	<u>256,388</u>	<u>25,916</u>
Fund balance as of January 1	-	341,738	341,738	315,822
Fund balance as of December 31	<u><u>\$(275,000)</u></u>	<u><u>\$323,126</u></u>	<u><u>\$598,126</u></u>	<u><u>\$341,738</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Homeless Housing
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$953,897	\$433,006	\$(520,891)	\$812,068
Charges for service	553,000	908,971	355,971	778,670
Total revenues	<u>1,506,897</u>	<u>1,341,977</u>	<u>(164,920)</u>	<u>1,590,738</u>
Expenditures				
Current:				
Economic environment	1,661,038	1,501,668	159,370	1,439,328
Total expenditures	<u>1,661,038</u>	<u>1,501,668</u>	<u>159,370</u>	<u>1,439,328</u>
Excess (deficiency) of revenues over expenditures	<u>(154,141)</u>	<u>(159,691)</u>	<u>(5,550)</u>	<u>151,410</u>
Other financing sources (uses)				
Transfers out	(31,180)	(54,556)	(23,376)	(46,720)
Total other financing sources (uses)	<u>(31,180)</u>	<u>(54,556)</u>	<u>(23,376)</u>	<u>(46,720)</u>
Net change in fund balances	<u>(185,321)</u>	<u>(214,247)</u>	<u>(28,926)</u>	<u>104,690</u>
Fund balance as of January 1	13,548	1,112,849	1,099,301	1,008,159
Fund balance as of December 31	<u><u>\$(171,773)</u></u>	<u><u>\$898,602</u></u>	<u><u>\$1,070,375</u></u>	<u><u>\$1,112,849</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Stormwater
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$-	\$182,733	\$182,733	\$124,837
Charges for service	15,027	-	(15,027)	4,281
Miscellaneous	-	600	600	-
Total revenues	<u>15,027</u>	<u>183,333</u>	<u>168,306</u>	<u>129,118</u>
Expenditures				
Current:				
Physical environment	2,720,591	1,115,887	1,604,704	1,024,374
Capital outlay	-	106,497	(106,497)	14,858
Total expenditures	<u>2,720,591</u>	<u>1,222,384</u>	<u>1,498,207</u>	<u>1,039,232</u>
Excess (deficiency) of revenues over expenditures	<u>(2,705,564)</u>	<u>(1,039,051)</u>	<u>1,666,513</u>	<u>(910,114)</u>
Other financing sources (uses)				
Transfer in	1,928,213	1,259,606	(668,607)	1,683,335
Transfers out	(2,500)	(2,500)	-	(2,000)
Total other financing sources (uses)	<u>1,925,713</u>	<u>1,257,106</u>	<u>(668,607)</u>	<u>1,681,335</u>
Net change in fund balances	<u>(779,851)</u>	<u>218,055</u>	<u>997,906</u>	<u>771,221</u>
Fund balance as of January 1	<u>782,389</u>	<u>772,221</u>	<u>(10,168)</u>	<u>-</u>
Fund balance as of December 31	<u>\$2,538</u>	<u>\$990,276</u>	<u>\$987,738</u>	<u>\$771,221</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Chemical Dependency/Mental Health
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$3,200,000	\$3,049,769	\$(150,231)	\$2,425,300
Intergovernmental	239,520	197,082	(42,438)	118,528
Charges for service	51,990	50,658	(1,332)	47,254
Miscellaneous	-	44,162	44,162	22,986
Total revenues	<u>3,491,510</u>	<u>3,341,671</u>	<u>(149,839)</u>	<u>2,614,068</u>
Expenditures				
Current:				
Mental and physical health	2,658,398	963,061	1,695,337	421,550
Debt service:				
Interest	-	-	-	2,051
Total expenditures	<u>2,658,398</u>	<u>963,061</u>	<u>1,695,337</u>	<u>423,601</u>
Excess (deficiency) of revenues over expenditures	<u>833,112</u>	<u>2,378,610</u>	<u>1,545,498</u>	<u>2,190,467</u>
Other financing sources (uses)				
Transfer in	-	-	-	155,000
Transfers out	(916,475)	(597,642)	318,833	(155,000)
Total other financing sources (uses)	<u>(916,475)</u>	<u>(597,642)</u>	<u>318,833</u>	<u>-</u>
Net change in fund balances	<u>(83,363)</u>	<u>1,780,968</u>	<u>1,864,331</u>	<u>2,190,467</u>
Fund balance as of January 1	<u>3,304,087</u>	<u>2,190,467</u>	<u>(1,113,620)</u>	<u>-</u>
Fund balance as of December 31	<u>\$3,220,724</u>	<u>\$3,971,435</u>	<u>\$750,711</u>	<u>\$2,190,467</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Countywide Emergency Medical Services
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$2,593,453	\$1,722,548	\$(870,905)	\$1,699,037
Intergovernmental	-	765,592	765,592	755,143
Miscellaneous	89,425	52,463	(36,962)	86,336
Total revenues	<u>2,682,878</u>	<u>2,540,603</u>	<u>(142,275)</u>	<u>2,540,516</u>
Expenditures				
Current:				
Public safety	1,859,342	1,768,781	90,561	1,848,167
Total Expenditures	<u>1,859,342</u>	<u>1,768,781</u>	<u>90,561</u>	<u>1,848,167</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>823,536</u>	<u>771,822</u>	<u>(51,714)</u>	<u>692,349</u>
Other financing sources (uses)				
Transfer In	-	-	-	139,167
Transfers out	(658,740)	(653,277)	5,463	(1,008,740)
Total other financing sources (uses)	<u>(658,740)</u>	<u>(653,277)</u>	<u>5,463</u>	<u>(869,573)</u>
Net change in fund balances	<u>164,796</u>	<u>118,545</u>	<u>(46,251)</u>	<u>(177,224)</u>
Fund balance as of January 1	(107,092)	4,031,597	4,138,689	4,208,821
Fund balance as of December 31	<u>\$57,704</u>	<u>\$4,150,142</u>	<u>\$4,092,438</u>	<u>\$4,031,597</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Whatcom County Trial Court Improvement
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$52,000	\$47,658	\$(4,342)	\$49,551
Miscellaneous	-	1,351	1,351	1,353
Total revenues	<u>52,000</u>	<u>49,009</u>	<u>(2,991)</u>	<u>50,904</u>
Excess (deficiency) of revenues over expenditures	<u>52,000</u>	<u>49,009</u>	<u>(2,991)</u>	<u>50,904</u>
Other financing sources (uses)				
Transfers out	(42,235)	(31,055)	11,180	(44,111)
Total other financing sources (uses)	<u>(42,235)</u>	<u>(31,055)</u>	<u>11,180</u>	<u>(44,111)</u>
Net change in fund balances	<u>9,765</u>	<u>17,954</u>	<u>8,189</u>	<u>6,793</u>
Fund balance as of January 1	<u>15,000</u>	<u>57,333</u>	<u>42,333</u>	<u>50,540</u>
Fund balance as of December 31	<u><u>\$24,765</u></u>	<u><u>\$75,287</u></u>	<u><u>\$50,522</u></u>	<u><u>\$57,333</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
LEOFF I Healthcare
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Public safety	\$400,000	\$488,647	\$(88,647)	\$200,000
Total Expenditures	<u>400,000</u>	<u>488,647</u>	<u>(88,647)</u>	<u>200,000</u>
Excess (deficiency) of revenues over expenditures	<u>(400,000)</u>	<u>(488,647)</u>	<u>(88,647)</u>	<u>(200,000)</u>
Other financing sources (uses)				
Transfers out	(600,000)	(600,000)	-	(1,200,000)
Total other financing sources (uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>(1,200,000)</u>
Net change in fund balances	<u>(1,000,000)</u>	<u>(1,088,647)</u>	<u>(88,647)</u>	<u>(1,400,000)</u>
Fund balance as of January 1	800,000	2,100,000	1,300,000	3,500,000
Fund balance as of December 31	<u><u>\$(200,000)</u></u>	<u><u>\$1,011,353</u></u>	<u><u>\$1,211,353</u></u>	<u><u>\$2,100,000</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Solid Waste
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$250,050	\$246,479	\$(3,571)	\$261,332
Charges for service	850,000	755,957	(94,043)	756,822
Miscellaneous	1,800	12,159	10,359	9,400
Total revenues	<u>1,101,850</u>	<u>1,014,595</u>	<u>(87,255)</u>	<u>1,027,554</u>
Expenditures				
Current:				
Physical environment	874,806	775,308	99,498	975,410
Capital outlay	112,191	112,191	-	-
Total expenditures	<u>986,997</u>	<u>887,499</u>	<u>99,498</u>	<u>975,410</u>
Excess (deficiency) of revenues over expenditures	<u>114,853</u>	<u>127,096</u>	<u>12,243</u>	<u>52,144</u>
Other financing sources (uses)				
Transfers in	-	31,653	31,653	-
Transfers out	(151,760)	(139,459)	12,301	(146,536)
Total other financing sources (uses)	<u>(151,760)</u>	<u>(107,806)</u>	<u>43,954</u>	<u>(146,536)</u>
Net change in fund balances	<u>(36,907)</u>	<u>19,290</u>	<u>56,197</u>	<u>(94,392)</u>
Fund balance as of January 1	<u>(339,661)</u>	<u>1,441,197</u>	<u>1,780,858</u>	<u>1,535,589</u>
Fund balance as of December 31	<u><u>\$(376,568)</u></u>	<u><u>\$1,460,487</u></u>	<u><u>\$1,837,055</u></u>	<u><u>\$1,441,197</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Convention Center
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$461,320	\$496,035	\$34,715	\$493,274
Miscellaneous	-	-	-	35,188
Total revenues	<u>461,320</u>	<u>496,035</u>	<u>34,715</u>	<u>528,462</u>
Expenditures				
Current:				
Culture and recreation	336,980	336,197	783	319,659
Total expenditures	<u>336,980</u>	<u>336,197</u>	<u>783</u>	<u>319,659</u>
Excess (deficiency) of revenues over expenditures	<u>124,340</u>	<u>159,838</u>	<u>35,498</u>	<u>208,803</u>
Fund balance as of January 1	-	894,482	894,482	685,679
Prior period adjustments	-	(35,188)	(35,188)	-
Fund balance as of December 31	<u>\$124,340</u>	<u>\$1,019,132</u>	<u>\$894,792</u>	<u>\$894,482</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Victim/Witness Assistance
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$11,328	\$14,188	\$2,860	\$11,350
Charges for service	96,400	86,223	(10,177)	84,537
Fines and forfeits	30,000	31,989	1,989	28,641
Total revenues	<u>137,728</u>	<u>132,400</u>	<u>(5,328)</u>	<u>124,528</u>
Expenditures				
Current:				
General government	81,459	77,276	4,183	76,228
Total expenditures	<u>81,459</u>	<u>77,276</u>	<u>4,183</u>	<u>76,228</u>
Excess (deficiency) of revenues over expenditures	<u>56,269</u>	<u>55,124</u>	<u>(1,145)</u>	<u>48,300</u>
Other financing sources (uses)				
Transfers out	(64,752)	(64,752)	-	(66,659)
Total other financing sources (uses)	<u>(64,752)</u>	<u>(64,752)</u>	<u>-</u>	<u>(66,659)</u>
Net change in fund balances	<u>(8,483)</u>	<u>(9,628)</u>	<u>(1,145)</u>	<u>(18,359)</u>
Fund balance as of January 1	-	69,303	69,303	87,662
Fund balance as of December 31	<u>\$(8,483)</u>	<u>\$59,675</u>	<u>\$68,158</u>	<u>\$69,303</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Community Development
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Other financing sources (uses)				
Transfers out	\$(5,000)	\$(5,000)	\$-	\$(5,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balances	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Fund balance as of January 1	-	16,237	16,237	21,237
Fund balance as of December 31	<u><u>\$(5,000)</u></u>	<u><u>\$11,237</u></u>	<u><u>\$16,237</u></u>	<u><u>\$16,237</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Whatcom County Drug
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Fines and forfeits	\$278,200	\$472,376	\$194,176	\$157,761
Miscellaneous	15,000	12,110	(2,890)	19,647
Total revenues	<u>293,200</u>	<u>484,486</u>	<u>191,286</u>	<u>177,408</u>
Expenditures				
Current:				
Public safety	149,000	88,171	60,829	102,282
Total expenditures	<u>149,000</u>	<u>88,171</u>	<u>60,829</u>	<u>102,282</u>
Excess (deficiency) of revenues over expenditures	<u>144,200</u>	<u>396,315</u>	<u>252,115</u>	<u>75,126</u>
Other financing sources (uses)				
Transfers out	(511,967)	(511,967)	-	(511,967)
Total other financing sources (uses)	<u>(511,967)</u>	<u>(511,967)</u>	<u>-</u>	<u>(511,967)</u>
Net change in fund balances	<u>(367,767)</u>	<u>(115,652)</u>	<u>252,115</u>	<u>(436,841)</u>
Fund balance as of January 1	-	312,380	312,380	749,221
Fund balance as of December 31	<u><u>\$(367,767)</u></u>	<u><u>\$196,728</u></u>	<u><u>\$564,495</u></u>	<u><u>\$312,380</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Auditor's O & M
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$113,000	\$92,664	\$(20,336)	\$123,371
Charges for service	124,400	95,030	(29,370)	114,692
Total revenues	<u>237,400</u>	<u>187,694</u>	<u>(49,706)</u>	<u>238,063</u>
Expenditures				
Current:				
General government	112,049	95,179	16,870	56,481
Total expenditures	<u>112,049</u>	<u>95,179</u>	<u>16,870</u>	<u>56,481</u>
Excess (deficiency) of revenues over expenditures	<u>125,351</u>	<u>92,515</u>	<u>(32,836)</u>	<u>181,582</u>
Other financing sources (uses)				
Transfers out	(126,521)	(114,334)	12,187	(140,586)
Total other financing sources (uses)	<u>(126,521)</u>	<u>(114,334)</u>	<u>12,187</u>	<u>(140,586)</u>
Net change in fund balances	<u>(1,170)</u>	<u>(21,819)</u>	<u>(20,649)</u>	<u>40,996</u>
Fund balance as of January 1	24,000	542,901	518,901	501,905
Fund balance as of December 31	<u>\$22,830</u>	<u>\$521,082</u>	<u>\$498,252</u>	<u>\$542,901</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Emergency Management
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$1,884,545	\$1,313,058	\$(571,487)	\$1,177,573
Miscellaneous	7,159	3,360	(3,799)	2,105
Total revenues	<u>1,891,704</u>	<u>1,316,418</u>	<u>(575,286)</u>	<u>1,179,678</u>
Expenditures				
Current:				
Public safety	1,586,090	1,051,293	534,797	1,214,080
Capital outlay	72,973	67,878	5,095	-
Total expenditures	<u>1,659,063</u>	<u>1,119,171</u>	<u>539,892</u>	<u>1,214,080</u>
Excess (deficiency) of revenues over expenditures	<u>232,641</u>	<u>197,247</u>	<u>(35,394)</u>	<u>(34,402)</u>
Other financing sources (uses)				
Transfers in	177,024	177,024	-	177,024
Transfers out	(408,497)	(363,629)	44,868	(115,122)
Total other financing sources (uses)	<u>(231,473)</u>	<u>(186,605)</u>	<u>44,868</u>	<u>61,902</u>
Net change in fund balances	<u>1,168</u>	<u>10,642</u>	<u>9,474</u>	<u>27,500</u>
Fund balance as of January 1	993	110,328	109,335	82,828
Fund balance as of December 31	<u>\$2,161</u>	<u>\$120,970</u>	<u>\$118,809</u>	<u>\$110,328</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Flood Control Zone District
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$4,040,000	\$4,092,677	\$52,677	\$4,007,410
Intergovernmental	2,518,661	1,647,321	(871,340)	927,888
Charges for service	94,228	14,968	(79,260)	9,002
Miscellaneous	150,000	110,664	(39,336)	172,984
Total revenues	6,802,889	5,865,630	(937,259)	5,117,284
Expenditures				
Current:				
Physical environment	6,577,927	3,054,200	3,523,727	3,044,810
Capital outlay	799,000	676,797	122,203	107,885
Total expenditures	7,376,927	3,730,997	3,645,930	3,152,695
Excess (deficiency) of revenues over expenditures	(574,038)	2,134,633	2,708,671	1,964,589
Other financing sources (uses)				
Sales of capital assets	80,000	37,234	(42,766)	58,043
Transfers in	24,500	18,800	(5,700)	218,541
Transfers out	(1,469,473)	(1,020,207)	449,266	(1,796,783)
Insurance recoveries	-	21,862	21,862	-
Capital lease proceeds	-	13,802	13,802	-
Total other financing sources (uses)	(1,364,973)	(928,509)	436,464	(1,520,199)
Net change in fund balances	(1,939,011)	1,206,124	3,145,135	444,390
Fund balance as of January 1	1,049,804	7,866,767	6,816,963	7,422,377
Fund balance as of December 31	\$(889,207)	\$9,072,891	\$9,962,098	\$7,866,767

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Point Roberts Fuel Tax
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$50,000	\$54,938	\$4,938	\$35,874
Total revenues	<u>50,000</u>	<u>54,938</u>	<u>4,938</u>	<u>35,874</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>54,938</u>	<u>4,938</u>	<u>35,874</u>
Fund balance as of January 1	-	347,660	347,660	311,786
Fund balance as of December 31	<u><u>\$50,000</u></u>	<u><u>\$402,598</u></u>	<u><u>\$352,598</u></u>	<u><u>\$347,660</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Conservation Futures
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$474,218	\$443,901	\$(30,317)	\$956,626
Intergovernmental	1,904,018	954	(1,903,064)	177,251
Miscellaneous	366	120	(246)	169,779
Total revenues	2,378,602	444,975	(1,933,627)	1,303,656
Expenditures				
Current:				
Economic environment	12,062	8,286	3,776	68,548
Capital outlay	2,393,130	1,496,731	896,399	311,152
Total expenditures	2,405,192	1,505,017	900,175	379,700
Excess (deficiency) of revenues over expenditures	(26,590)	(1,060,042)	(1,033,452)	923,956
Other financing sources (uses)				
Sales of capital assets	28,348	3,999	(24,349)	13,873
Transfers out	(188,780)	(148,019)	40,761	(83,102)
Total other financing sources (uses)	(160,432)	(144,020)	16,412	(69,229)
Net change in fund balances	(187,022)	(1,204,062)	(1,017,040)	854,727
Fund balance as of January 1	187,022	3,318,475	3,131,453	2,463,748
Prior period adjustments	-	(169,428)	(169,428)	-
Fund balance as of December 31	\$-	\$1,944,985	\$1,944,985	\$3,318,475

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Road Improvement Districts
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$25,151	\$26,368	\$1,217	\$26,029
Miscellaneous	1,053	1,067	14	1,048
Total revenues	<u>26,204</u>	<u>27,435</u>	<u>1,231</u>	<u>27,077</u>
Expenditures				
Current:				
Transportation	34,000	29,900	4,100	29,107
Total expenditures	<u>34,000</u>	<u>29,900</u>	<u>4,100</u>	<u>29,107</u>
Excess (deficiency) of revenues over expenditures	<u>(7,796)</u>	<u>(2,465)</u>	<u>5,331</u>	<u>(2,030)</u>
Other financing sources (uses)				
Transfers in	-	-	-	7,736
Transfers out	(1,053)	(1,067)	(14)	(126,346)
Total other financing sources (uses)	<u>(1,053)</u>	<u>(1,067)</u>	<u>(14)</u>	<u>(118,610)</u>
Net change in fund balances	<u>(8,849)</u>	<u>(3,532)</u>	<u>5,317</u>	<u>(120,640)</u>
Fund balance as of January 1	42,192	47,730	5,538	168,370
Fund balance as of December 31	<u>\$33,343</u>	<u>\$44,198</u>	<u>\$10,855</u>	<u>\$47,730</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Lynden/Everson Sub-Zone
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$33,823	\$36,327	\$2,504	\$33,299
Miscellaneous	-	2,909	2,909	5,353
Total revenues	<u>33,823</u>	<u>39,236</u>	<u>5,413</u>	<u>38,652</u>
Expenditures				
Current:				
Physical environment	65,000	29,551	35,449	55,624
Total expenditures	<u>65,000</u>	<u>29,551</u>	<u>35,449</u>	<u>55,624</u>
Excess (deficiency) of revenues over expenditures	<u>(31,177)</u>	<u>9,685</u>	<u>40,862</u>	<u>(16,972)</u>
Fund balance as of January 1	-	209,359	209,359	226,331
Fund balance as of December 31	<u><u>\$(31,177)</u></u>	<u><u>\$219,044</u></u>	<u><u>\$250,221</u></u>	<u><u>\$209,359</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, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$105,831	\$109,075	\$3,244	\$106,041
Miscellaneous	-	8,702	8,702	12,954
Total revenues	<u>105,831</u>	<u>117,777</u>	<u>11,946</u>	<u>118,995</u>
Expenditures				
Current:				
Physical environment	115,000	16,320	98,680	13,406
Total expenditures	<u>115,000</u>	<u>16,320</u>	<u>98,680</u>	<u>13,406</u>
Excess (deficiency) of revenues over expenditures	<u>(9,169)</u>	<u>101,457</u>	<u>110,626</u>	<u>105,589</u>
Other financing sources (uses)				
Transfers out	-	(318)	(318)	-
Total other financing sources (uses)	<u>-</u>	<u>(318)</u>	<u>(318)</u>	<u>-</u>
Net change in fund balances	<u>(9,169)</u>	<u>101,139</u>	<u>110,308</u>	<u>105,589</u>
Fund balance as of January 1	-	611,347	611,347	505,758
Fund balance as of December 31	<u><u>\$(9,169)</u></u>	<u><u>\$712,486</u></u>	<u><u>\$721,655</u></u>	<u><u>\$611,347</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, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$23,798	\$22,986	\$(812)	\$23,495
Miscellaneous	-	2,058	2,058	3,206
Total revenues	<u>23,798</u>	<u>25,044</u>	<u>1,246</u>	<u>26,701</u>
Expenditures				
Current:				
Physical environment	46,000	12,227	33,773	9,419
Total expenditures	<u>46,000</u>	<u>12,227</u>	<u>33,773</u>	<u>9,419</u>
Excess (deficiency) of revenues over expenditures	<u>(22,202)</u>	<u>12,817</u>	<u>35,019</u>	<u>17,282</u>
Fund balance as of January 1	-	144,716	144,716	127,434
Fund balance as of December 31	<u><u>\$(22,202)</u></u>	<u><u>\$157,533</u></u>	<u><u>\$179,735</u></u>	<u><u>\$144,716</u></u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Samish Watershed Sub-Zone
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$16,972	\$17,256	\$284	\$17,330
Miscellaneous	-	703	703	899
Total revenues	<u>16,972</u>	<u>17,959</u>	<u>987</u>	<u>18,229</u>
Expenditures				
Current:				
Physical environment	8,800	3,920	4,880	1,875
Total expenditures	<u>8,800</u>	<u>3,920</u>	<u>4,880</u>	<u>1,875</u>
Excess (deficiency) of revenues over expenditures	<u>8,172</u>	<u>14,039</u>	<u>5,867</u>	<u>16,354</u>
Fund balance as of January 1	-	46,223	46,223	29,869
Fund balance as of December 31	<u>\$8,172</u>	<u>\$60,262</u>	<u>\$52,090</u>	<u>\$46,223</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual (GAAP Basis)
Birch Bay Sub-Zone
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$710,000	\$737,758	\$27,758	\$683,948
Charges for service	-	10,000	10,000	-
Miscellaneous	-	12,287	12,287	8,037
Total revenues	<u>710,000</u>	<u>760,045</u>	<u>50,045</u>	<u>691,985</u>
Expenditures				
Current:				
Physical environment	381,498	155,977	225,521	37,149
Total expenditures	<u>381,498</u>	<u>155,977</u>	<u>225,521</u>	<u>37,149</u>
Excess (deficiency) of revenues over expenditures	<u>328,502</u>	<u>604,068</u>	<u>275,566</u>	<u>654,836</u>
Other financing sources (uses)				
Transfers out	-	(34,259)	(34,259)	-
Total other financing sources (uses)	<u>-</u>	<u>(34,259)</u>	<u>(34,259)</u>	<u>-</u>
Net change in fund balances	<u>328,502</u>	<u>569,809</u>	<u>241,307</u>	<u>654,836</u>
Fund balance as of January 1	25,011	654,836	629,825	-
Fund balance as of December 31	<u>\$353,513</u>	<u>\$1,224,645</u>	<u>\$871,132</u>	<u>\$654,836</u>



	1977 Fair GO Bond	1978 Ltd. Tax GO Bond	1981 Ltd. Tax GO Bond	1982 Ltd. Tax GO Bond	1983 Ltd. Tax GO Bond	CRID No. 4 General Debt	CRID No. 5 General Debt
Assets							
Cash and cash equivalents	\$-	\$-	\$-	\$8,406	\$5,271	\$219	\$14,602
Special assessments, net	-	-	-	-	-	-	-
Total assets	\$-	\$-	\$-	\$8,406	\$5,271	\$219	\$14,602
Liabilities and fund balance							
Liabilities							
Deferred revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total liabilities	-	-	-	-	-	-	-
Fund balances							
Reserved for:							
Debt service	-	-	-	8,406	5,271	219	14,602
Total fund balance	-	-	-	8,406	5,271	219	14,602
Total liabilities and fund balance	\$-	\$-	\$-	\$8,406	\$5,271	\$219	\$14,602

CRID No. 9 General Debt	LRID No. 10 General Debt	1991 Ltd. Tax GO Bond	1993 Ltd. Tax GO Bond	1997 Ltd. Tax GO Bond	1998 Ltd. Tax GO Bond	2003 Ltd. Tax GO Bond	2010 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
\$260	\$135,863	\$1,337	\$188	\$350	\$350	\$815	\$275	\$167,936
7,283	-	-	-	-	-	-	-	7,283
<u>\$7,543</u>	<u>\$135,863</u>	<u>\$1,337</u>	<u>\$188</u>	<u>\$350</u>	<u>\$350</u>	<u>\$815</u>	<u>\$275</u>	<u>\$175,219</u>
\$7,283	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$7,283
7,283	-	-	-	-	-	-	-	7,283
260	135,863	1,337	188	350	350	815	275	167,936
260	135,863	1,337	188	350	350	815	275	167,936
<u>\$7,543</u>	<u>\$135,863</u>	<u>\$1,337</u>	<u>\$188</u>	<u>\$350</u>	<u>\$350</u>	<u>\$815</u>	<u>\$275</u>	<u>\$175,219</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Debt Service Funds
 Year Ended December 31, 2010

	1977 Fair GO Bond	1978 Ltd. Tax GO Bond	1981 Ltd. Tax GO Bond	1982 Ltd. Tax GO Bond	1983 Ltd. Tax GO Bond	CRID No. 4 General Debt	CRID No. 5 General Debt
Expenditures							
Debt service:							
Principal	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interest	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	(30,891)	(22,312)	-	-	-	-	-
Proceeds of refunding long-term debt	-	-	-	-	-	-	-
Total other financing sources (uses)	(30,891)	(22,312)	-	-	-	-	-
Net changes in fund balances	(30,891)	(22,312)	-	-	-	-	-
Fund balance as of January 1	30,891	22,312	-	8,406	5,271	219	14,602
Fund balance as of December 31	\$-	\$-	\$-	\$8,406	\$5,271	\$219	\$14,602

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Debt Service Funds
 Year Ended December 31, 2010

CRID No. 9 General Debt	LRID No. 10 General Debt	1991 Ltd. Tax GO Bond	1993 Ltd. Tax GO Bond	1997 Ltd. Tax GO Bond	1998 Ltd. Tax GO Bond	2003 Ltd. Tax GO Bond	2010 Ltd. Tax GO Bond	Total Non Major Debt Srvc Funds
\$-	\$-	\$-	\$-	\$2,465,000	\$1,850,000	\$395,000	\$235,000	\$4,945,000
-	-	-	-	97,633	81,513	39,709	37,909	256,764
-	-	-	-	2,562,633	1,931,513	434,709	272,909	5,201,764
-	-	-	-	(2,562,633)	(1,931,513)	(434,709)	(272,909)	(5,201,764)
-	-	-	-	2,562,532	1,931,066	434,709	-	4,928,307
-	-	-	-	-	-	-	(3,021,483)	(3,074,686)
-	-	-	-	-	-	-	3,294,667	3,294,667
-	-	-	-	2,562,532	1,931,066	434,709	273,184	5,148,288
-	-	-	-	(101)	(447)	-	275	(53,476)
260	135,863	1,337	188	451	797	815	-	221,412
\$260	\$135,863	\$1,337	\$188	\$350	\$350	\$815	\$275	\$167,936

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1977 Fair GO Bond
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

	2010		2009
	Budget	Actual	Variance Favorable (Unfavorable)
Other financing sources (uses)			
Transfers out	\$(30,891)	\$(30,891)	\$-
Total other financing sources (uses)	<u>(30,891)</u>	<u>(30,891)</u>	<u>-</u>
Net changes in fund balances	<u>(30,891)</u>	<u>(30,891)</u>	<u>-</u>
Fund balance as of January 1	-	30,891	30,891
Fund balance as of December 31	<u><u>\$(30,891)</u></u>	<u><u>\$-</u></u>	<u><u>\$30,891</u></u>

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1978 Ltd Tax GO Bond
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

	2010		2009
	Budget	Actual	Variance Favorable (Unfavorable)
Other financing sources (uses)			
Transfers out	\$ (22,312)	\$ (22,312)	\$ -
Total other financing sources (uses)	<u>(22,312)</u>	<u>(22,312)</u>	<u>-</u>
Net changes in fund balances	<u>(22,312)</u>	<u>(22,312)</u>	<u>-</u>
Fund balance as of January 1	-	22,312	22,312
Fund balance as of December 31	<u><u>\$ (22,312)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,312</u></u>

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1997 Ltd Tax GO Bond
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

Whatcom County

W A S H I N G T O N

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$1,120,000	\$2,465,000	\$(1,345,000)	\$1,050,000
Interest	99,688	97,633	2,055	154,343
Total expenditures	<u>1,219,688</u>	<u>2,562,633</u>	<u>(1,342,945)</u>	<u>1,204,343</u>
Excess (deficiency) of revenues over expenditures	<u>(1,219,688)</u>	<u>(2,562,633)</u>	<u>(1,342,945)</u>	<u>(1,204,343)</u>
Other financing sources (uses)				
Transfers in	1,219,688	2,562,532	1,342,844	1,204,040
Total other financing sources (uses)	<u>1,219,688</u>	<u>2,562,532</u>	<u>1,342,844</u>	<u>1,204,040</u>
Net changes in fund balances	<u>-</u>	<u>(101)</u>	<u>(101)</u>	<u>(303)</u>
Fund balance as of January 1	-	451	451	754
Fund balance as of December 31	<u>\$-</u>	<u>\$350</u>	<u>\$350</u>	<u>\$451</u>

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1998 Ltd Tax GO Bond
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$170,000	\$1,850,000	\$(1,680,000)	\$165,000
Interest	83,820	81,513	2,307	89,889
Total expenditures	<u>253,820</u>	<u>1,931,513</u>	<u>(1,677,693)</u>	<u>254,889</u>
Excess (deficiency) of revenues over expenditures	<u>(253,820)</u>	<u>(1,931,513)</u>	<u>(1,677,693)</u>	<u>(254,889)</u>
Other financing sources (uses)				
Transfers in	253,820	1,931,066	1,677,246	254,585
Total other financing sources (uses)	<u>253,820</u>	<u>1,931,066</u>	<u>1,677,246</u>	<u>254,585</u>
Net changes in fund balances	<u>-</u>	<u>(447)</u>	<u>(447)</u>	<u>(304)</u>
Fund balance as of January 1	-	797	797	1,101
Fund balance as of December 31	<u>\$-</u>	<u>\$350</u>	<u>\$350</u>	<u>\$797</u>

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 2003 Ltd Tax GO Bond
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

Whatcom County

W A S H I N G T O N

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$395,000	\$395,000	\$-	\$385,000
Interest	40,405	39,709	696	50,296
Total expenditures	<u>435,405</u>	<u>434,709</u>	<u>696</u>	<u>435,296</u>
Excess (deficiency) of revenues over expenditures	<u>(435,405)</u>	<u>(434,709)</u>	<u>696</u>	<u>(435,296)</u>
Other financing sources (uses)				
Transfers in	435,405	434,709	(696)	434,993
Total other financing sources (uses)	<u>435,405</u>	<u>434,709</u>	<u>(696)</u>	<u>434,993</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303)</u>
Fund balance as of January 1	-	815	815	1,118
Fund balance as of December 31	<u>\$-</u>	<u>\$815</u>	<u>\$815</u>	<u>\$815</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
2010 Ltd Tax GO Bond
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$-	\$235,000	\$(235,000)	\$-
Interest	26,300	37,909	(11,609)	-
Total expenditures	<u>26,300</u>	<u>272,909</u>	<u>(246,609)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(26,300)</u>	<u>(272,909)</u>	<u>(246,609)</u>	<u>-</u>
Other financing sources (uses)				
Transfers out	-	(3,021,483)	(3,021,483)	-
Proceeds of general long-term debt	26,300	3,294,667	3,268,367	-
Total other financing sources (uses)	<u>26,300</u>	<u>273,184</u>	<u>246,884</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>275</u>	<u>275</u>	<u>-</u>
Fund balance as of January 1	-	-	-	-
Fund balance as of December 31	<u>\$-</u>	<u>\$275</u>	<u>\$275</u>	<u>\$-</u>

	Real Estate Excise Tax II	1983 Sewer Construction	Real Estate Excise Tax I	Courthouse Expansion Construction	Road Improvement Dist. No. 10 Construction	County Park Improvement
Assets						
Cash and cash equivalents	\$6,713,238	\$-	\$1,704,602	\$43	\$-	\$989
Investments at cost	-	-	-	-	-	1,652,786
Accounts receivable, net	33,913	-	-	-	-	-
Interest receivable	-	-	-	-	-	1,294
Due from other funds	-	-	69,305	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$6,747,151	\$-	\$1,773,907	\$43	\$-	\$1,655,069
Liabilities and fund balance						
Liabilities						
Accounts payable	\$32,217	\$-	\$51,640	\$-	\$-	\$-
Due to other funds	406,977	-	30,540	-	-	-
Total liabilities	439,194	-	82,180	-	-	-
Fund balances						
Reserved for:						
Encumbrances	393,354	-	-	-	-	-
Unreserved, reported in:						
Capital Projects	5,914,603	-	1,691,727	43	-	1,655,069
Total fund balance	6,307,957	-	1,691,727	43	-	1,655,069
Total liabilities and fund balance	\$6,747,151	\$-	\$1,773,907	\$43	\$-	\$1,655,069

Civic Center Building Improvement	Jail Construction Project	East Whatcom Regional Resource Ctr Construction	Yew St. Rd. Construction	Lincoln Rd. Construction	2010 Jail Improvement	Total Non Major Capital Project Funds
\$32,211	\$-	\$439,244	\$906,021	\$1,353,284	\$1,192,696	\$12,342,328
-	-	-	-	-	1,813,903	3,466,689
-	-	-	-	-	-	33,913
-	-	-	-	-	1,516	2,810
-	-	227,509	-	-	-	296,814
-	-	577,770	73,727	175,233	-	826,730
<u>\$32,211</u>	<u>\$-</u>	<u>\$1,244,523</u>	<u>\$979,748</u>	<u>\$1,528,517</u>	<u>\$3,008,115</u>	<u>\$16,969,284</u>
\$-	\$-	\$235,380	\$33,505	\$17,247	\$-	\$369,989
-	-	261	-	-	-	437,778
-	-	235,641	33,505	17,247	-	807,767
-	-	1,008,882	939,242	1,495,272	-	3,836,750
32,211	-	-	7,001	15,998	3,008,115	12,324,767
32,211	-	1,008,882	946,243	1,511,270	3,008,115	16,161,517
<u>\$32,211</u>	<u>\$-</u>	<u>\$1,244,523</u>	<u>\$979,748</u>	<u>\$1,528,517</u>	<u>\$3,008,115</u>	<u>\$16,969,284</u>

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Capital Project Funds
Year Ended December 31, 2010

	Real Estate Excise Tax II	1983 Sewer Construction	Real Estate Excise Tax I	Courthouse Expansion Construction	Road Improvement District No. 10 Construction
Revenues					
Taxes	\$990,891	\$-	\$990,891	\$-	\$-
Intergovernmental	33,913	-	-	-	-
Miscellaneous	225	-	10	-	-
Total revenues	1,025,029	-	990,901	-	-
Expenditures					
Current:					
General government	18,661	-	-	-	-
Public safety	-	-	122,965	-	-
Physical environment	-	-	279,031	-	-
Culture and recreation	172,912	-	-	-	-
Capital outlay	246,183	-	1,211,007	-	-
Debt service:					
Interest	-	-	43,500	-	-
Total expenditures	437,756	-	1,656,503	-	-
Excess (deficiency) of revenues over expenditures	587,273	-	(665,602)	-	-
Other financing sources (uses)					
Transfers in	-	-	769,305	-	-
Transfers out	(462,689)	-	(1,323,121)	-	-
Proceeds of general long-term debt	-	-	-	-	-
Total other financing sources (uses)	(462,689)	-	(553,816)	-	-
Net changes in fund balances	124,584	-	(1,219,418)	-	-
Fund balance as of January 1	6,703,141	-	3,141,330	43	-
Prior period adjustments	(519,768)	-	(230,185)	-	-
Fund balance as of December 31	\$6,307,957	\$-	\$1,691,727	\$43	\$-

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Capital Project Funds
 Year Ended December 31, 2010

County Park Improvement	Civic Center Building Improvement	Jail Construction Project	East Whatcom Regional Resource Ctr Construction	Yew St. Rd. Construction	Lincoln Rd. Construction	2010 Jail Improvement	Total Non Major Capital Project Funds
\$51	\$-	\$-	\$-	\$-	\$-	\$-	\$1,981,833
1,500,222	-	-	577,770	1,562,427	438,084	-	4,112,416
24,052	-	-	-	-	16,000	3,197	43,484
<u>1,524,325</u>	<u>-</u>	<u>-</u>	<u>577,770</u>	<u>1,562,427</u>	<u>454,084</u>	<u>3,197</u>	<u>6,137,733</u>
-	-	-	-	-	-	-	18,661
-	-	-	-	-	-	-	122,965
-	-	-	-	-	-	-	279,031
-	-	-	-	-	-	-	172,912
-	-	-	295,810	1,923,114	442,814	-	4,118,928
-	-	-	-	-	-	-	43,500
-	-	-	295,810	1,923,114	442,814	-	4,755,997
<u>1,524,325</u>	<u>-</u>	<u>-</u>	<u>281,960</u>	<u>(360,687)</u>	<u>11,270</u>	<u>3,197</u>	<u>1,381,736</u>
-	-	-	477,509	-	1,500,000	-	2,746,814
-	-	-	-	-	-	-	(1,785,810)
-	-	-	-	-	-	3,004,918	3,004,918
-	-	-	477,509	-	1,500,000	3,004,918	3,965,922
<u>1,524,325</u>	<u>-</u>	<u>-</u>	<u>759,469</u>	<u>(360,687)</u>	<u>1,511,270</u>	<u>3,008,115</u>	<u>5,347,658</u>
130,744	32,211	-	249,413	1,306,930	-	-	11,563,812
-	-	-	-	-	-	-	(749,953)
<u>\$1,655,069</u>	<u>\$32,211</u>	<u>\$-</u>	<u>\$1,008,882</u>	<u>\$946,243</u>	<u>\$1,511,270</u>	<u>\$3,008,115</u>	<u>\$16,161,517</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
Real Estate Excise Tax II
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

Whatcom County

W A S H I N G T O N

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$1,100,000	\$990,891	\$(109,109)	\$1,041,318
Intergovernmental	519,778	33,913	(485,865)	-
Miscellaneous	35,000	225	(34,775)	521,382
Total revenues	<u>1,654,778</u>	<u>1,025,029</u>	<u>(629,749)</u>	<u>1,562,700</u>
Expenditures				
Current:				
General government	18,865	18,661	204	23,395
Culture and recreation	535,772	172,912	362,860	169,208
Capital outlay	2,789,935	246,183	2,543,752	427,949
Total expenditures	<u>3,344,572</u>	<u>437,756</u>	<u>2,906,816</u>	<u>620,552</u>
Excess (deficiency) of revenues over expenditures	<u>(1,689,794)</u>	<u>587,273</u>	<u>2,277,067</u>	<u>942,148</u>
Other financing sources (uses)				
Transfers out	(308,430)	(462,689)	(154,259)	(3,236,722)
Total other financing sources (uses)	<u>(308,430)</u>	<u>(462,689)</u>	<u>(154,259)</u>	<u>(3,236,722)</u>
Net changes in fund balances	<u>(1,998,224)</u>	<u>124,584</u>	<u>2,122,808</u>	<u>(2,294,574)</u>
Fund balance as of January 1	2,096,434	6,703,141	4,606,707	8,997,715
Prior period adjustments	-	(519,768)	(519,768)	-
Fund balance as of December 31	<u>\$98,210</u>	<u>\$6,307,957</u>	<u>\$6,209,747</u>	<u>\$6,703,141</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
Real Estate Excise Tax I
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$1,100,000	\$990,891	\$(109,109)	\$1,085,661
Miscellaneous	-	10	10	230,514
Total revenues	<u>1,100,000</u>	<u>990,901</u>	<u>(109,099)</u>	<u>1,316,175</u>
Expenditures				
Current:				
General government	119,838	-	119,838	203
Public safety	253,855	122,965	130,890	45,232
Physical environment	208,155	279,031	(70,876)	146,310
Capital outlay	1,357,360	1,211,007	146,353	179,701
Debt service:				
Interest	45,000	43,500	1,500	22,500
Total expenditures	<u>1,984,208</u>	<u>1,656,503</u>	<u>327,705</u>	<u>393,946</u>
Excess (deficiency) of revenues over expenditures	<u>(884,208)</u>	<u>(665,602)</u>	<u>218,606</u>	<u>922,229</u>
Other financing sources (uses)				
Transfer in	69,305	769,305	700,000	-
Transfers out	(1,994,468)	(1,323,121)	671,347	(1,604,040)
Total other financing sources (uses)	<u>(1,925,163)</u>	<u>(553,816)</u>	<u>1,371,347</u>	<u>(1,604,040)</u>
Net changes in fund balances	<u>(2,809,371)</u>	<u>(1,219,418)</u>	<u>1,589,953</u>	<u>(681,811)</u>
Fund balance as of January 1	2,864,032	3,141,330	277,298	3,823,141
Prior period adjustments	-	(230,185)	(230,185)	-
Fund balance as of December 31	<u>\$54,661</u>	<u>\$1,691,727</u>	<u>\$1,637,066</u>	<u>\$3,141,330</u>

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 County Parks Improvement
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

Whatcom County

W A S H I N G T O N

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$-	\$51	\$51	\$-
Intergovernmental	-	1,500,222	1,500,222	-
Miscellaneous	1,000	24,052	23,052	2,991
Total revenues	<u>1,000</u>	<u>1,524,325</u>	<u>1,523,325</u>	<u>2,991</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>1,524,325</u>	<u>1,523,325</u>	<u>2,991</u>
Fund balance as of January 1	-	130,744	130,744	127,753
Fund balance as of December 31	<u>\$1,000</u>	<u>\$1,655,069</u>	<u>\$1,654,069</u>	<u>\$130,744</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, 2010
 (With comparative totals for December 31, 2009)

Whatcom County

W A S H I N G T O N

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental revenues	\$2,723,750	\$577,770	\$(2,145,980)	\$-
Total revenues	<u>2,723,750</u>	<u>577,770</u>	<u>(2,145,980)</u>	<u>-</u>
Expenditures				
Current:				
Capital outlay	4,498,444	295,810	4,202,634	282,816
Total expenditures	<u>4,498,444</u>	<u>295,810</u>	<u>4,202,634</u>	<u>282,816</u>
Excess (deficiency) of revenues over expenditures	<u>(1,774,694)</u>	<u>281,960</u>	<u>2,056,654</u>	<u>(282,816)</u>
Other financing sources (uses)				
Transfers in	1,534,343	477,509	(1,056,834)	450,000
Total other financing sources (uses)	<u>1,534,343</u>	<u>477,509</u>	<u>(1,056,834)</u>	<u>450,000</u>
Net changes in fund balances	<u>(240,351)</u>	<u>759,469</u>	<u>999,820</u>	<u>167,184</u>
Fund balance as of January 1	250,351	249,413	(938)	82,229
Fund balance as of December 31	<u>\$10,000</u>	<u>\$1,008,882</u>	<u>\$998,882</u>	<u>\$249,413</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
Yew St. Rd. Construction
Year Ended December 31, 2010
(With comparative totals for December 31, 2009)

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

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental revenues	\$2,228,000	\$1,562,427	\$(665,573)	\$-
Miscellaneous	-	-	-	7,000
Total revenues	2,228,000	1,562,427	(665,573)	7,000
Expenditures				
Current:				
Capital outlay	3,548,534	1,923,114	1,625,420	372,070
Total expenditures	3,548,534	1,923,114	1,625,420	372,070
Excess (deficiency) of revenues over expenditures	(1,320,534)	(360,687)	959,847	(365,070)
Other financing sources (uses)				
Transfers in	-	-	-	1,672,000
Total other financing sources (uses)	-	-	-	1,672,000
Net changes in fund balances	(1,320,534)	(360,687)	959,847	1,306,930
Fund balance as of January 1	1,320,534	1,306,930	(13,604)	-
Fund balance as of December 31	\$-	\$946,243	\$946,243	\$1,306,930

Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Lincoln Rd. Construction
 Year Ended December 31, 2010
 (With comparative totals for December 31, 2009)

	2010			2009
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental revenues	\$2,400,000	\$438,084	\$(1,961,916)	\$-
Miscellaneous	-	16,000	16,000	-
Total revenues	<u>2,400,000</u>	<u>454,084</u>	<u>(1,945,916)</u>	<u>-</u>
Expenditures				
Current:				
Capital outlay	3,900,000	442,814	3,457,186	-
Total expenditures	<u>3,900,000</u>	<u>442,814</u>	<u>3,457,186</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500,000)</u>	<u>11,270</u>	<u>1,511,270</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	1,500,000	1,500,000	-	-
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>1,511,270</u>	<u>1,511,270</u>	<u>-</u>
Fund balance as of January 1	-	-	-	-
Fund balance as of December 31	<u>\$-</u>	<u>\$1,511,270</u>	<u>\$1,511,270</u>	<u>\$-</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance
Budget and Actual
Public Utilities Improvement
Year Ended December 31, 2010

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		
Revenues				
Taxes	\$3,312,000	\$2,962,000	\$2,768,821	\$(193,179)
Miscellaneous	63,313	63,313	65,085	1,772
Total revenues	<u>3,375,313</u>	<u>3,025,313</u>	<u>2,833,906</u>	<u>(191,407)</u>
Expenditures				
Current:				
General government	25,000	25,000	25,000	-
Capital outlay	130,607	864,968	558,075	306,893
Total expenditures	<u>155,607</u>	<u>889,968</u>	<u>583,075</u>	<u>306,893</u>
Excess (deficiency) of revenues over expenditures	<u>3,219,706</u>	<u>2,135,345</u>	<u>2,250,831</u>	<u>115,486</u>
Other financing sources (uses)				
Transfer out	-	(2,234,343)	(1,177,509)	1,056,834
Total other financing sources (uses)	<u>-</u>	<u>(2,234,343)</u>	<u>(1,177,509)</u>	<u>1,056,834</u>
Net changes in fund balances	<u>3,219,706</u>	<u>(98,998)</u>	<u>1,073,322</u>	<u>1,172,320</u>
Fund balance as of January 1	-	3,318,704	13,719,005	10,400,301
Fund balance as of December 31	<u>\$3,219,706</u>	<u>\$3,219,706</u>	<u>\$14,792,327</u>	<u>\$11,572,621</u>

	Equipment Rental	Whatcom County Supplemental Retirement	Administrative Services	Total
Assets				
Current assets				
Cash and cash equivalents	\$7,540,870	\$-	\$13,382,323	\$20,923,193
Deposits with fiscal agent	-	-	1,000	1,000
Accounts receivable, net	3,754	-	4,623	8,377
Due from other funds	39,753	-	190,264	230,017
Due from other governments	2,558	-	110,150	112,708
Interfund loan receivable	177,891	-	-	177,891
Inventory	1,835,966	-	54,387	1,890,353
Total current assets	9,600,792	-	13,742,747	23,343,539
Noncurrent assets				
Interfund loan- long-term	2,322,109	-	-	2,322,109
Land	750,381	-	-	750,381
Building and structures, net	1,345,678	-	4,032	1,349,710
Capital leases, net	-	-	244,131	244,131
Other improvements, net	371,806	-	-	371,806
Machinery and equipment, net	7,677,602	-	383,814	8,061,416
Total noncurrent assets	12,467,576	-	631,977	13,099,553
Total assets	22,068,368	-	14,374,724	36,443,092
Liabilities				
Current liabilities				
Accounts payable	159,729	-	416,271	576,000
Claims cost payable	-	-	4,073,299	4,073,299
Due to other funds	24,057	-	-	24,057
Due to other governments	3,109	-	23,842	26,951
Compensated absences	159,379	-	528,060	687,439
Other accrued liabilities	-	-	418	418
Unearned revenue	-	-	21,477	21,477
Total current liabilities	346,274	-	5,063,367	5,409,641
Noncurrent liabilities				
Other liabilities	-	-	279,181	279,181
Total noncurrent liabilities	-	-	279,181	279,181
Total liabilities	346,274	-	5,342,548	5,688,822
Net assets				
Net assets, Invested in capital assets	10,145,467	-	631,977	10,777,444
Unrestricted	11,576,627	-	8,400,199	19,976,826
Total net assets	\$21,722,094	\$-	\$9,032,176	\$30,754,270

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
Year Ended December 31, 2010

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

	Equipment Rental	Whatcom County Supplemental Retirement	Administrative Services	Total
Operating Revenue				
Intergovernmental	\$-	\$-	\$415,703	\$415,703
Charges for service	3,450,850	-	8,183,791	11,634,641
Rents and parking	5,149,598	-	678,373	5,827,971
Fines and forfeits	-	-	2,111	2,111
Insurance premiums	-	-	9,278,440	9,278,440
Other miscellaneous revenues	-	-	67,125	67,125
Total operating revenues	8,600,448	-	18,625,543	27,225,991
General operations	6,007,816	-	16,362,689	22,370,505
General administration	629,386	-	-	629,386
Depreciation	1,600,104	-	370,721	1,970,825
Total operating expenses	8,237,306	-	16,733,410	24,970,716
Operating income (loss)	363,142	-	1,892,133	2,255,275
Non-operating revenues (expenses)				
Gain (loss) on sale of capital assets	(7,594)	-	-	(7,594)
Interest expense	-	-	(15,361)	(15,361)
Total non-operating revenues (expenses)	(7,594)	-	(15,361)	(22,955)
Income (loss) before contributions and transfers	355,548	-	1,876,772	2,232,320
Transfers in	-	-	544,710	544,710
Transfers out	(396,866)	(203,193)	(1,382,871)	(1,982,930)
Changes in net assets	(41,318)	(203,193)	1,038,611	794,100
Total net assets-beginning	22,304,849	203,193	7,993,565	30,501,607
Prior period adjustment	(541,437)	-	-	(541,437)
Total net assets-ending	\$21,722,094	\$-	\$9,032,176	\$30,754,270

	Equipment Rental	Whatcom Co. Supplemental Retirement	Administrative Services	Total
Cash flows from operating activities:				
Cash received from customers	\$8,235,059	\$-	\$18,711,486	\$26,946,545
Cash payments for goods and services	(5,632,139)	-	(11,068,365)	(16,700,504)
Cash payments to employees	(1,008,680)	-	(5,559,178)	(6,567,858)
Net cash provided by operating activities	1,594,240	-	2,083,943	3,678,183
Cash flows from non-capital financing activities:				
Transfers in	-	-	544,710	544,710
Transfers out	(396,866)	(203,193)	(1,382,871)	(1,982,930)
Net cash provided by non-capital financing activities	(396,866)	(203,193)	(838,161)	(1,438,220)
Cash flows from capital financing activities:				
Interest paid on lease purchase	-	-	(15,361)	(15,361)
Proceeds from sale of assets	47,189	-	-	47,189
Payments for capital assets	(789,079)	-	(326,965)	(1,116,044)
Net cash used by capital financing activities	(741,890)	-	(342,326)	(1,084,216)
Net Increase (decrease) in cash and cash equivalents	455,484	(203,193)	903,456	1,155,747
Balances - beginning of the year	7,085,386	203,193	12,478,867	19,767,446
Balances - end of the year	\$7,540,870	\$-	\$13,382,323	\$20,923,193
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$363,142	\$-	\$1,892,133	\$2,255,275
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,600,104	-	370,721	1,970,825
Change in assets and liabilities:				
Receivables	(365,391)	-	85,942	(279,449)
Inventories	117,459	-	(19,117)	98,342
Accounts and other payables	(131,530)	-	(257,233)	(388,763)
Accrued expenses	10,456	-	11,497	21,953
Net cash provided by operating activities	\$1,594,240	\$-	\$2,083,943	\$3,678,183

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
Assets			
Current assets			
Cash and cash equivalents	\$291,530	\$587,911	\$879,441
Due from other funds	-	184,806	184,806
Total current assets	291,530	772,717	1,064,247
Noncurrent assets			
Machinery and equipment, net	-	13,604	13,604
Total noncurrent assets	-	13,604	13,604
Total assets	291,530	786,321	1,077,851
Liabilities			
Current liabilities			
Accounts payable	6,736	20,761	27,497
Due to other funds	867	1,856	2,723
Due to other governments	243	3,080	3,323
Compensated absences	27,812	102,483	130,295
Other accrued liabilities	-	(145)	(145)
Total current liabilities	35,658	128,035	163,693
Total liabilities	35,658	128,035	163,693
Net assets			
Invested in capital assets, net of related debt	-	13,604	13,604
Unrestricted	255,872	644,682	900,554
Total net assets	\$255,872	\$658,286	\$914,158

Combining Statement of Revenues, Expenses and
 Changes in Fund Net Assets
 Non-Major Enterprise Funds
 Year Ended December 31, 2010

Whatcom County

W A S H I N G T O N

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
Operating revenues			
Intergovernmental	\$-	\$119,890	\$119,890
Charges for service	-	1,021,801	1,021,801
Other miscellaneous revenues	283,030	7,989	291,019
Total operating revenues	<u>283,030</u>	<u>1,149,680</u>	<u>1,432,710</u>
Operating expenses			
General operations	234,659	2,355,728	2,590,387
General administration	-	233,623	233,623
Depreciation	-	3,845	3,845
Total operating expenses	<u>234,659</u>	<u>2,593,196</u>	<u>2,827,855</u>
Operating income (loss)	<u>48,371</u>	<u>(1,443,516)</u>	<u>(1,395,145)</u>
Transfers in	-	1,162,728	1,162,728
Transfers out	-	(637)	(637)
Changes in net assets	<u>48,371</u>	<u>(281,425)</u>	<u>(233,054)</u>
Total net assets-beginning	<u>207,501</u>	<u>939,711</u>	<u>1,147,212</u>
Total net assets-ending	<u>\$255,872</u>	<u>\$658,286</u>	<u>\$914,158</u>

	Enterprise Funds		
	Whatcom County Investment Pool	Ferry System	Totals
Cash flows from operating activities:			
Cash received from customers	\$283,031	\$1,611,698	\$1,894,729
Cash payments for goods and services	(58,024)	(1,595,323)	(1,653,347)
Cash payments to employees	(173,719)	(1,008,479)	(1,182,198)
Net cash provided by operating activities	<u>51,288</u>	<u>(992,104)</u>	<u>(940,816)</u>
Cash flows from non-capital financing activities:			
Transfers in	-	1,162,728	1,162,728
Transfers out	-	(637)	(637)
Net cash provided by non-capital financing activities	<u>-</u>	<u>1,162,091</u>	<u>1,162,091</u>
Cash flows from capital financing activities:			
Payments for capital assets	-	(6,419)	(6,419)
Net cash used by capital financing activities	<u>-</u>	<u>(6,419)</u>	<u>(6,419)</u>
Net increase (decrease) in cash and cash equivalents	51,288	163,568	214,856
Balances - beginning of the year	240,242	424,343	664,585
Balances - end of the year	<u>\$291,530</u>	<u>\$587,911</u>	<u>\$879,441</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$48,371	\$(1,443,516)	\$(1,395,145)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	3,845	3,845
Change in assets and liabilities:			
Receivables, net	-	462,018	462,018
Accounts and other payables	1,048	(25,290)	(24,242)
Accrued expenses	1,869	10,839	12,708
Net cash provided by operating activities	<u>\$51,288</u>	<u>\$(992,104)</u>	<u>\$(940,816)</u>

Investment Trust Fund

Assets

Certificates of deposit and saving accounts	\$6,005,034
Taxable municipal notes	3,734,983
US agency notes	117,479,149
LGIP	30,422,928
CMO	3,491,354
Total assets	<u>161,133,448</u>

Net assets

Held in trust for pool participants	161,133,448
Total net assets	<u>\$161,133,448</u>

Combining Statement of Changes in Net Assets
Investment Trust Funds
Year Ended December 31, 2010

Investment Trust Fund

Additions	
Contributions	\$182,451,267
Net investment earnings (losses)	
Interest	<u>1,802,806</u>
Total additions	<u>184,254,073</u>
Deductions	
Distributions	<u>136,154,229</u>
Change in net assets	48,099,844
Net assets - January 1, 2010	<u>113,033,604</u>
Net assets - December 31, 2010	<u>\$161,133,448</u>

	Cemetery Districts	Drainage, Diking and Flood Control Districts	Park and Recreation Districts	Watershed Management Project Joint Board	Rural Library	Northwest Regional Council
Assets						
Cash and cash equivalents	\$439,359	\$225,982	\$18,026	\$862,252	\$341,280	\$797,845
Deposits with fiscal agent	-	-	-	-	-	-
Assets held in trust-external investment pool	1,547,900	210,551	1,078,778	-	5,110,259	1,505,804
Accounts receivable, net	-	-	-	-	-	-
Total assets	\$1,987,259	\$436,533	\$1,096,804	\$862,252	\$5,451,539	\$2,303,649
Liabilities						
Warrants payable	\$-	\$-	\$-	\$-	\$-	\$-
Accounts payable	8,277	-	4,996	-	148,405	6,779
Other accrued liabilities	(1)	-	-	-	-	(8)
Revenue collected in advance	-	-	-	-	-	-
Custodial accounts	1,978,983	436,533	1,091,808	862,252	5,303,134	2,296,878
Total liabilities	\$1,987,259	\$436,533	\$1,096,804	\$862,252	\$5,451,539	\$2,303,649

	Council of Government	Hospital Districts	Port	P.U.D. District	Whatcom Transit	School Districts
Assets						
Cash and cash equivalents	\$18,249	\$3,666	\$120,772	\$1,888,853	\$-	\$5,130,720
Deposits with fiscal agent	-	-	-	-	-	33,333
Assets held in trust-external investment pool	351,055	230,165	-	25,634,197	21,128,090	87,545,689
Accounts receivable, net	-	-	-	-	-	-
Total assets	\$369,304	\$233,831	\$120,772	\$27,523,050	\$21,128,090	\$92,709,742
Liabilities						
Warrants payable	\$-	\$-	\$-	\$-	\$-	\$4,761,609
Accounts payable	51,943	136	-	5,653	-	-
Other accrued liabilities	-	-	-	-	-	23,271
Revenue collected in advance	-	-	-	-	-	-
Custodial accounts	317,361	233,695	120,772	27,517,397	21,128,090	87,924,862
Total liabilities	\$369,304	\$233,831	\$120,772	\$27,523,050	\$21,128,090	\$92,709,742

Watershed Districts	Fire Districts	Water Districts	Treasurer's Suspense	Inmate Trust Fund	Claims Fund	Salary Fund	Total
\$10,693	\$620,957	\$680,406	\$3,108,486	\$50,146	\$1,559,496	\$1,680	\$15,878,868
-	-	-	-	-	-	-	33,333
-	13,679,070	3,111,890	-	-	-	-	161,133,448
-	-	-	(369)	-	-	-	(369)
<u>\$10,693</u>	<u>\$14,300,027</u>	<u>\$3,792,296</u>	<u>\$3,108,117</u>	<u>\$50,146</u>	<u>\$1,559,496</u>	<u>\$1,680</u>	<u>\$177,045,280</u>
\$-	\$-	\$-	\$-	\$-	\$1,559,496	\$-	\$6,321,105
11,350	80,024	149,008	-	-	-	-	466,571
-	397	-	-	-	-	-	23,659
-	-	-	128,771	-	-	-	128,771
(657)	14,219,606	3,643,288	2,979,346	50,146	-	1,680	170,105,174
<u>\$10,693</u>	<u>\$14,300,027</u>	<u>\$3,792,296</u>	<u>\$3,108,117</u>	<u>\$50,146</u>	<u>\$1,559,496</u>	<u>\$1,680</u>	<u>\$177,045,280</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Cemetery Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$587,533	\$1,479,292	\$1,627,466	\$439,359
Assets held in trust-external investment pool	1,521,165	152,798	126,063	1,547,900
Total assets	\$2,108,698	\$1,632,090	\$1,753,529	\$1,987,259
Liabilities				
Accounts payable	\$53	\$546,139	\$537,915	\$8,277
Other accrued liabilities	3,186	336,687	339,874	(1)
Custodial accounts	2,105,459	-	126,476	1,978,983
Total liabilities	\$2,108,698	\$882,826	\$1,004,265	\$1,987,259

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Drainage, Diking and Flood Control Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$141,944	\$412,801	\$328,763	\$225,982
Assets held in trust-external investment pool	229,941	3,771	23,161	210,551
Total assets	\$371,885	\$416,572	\$351,924	\$436,533
Liabilities				
Accounts payable	\$830	\$90,221	\$91,051	\$-
Custodial accounts	371,055	67,665	2,187	436,533
Total liabilities	\$371,885	\$157,886	\$93,238	\$436,533

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Park and Recreation Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$66,210	\$803,707	\$851,891	\$18,026
Assets held in trust-external investment pool	1,292,142	17,984	231,348	1,078,778
Total assets	\$1,358,352	\$821,691	\$1,083,239	\$1,096,804
Liabilities				
Accounts payable	\$-	\$340,412	\$335,416	\$4,996
Other accrued liabilities	171	36,794	36,965	-
Custodial accounts	1,358,181	-	266,373	1,091,808
Total liabilities	\$1,358,352	\$377,206	\$638,754	\$1,096,804

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Watershed Management Project Joint Board
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$1,070,882	\$2,051	\$210,681	\$862,252
Total assets	\$1,070,882	\$2,051	\$210,681	\$862,252
Liabilities				
Accounts payable	\$-	\$206,579	\$206,579	\$-
Custodial accounts	1,070,882	-	208,630	862,252
Total liabilities	\$1,070,882	\$206,579	\$415,209	\$862,252

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Rural Library
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$199,064	\$17,482,229	\$17,340,013	\$341,280
Assets held in trust-external investment pool	3,998,105	4,370,675	3,258,521	5,110,259
Total assets	\$4,197,169	\$21,852,904	\$20,598,534	\$5,451,539
Liabilities				
Accounts payable	\$168,650	\$2,934,232	\$2,954,477	\$148,405
Other accrued liabilities	6,927	1,101,374	1,108,301	-
Custodial accounts	4,021,592	3,859,002	2,577,460	5,303,134
Total liabilities	\$4,197,169	\$7,894,608	\$6,640,238	\$5,451,539

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Northwest Regional Council
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$975,302	\$23,012,067	\$23,189,524	\$797,845
Assets held in trust-external investment pool	1,484,782	22,743	1,721	1,505,804
Total assets	\$2,460,084	\$23,034,810	\$23,191,245	\$2,303,649
Liabilities				
Accounts payable	\$1,213	\$7,499,092	\$7,493,526	\$6,779
Other accrued liabilities	4,410	4,348,654	4,353,072	(8)
Custodial accounts	2,454,461	-	157,583	2,296,878
Total liabilities	\$2,460,084	\$11,847,746	\$12,004,181	\$2,303,649

	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$7,242	\$4,971,488	\$4,960,481	\$18,249
Assets held in trust-external investment pool	423,511	1,542,398	1,614,854	351,055
Total assets	\$430,753	\$6,513,886	\$6,575,335	\$369,304
Liabilities				
Accounts payable	\$-	\$927,897	\$875,954	\$51,943
Other accrued liabilities	-	1,097,958	1,097,958	-
Custodial accounts	430,753	-	113,392	317,361
Total liabilities	\$430,753	\$2,025,855	\$2,087,304	\$369,304

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Hospital Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$5,125	\$659,598	\$661,057	\$3,666
Assets held in trust-external investment pool	223,588	192,121	185,544	230,165
Total assets	\$228,713	\$851,719	\$846,601	\$233,831
Liabilities				
Accounts payable	\$13,827	\$173,952	\$187,643	\$136
Other accrued liabilities	58	32,593	32,651	-
Custodial accounts	214,828	28,426	9,559	233,695
Total liabilities	\$228,713	\$234,971	\$229,853	\$233,831

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Port
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$85,931	\$7,524,565	\$7,489,724	\$120,772
Total assets	<u>\$85,931</u>	<u>\$7,524,565</u>	<u>\$7,489,724</u>	<u>\$120,772</u>
Liabilities				
Custodial accounts	\$85,931	\$7,514,225	\$7,479,384	\$120,772
Total liabilities	<u>\$85,931</u>	<u>\$7,514,225</u>	<u>\$7,479,384</u>	<u>\$120,772</u>

	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$9,029	\$59,353,868	\$57,474,044	\$1,888,853
Assets held in trust-external investment pool	6,912,102	34,368,998	15,646,903	25,634,197
Total assets	\$6,921,131	\$93,722,866	\$73,120,947	\$27,523,050
Liabilities				
Accounts payable	\$(620)	\$3,725,865	\$3,719,592	\$5,653
Other accrued liabilities	7,037	2,376,158	2,383,195	-
Custodial accounts	6,914,714	28,508,476	7,905,793	27,517,397
Total liabilities	\$6,921,131	\$34,610,499	\$14,008,580	\$27,523,050

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Whatcom Transit
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$-	\$52,820,108	\$52,820,108	\$-
Assets held in trust-external investment pool	22,547,419	25,861,883	27,281,212	21,128,090
Total assets	<u>\$22,547,419</u>	<u>\$78,681,991</u>	<u>\$80,101,320</u>	<u>\$21,128,090</u>
Liabilities				
Custodial accounts	\$22,547,419	\$21,687,918	\$23,107,247	\$21,128,090
Total liabilities	<u>\$22,547,419</u>	<u>\$21,687,918</u>	<u>\$23,107,247</u>	<u>\$21,128,090</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 School Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$6,857,993	\$411,458,184	\$413,185,457	\$5,130,720
Deposits with fiscal agent	-	23,440,899	23,407,566	33,333
Assets held in trust-external investment pool	57,868,473	113,626,993	83,949,777	87,545,689
Total assets	\$64,726,466	\$548,526,076	\$520,542,800	\$92,709,742
Liabilities				
Warrants payable	\$6,648,491	\$141,967,992	\$143,854,874	\$4,761,609
Matured long-term debt	-	16,285,213	16,285,213	-
Matured interest payable	-	7,446,983	7,446,983	-
Other accrued liabilities	23,271	-	-	23,271
Custodial accounts	58,054,704	302,256,710	272,386,552	87,924,862
Total liabilities	\$64,726,466	\$467,956,898	\$439,973,622	\$92,709,742

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Watershed Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$ (1,059)	\$ 317,040	\$ 305,288	\$ 10,693
Total assets	\$ (1,059)	\$ 317,040	\$ 305,288	\$ 10,693
Liabilities				
Accounts payable	\$ -	\$ 100,487	\$ 89,137	\$ 11,350
Custodial accounts	(1,059)	402	-	(657)
Total liabilities	\$ (1,059)	\$ 100,889	\$ 89,137	\$ 10,693

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Fire Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$526,572	\$48,587,705	\$48,493,320	\$620,957
Assets held in trust-external investment pool	13,184,733	12,249,372	11,755,035	13,679,070
Total assets	\$13,711,305	\$60,837,077	\$60,248,355	\$14,300,027
Liabilities				
Accounts payable	\$112,293	\$6,240,538	\$6,272,807	\$80,024
Other accrued liabilities	20,274	7,317,968	7,337,845	397
Custodial accounts	13,578,738	6,204,977	5,564,109	14,219,606
Total liabilities	\$13,711,305	\$19,763,483	\$19,174,761	\$14,300,027

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Water Districts
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$533,702	\$11,999,118	\$11,852,414	\$680,406
Assets held in trust-external investment pool	3,347,643	381,431	617,184	3,111,890
Total assets	\$3,881,345	\$12,380,549	\$12,469,598	\$3,792,296
Liabilities				
Accounts payable	\$81,180	\$4,142,087	\$4,074,259	\$149,008
Other accrued liabilities	7,417	776,051	783,468	-
Custodial accounts	3,792,748	-	149,460	3,643,288
Total liabilities	\$3,881,345	\$4,918,138	\$5,007,187	\$3,792,296

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Treasurer's Suspense
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$1,786,559	\$107,003,008	\$105,681,081	\$3,108,486
Accounts receivable, net	622	1,155,791	1,156,782	(369)
Total assets	\$1,787,181	\$108,158,799	\$106,837,863	\$3,108,117
Liabilities				
Revenue collected in advance	\$117,705	\$156,058	\$144,992	\$128,771
Custodial accounts	1,669,476	1,309,870	-	2,979,346
Total liabilities	\$1,787,181	\$1,465,928	\$144,992	\$3,108,117

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Inmate Trust Fund
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$49,719	\$50,146	\$49,719	\$50,146
Total assets	\$49,719	\$50,146	\$49,719	\$50,146
Liabilities				
Custodial accounts	\$49,719	\$50,146	\$49,719	\$50,146
Total liabilities	\$49,719	\$50,146	\$49,719	\$50,146

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Claims Fund
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$1,974,433	\$416,628,160	\$417,043,097	\$1,559,496
Total assets	\$1,974,433	\$416,628,160	\$417,043,097	\$1,559,496
Liabilities				
Warrants payable	\$1,974,433	\$92,140,911	\$92,555,848	\$1,559,496
Total liabilities	\$1,974,433	\$92,140,911	\$92,555,848	\$1,559,496

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Salary Fund
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$1,680	\$-	\$-	\$1,680
Total assets	<u>\$1,680</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,680</u>
Liabilities				
Custodial accounts	\$1,680	\$-	\$-	\$1,680
Total liabilities	<u>\$1,680</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,680</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Total Agency Funds
 For the Year Ended December 31, 2010



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash and cash equivalents	\$14,877,861	\$1,164,565,135	\$1,163,564,128	\$15,878,868
Deposits with fiscal agent	-	23,440,899	23,407,566	33,333
Assets held in trust-external investment pool	113,033,604	192,791,167	144,691,323	161,133,448
Accounts receivable, net	622	1,155,791	1,156,782	(369)
Total assets	\$127,912,087	\$1,381,952,992	\$1,332,819,799	\$177,045,280
Liabilities				
Warrants payable	\$8,622,924	\$234,108,903	\$236,410,722	\$6,321,105
Accounts payable	377,426	26,720,922	26,631,777	466,571
Matured long-term debt	-	16,285,213	16,285,213	-
Matured interest payable	-	7,446,983	7,446,983	-
Other accrued liabilities	72,751	17,424,237	17,473,329	23,659
Revenue collected in advance	117,705	156,058	144,992	128,771
Custodial accounts	118,721,281	371,487,817	320,103,924	170,105,174
Total liabilities	\$127,912,087	\$673,630,133	\$624,496,940	\$177,045,280

Schedule of Expenditures - Budget and Actual
 General Fund by Department
 Year Ended December 31, 2010

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		
Expenditures*				
Assessor	\$2,642,415	\$2,644,095	\$2,453,606	\$190,489
Auditor	1,355,573	1,350,497	1,222,041	128,456
County Council	1,021,569	1,031,770	901,330	130,440
County Executive	633,579	631,361	606,412	24,949
Planning and Development Services	6,872,305	6,508,200	5,321,579	1,186,621
Treasurer	1,433,186	1,428,992	1,260,005	168,987
Sheriff	12,802,194	14,012,829	13,464,898	547,931
District Court	2,065,745	2,111,389	1,859,278	252,111
District Court Probation	1,758,707	1,735,632	1,489,734	245,898
Hearing Examiner	176,692	179,067	172,740	6,327
Juvenile	4,760,151	4,766,588	3,971,479	795,109
Prosecuting Attorney	5,933,323	5,923,325	5,462,738	460,587
Public Defender	3,805,104	3,610,122	3,252,643	357,479
Superior Court	4,970,463	5,179,612	4,941,228	238,384
Extension	315,673	334,711	308,482	26,229
Non-Departmental	14,935,912	15,781,430	12,252,159	3,529,271
Park	3,854,616	3,775,534	3,365,823	409,711
Health	13,427,345	12,808,746	11,144,573	1,664,173
Total expenditures	\$82,764,552	\$83,813,900	\$73,450,748	\$10,363,152

* Includes transfers out.



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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Net Assets by Component
 Last Nine Fiscal Years
(accrual basis of accounting)
 Schedule 1

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$120,458,158	\$122,122,886	\$127,722,278	\$134,873,463
Restricted	22,531,548	25,159,510	28,799,551	35,266,155
Unrestricted	41,521,643	45,316,845	45,698,449	46,612,203
Total governmental activities net assets	\$184,511,349	\$192,599,241	\$202,220,278	\$216,751,821
Business-type activities				
Invested in capital assets, net of related debt	\$-	\$-	\$-	\$-
Unrestricted	\$2,088	\$4,157	\$62,298	\$138,394
Total business-type activities net assets	\$2,088	\$4,157	\$62,298	\$138,394
Primary government				
Invested in capital assets, net of related debt	\$120,458,158	\$122,122,886	\$127,722,278	\$134,873,463
Restricted	22,531,548	25,159,510	28,799,551	35,266,155
Unrestricted	41,523,731	45,321,002	45,760,747	46,750,597
Total primary government net assets	\$184,513,437	\$192,603,398	\$202,282,576	\$216,890,215

Net Assets by Component
 Last Nine Fiscal Years
(accrual basis of accounting)
 Schedule 1

Fiscal Year				
2006	2007	2008	2009	2010
\$147,777,970	\$152,741,995	\$154,711,058	\$161,673,277	\$170,627,638
37,138,374	42,636,125	48,763,237	52,108,715	55,818,803
47,089,887	42,369,254	40,277,750	41,820,506	48,310,008
<u>\$232,006,231</u>	<u>\$237,747,374</u>	<u>\$243,752,045</u>	<u>\$255,602,498</u>	<u>\$274,756,449</u>
\$-	\$-	\$-	\$11,030	\$13,604
<u>\$1,356,979</u>	<u>\$1,118,015</u>	<u>\$1,281,325</u>	<u>\$1,065,524</u>	<u>\$717,027</u>
<u>\$1,356,979</u>	<u>\$1,118,015</u>	<u>\$1,281,325</u>	<u>\$1,076,554</u>	<u>\$730,631</u>
\$147,777,970	\$152,741,995	\$154,711,058	\$161,684,307	\$170,641,242
37,138,374	42,636,125	48,763,237	52,108,715	55,818,803
48,446,866	43,487,269	41,559,075	42,886,030	49,027,035
<u>\$233,363,210</u>	<u>\$238,865,389</u>	<u>\$245,033,370</u>	<u>\$256,679,052</u>	<u>\$275,487,080</u>

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Schedule 2

Whatcom County

W A S H I N G T O N

Page 1 of 4

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	\$17,983,238	\$19,215,312	\$20,640,020	\$23,079,350
Public safety	22,976,236	24,030,011	27,370,451	30,495,277
Physical environment	6,538,602	5,897,760	4,241,623	4,735,305
Transportation	18,049,900	19,011,206	20,089,939	21,254,817
Economic environment	1,320,929	1,430,023	1,768,412	2,095,684
Mental and physical health	9,217,719	9,236,054	9,226,067	9,893,505
Culture and recreation	3,490,177	3,800,758	3,737,864	3,918,909
Interest on long-term debt	909,179	824,720	635,089	586,099
Total governmental activities expenses	80,485,980	83,445,844	87,709,465	96,058,946
Business-type activities:				
Whatcom County Investment Pool	186,763	192,156	163,494	162,519
Whatcom County Ferry System	-	-	-	-
Total business-type activities expense	186,763	192,156	163,494	162,519
Total primary government expenses	\$80,672,743	\$83,638,000	\$87,872,959	\$96,221,465
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$3,245,552	\$3,031,848	\$3,364,168	\$4,087,134
Public safety	4,205,406	5,745,448	5,411,257	6,318,706
Physical environment	813,201	794,036	818,983	836,399
Transportation	1,972,705	2,310,752	2,266,228	2,386,724
Economic environment	199,754	446,854	341,943	515,901
Mental and physical health	1,700,738	1,830,631	1,971,109	2,092,146
Culture and recreation	317,441	340,336	340,494	334,705
Operating grants and contributions	14,394,509	13,876,354	16,080,469	18,765,699
Capital grants and contributions	6,600,775	5,544,945	5,952,476	7,449,734
Total governmental activities program revenues	33,450,081	33,921,204	36,547,127	42,787,148
Business-type activities:				
Charges for services	188,851	194,225	221,635	238,615
Total business-type activities program revenues	188,851	194,225	221,635	238,615
Total primary government program revenues	\$33,638,932	\$34,115,429	\$36,768,762	\$43,025,763
Net (Expense)/Revenue				
Governmental activities	\$(47,035,899)	\$(49,524,640)	\$(51,162,338)	\$(53,271,798)
Business-type activities	2,088	2,069	58,141	76,096
Total primary government net expense	\$(47,033,811)	\$(49,522,571)	\$(51,104,197)	\$(53,195,702)

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Schedule 2

Fiscal Year				
2006	2007	2008	2009	2010
\$25,962,056	\$28,158,688	\$27,997,779	\$28,168,081	\$28,311,133
32,987,070	37,224,359	38,232,242	40,222,432	39,655,473
6,834,562	5,347,914	6,186,344	5,837,464	5,879,096
20,255,214	22,278,320	22,798,444	21,018,834	20,425,894
1,699,968	3,124,810	2,850,280	3,238,483	3,202,356
10,391,837	11,434,223	12,120,599	12,533,782	12,554,614
4,127,397	4,477,382	4,629,266	4,471,334	4,341,404
520,685	455,019	386,777	349,055	338,326
<u>102,778,789</u>	<u>112,500,715</u>	<u>115,201,731</u>	<u>115,839,465</u>	<u>114,708,296</u>
166,927	121,904	210,241	231,888	237,051
<u>1,853,340</u>	<u>1,878,616</u>	<u>2,122,726</u>	<u>2,610,124</u>	<u>2,703,673</u>
<u>2,020,267</u>	<u>2,000,520</u>	<u>2,332,967</u>	<u>2,842,012</u>	<u>2,940,724</u>
<u>\$104,799,056</u>	<u>\$114,501,235</u>	<u>\$117,534,698</u>	<u>\$118,681,477</u>	<u>\$117,649,020</u>
\$4,465,927	\$4,961,311	\$5,053,605	\$4,943,476	\$4,864,383
5,438,864	4,493,174	4,792,536	4,304,219	4,255,009
861,816	872,539	814,710	765,824	780,925
2,086,524	1,927,735	1,783,013	2,898,710	2,821,648
619,536	727,247	760,265	1,046,421	1,166,884
2,200,935	2,172,139	2,113,196	2,603,941	2,604,947
357,967	375,583	447,164	382,305	334,926
20,823,563	18,649,931	20,863,909	22,394,421	25,612,409
8,920,486	6,780,293	5,945,726	11,302,265	10,320,164
<u>45,775,618</u>	<u>40,959,952</u>	<u>42,574,124</u>	<u>50,641,582</u>	<u>52,761,295</u>
<u>1,085,280</u>	<u>1,352,430</u>	<u>1,551,139</u>	<u>1,488,534</u>	<u>1,432,710</u>
<u>1,085,280</u>	<u>1,352,430</u>	<u>1,551,139</u>	<u>1,488,534</u>	<u>1,432,710</u>
<u>\$46,860,898</u>	<u>\$42,312,382</u>	<u>\$44,125,263</u>	<u>\$52,130,116</u>	<u>\$54,194,005</u>
\$(57,003,171)	\$(71,540,763)	\$(72,627,607)	\$(65,197,883)	\$(61,947,001)
(934,987)	(648,090)	(781,828)	(1,353,478)	(1,508,014)
<u>\$(57,938,158)</u>	<u>\$(72,188,853)</u>	<u>\$(73,409,435)</u>	<u>\$(66,551,361)</u>	<u>\$(63,455,015)</u>

Changes in Net Assets
 Last Nine Fiscal Years
(accrual basis of accounting)
 Schedule 2

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	\$32,594,343	\$32,197,138	\$37,287,454	\$39,217,958
Timber taxes	263,688	417,291	166,270	165,567
Retail taxes	10,158,252	10,924,526	11,631,120	14,343,922
Excise taxes	5,752,026	6,250,210	4,222,852	5,363,992
Penalties and interest	1,665,074	1,929,056	1,970,312	2,016,817
Unrestricted investment earnings	3,114,455	2,371,918	2,076,569	3,004,248
Gain/loss on sale of capital assets	1,349,487	1,948,251	1,984,251	1,887,188
Miscellaneous	1,267,730	1,574,142	1,314,903	1,803,649
Transfers	-	-	-	-
Total governmental activities	56,165,055	57,612,532	60,653,731	67,803,341
Business-type activities:				
Transfers				
	-	-	-	-
Total business-type activities	-	-	-	-
Total primary government	\$56,165,055	\$57,612,532	\$60,653,731	\$67,803,341
Change in Net Assets				
Governmental activities	\$9,129,156	\$8,087,892	\$9,491,393	\$14,531,543
Business-type activities	2,088	2,069	58,141	76,096
Total primary government	\$9,131,244	\$8,089,961	\$9,549,534	\$14,607,639

Changes in Net Assets
 Last Nine Fiscal Years
(accrual basis of accounting)
 Schedule 2

Fiscal Year				
2006	2007	2008	2009	2010
\$40,919,106	\$42,763,435	\$44,559,288	\$46,380,334	\$47,208,461
198,732	278,895	329,173	184,659	183,636
19,145,002	20,126,476	21,174,687	22,018,138	22,368,270
5,266,333	5,181,286	3,744,369	2,773,961	2,466,037
1,603,642	1,659,701	1,582,257	1,519,426	2,362,264
4,618,179	5,648,889	4,397,348	2,610,935	1,358,391
1,070,852	406,285	2,041,760	902,804	698,530
1,589,307	1,626,065	1,748,534	1,806,786	2,869,262
(2,153,572)	(409,126)	(945,138)	(1,148,707)	(1,162,091)
<u>72,257,581</u>	<u>77,281,906</u>	<u>78,632,278</u>	<u>77,048,336</u>	<u>78,352,760</u>
<u>2,153,572</u>	<u>409,126</u>	<u>945,138</u>	<u>1,148,707</u>	<u>1,162,091</u>
<u>2,153,572</u>	<u>409,126</u>	<u>945,138</u>	<u>1,148,707</u>	<u>1,162,091</u>
<u>\$74,411,153</u>	<u>\$77,691,032</u>	<u>\$79,577,416</u>	<u>\$78,197,043</u>	<u>\$79,514,851</u>
\$15,254,410	\$5,741,143	\$6,004,671	\$11,850,453	\$16,405,759
1,218,585	(238,964)	163,310	(204,771)	(345,923)
<u>\$16,472,995</u>	<u>\$5,502,179</u>	<u>\$6,167,981</u>	<u>\$11,645,682</u>	<u>\$16,059,836</u>

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

	Fiscal Year				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$1,838,556	\$1,022,792	\$602,066	\$961,837	\$1,533,073
Unreserved	14,303,932	15,472,644	18,891,088	21,314,448	22,074,170
Total general fund	\$16,142,488	\$16,495,436	\$19,493,154	\$22,276,285	\$23,607,243
All Other Governmental Funds					
Reserved	\$2,485,350	\$3,469,088	\$4,969,099	\$4,521,743	\$4,649,640
Unreserved, reported in:					
Special revenue funds	26,218,701	24,294,072	25,034,534	27,062,122	29,301,974
Capital projects funds	5,702,098	7,556,558	9,193,792	10,481,786	14,534,527
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$34,406,149	\$35,319,718	\$39,197,425	\$42,065,651	\$48,486,141

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

Fiscal Year				
2006	2007	2008	2009	2010
\$1,500,338	\$1,578,146	\$496,119	\$1,905,595	\$349,228
<u>21,264,377</u>	<u>13,946,987</u>	<u>10,449,164</u>	<u>5,780,610</u>	<u>8,839,368</u>
<u>\$22,764,715</u>	<u>\$15,525,133</u>	<u>\$10,945,283</u>	<u>\$7,686,205</u>	<u>\$9,188,596</u>
\$3,555,539	\$11,536,525	\$7,462,881	\$10,233,116	\$10,092,405
27,435,371	28,828,111	38,144,944	45,552,152	52,063,922
18,986,564	16,861,084	19,377,053	17,469,599	21,780,998
-	-	-	-	-
<u>\$49,977,474</u>	<u>\$57,225,720</u>	<u>\$64,984,878</u>	<u>\$73,254,867</u>	<u>\$83,937,325</u>

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Taxes	\$47,424,567	\$49,257,944	\$51,872,132	\$55,452,648	\$61,728,366
Licenses and permits	1,580,226	1,760,008	2,243,794	2,390,146	2,734,130
Intergovernmental	21,212,913	20,968,672	19,404,333	21,763,095	25,326,753
Charges for services	7,776,574	8,696,953	10,022,119	10,163,856	11,344,374
Fines and forfeits	1,763,991	1,946,964	2,675,698	2,124,567	2,242,373
Miscellaneous	5,582,089	4,296,233	3,864,099	3,388,809	4,874,670
Total Revenues	85,340,360	86,926,774	90,082,175	95,283,121	108,250,666
Expenditures					
General government	16,713,972	16,863,877	18,270,858	19,443,137	21,788,506
Public safety	21,470,121	22,879,744	23,597,879	25,866,906	29,133,971
Physical environment	4,757,938	6,544,045	5,866,598	4,167,394	4,690,061
Transportation	13,528,035	14,126,042	14,371,656	14,761,101	15,371,674
Economic environment	1,167,559	1,322,618	1,424,252	1,758,741	2,112,155
Mental and physical health	9,078,653	9,194,004	9,180,782	9,151,500	9,758,671
Culture and recreation	3,417,835	3,363,082	3,639,514	3,623,601	3,822,326
Capital outlay	8,617,635	7,800,595	5,715,028	10,215,134	12,328,740
Debt service:					
Principal	1,232,728	1,873,976	1,339,612	1,366,817	1,454,054
Interest	1,005,247	925,316	761,804	630,680	582,938
Total expenditures	80,989,723	84,893,299	84,167,983	90,985,011	101,043,096
Excess of revenues over (under) expenditures	4,350,637	2,033,475	5,914,192	4,298,110	7,207,570
Other Financing Sources (Uses)					
Proceeds of refunding long-term debt	-	-	4,535	-	-
Payments to refunded debt escrow agent	-	-	(700,000)	-	-
Proceeds-other note	348,526	-	-	-	-
Sales of capital assets	1,935,288	1,349,487	1,948,251	1,984,251	1,887,188
Transfers in	5,577,417	7,117,775	7,024,604	3,282,824	6,308,650
Transfers out	(8,858,241)	(9,234,220)	(7,316,157)	(3,913,828)	(7,651,960)
Insurance recoveries	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-
Proceeds of refunding long-term debt	-	-	-	-	-
Total other financing sources (uses)	(997,010)	(766,958)	961,233	1,353,247	543,878
Net change in fund balance	\$3,353,627	\$1,266,517	\$6,875,425	\$5,651,357	\$7,751,448
Debt service as a percentage of noncapital expenditures	3.1%	3.6%	2.7%	2.5%	2.3%

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

Fiscal Year				
2006	2007	2008	2009	2010
\$67,370,343	\$70,107,234	\$71,604,169	\$73,092,573	\$75,212,285
2,414,757	2,274,537	2,129,723	2,318,034	2,314,115
29,274,897	25,185,457	26,676,379	33,569,286	35,366,819
10,868,913	11,024,720	11,014,729	11,719,977	11,240,618
2,341,077	2,215,230	2,472,025	1,996,883	2,314,995
6,255,152	7,252,667	6,091,879	3,818,078	3,187,505
<u>118,525,139</u>	<u>118,059,845</u>	<u>119,988,904</u>	<u>126,514,831</u>	<u>129,636,337</u>
23,812,063	24,866,182	26,805,883	26,465,479	26,796,709
32,082,423	35,688,892	36,746,100	39,325,404	39,352,531
6,800,424	5,316,908	6,159,485	5,886,626	5,992,306
14,265,469	15,626,476	16,678,152	15,278,092	14,881,399
1,686,264	3,106,759	2,852,800	3,224,050	3,202,329
10,317,834	11,392,901	12,019,930	12,433,475	12,522,896
4,023,630	4,412,479	4,494,523	4,337,790	4,201,730
20,223,545	13,466,397	8,241,819	13,503,595	13,172,335
1,487,667	1,471,877	1,564,266	1,636,834	4,984,596
513,772	443,708	377,370	340,715	343,889
<u>115,213,091</u>	<u>115,792,579</u>	<u>115,940,328</u>	<u>122,432,060</u>	<u>125,450,720</u>
3,312,048	2,267,266	4,048,576	4,082,771	4,185,617
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,070,852	406,285	2,041,760	902,804	698,530
13,664,755	14,419,515	13,070,745	19,572,672	20,336,343
(17,398,850)	(17,084,402)	(15,991,306)	(19,547,336)	(20,060,214)
-	-	9,533	-	31,395
-	-	-	-	152,156
-	-	-	-	6,299,585
<u>(2,663,243)</u>	<u>(2,258,602)</u>	<u>(869,268)</u>	<u>928,140</u>	<u>7,457,795</u>
<u>\$648,805</u>	<u>\$8,664</u>	<u>\$3,179,308</u>	<u>\$5,010,911</u>	<u>\$11,643,412</u>
2.1%	1.8%	1.8%	1.8%	4.9%

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
2001	\$11,152,456,630	\$507,675,185	\$493,776,133	\$12,153,907,948	3.72
2002	\$11,594,611,940	\$504,666,885	\$517,397,735	\$12,616,676,560	3.67
2003	\$12,090,284,345	\$479,760,180	\$499,685,106	\$13,069,729,631	3.62
2004	\$13,528,513,540	\$484,414,565	\$518,848,465	\$14,531,776,570	3.89
2005	\$15,734,157,180	\$504,068,985	\$502,523,649	\$16,740,749,814	3.72
2006	\$19,234,889,670	\$528,565,020	\$515,589,776	\$20,279,044,466	3.43
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

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				Overlapping Rates				
	General Fund	Special Revenue Funds	Debt Service	Total Direct	School Districts	Fire Districts	Port Districts	Cities and Towns	State of WA
2001	1.455	2.263	0.000	3.718	4.190	1.218	0.396	2.982	3.276
2002	1.429	2.241	0.000	3.671	4.215	1.258	0.390	2.911	3.143
2003	1.413	2.209	0.000	3.621	4.262	1.265	0.386	2.869	3.112
2004	1.511	2.381	0.000	3.892	4.173	1.261	0.383	2.895	3.157
2005	1.430	2.289	0.000	3.718	3.931	1.229	0.383	2.567	3.219
2006	1.293	2.141	0.000	3.433	3.565	1.167	0.383	2.258	2.979
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

Source: Whatcom County Assessor.

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

Overlapping Rates				
Rural Library	Hospital District	Park Rec District	Water District	Cemetery District
0.500	0.458	0.105	0.887	0.084
0.500	0.450	0.098	0.625	0.086
0.497	0.501	0.099	0.725	0.084
0.495	0.443	0.097	0.650	0.083
0.486	0.180	0.094	0.447	0.085
0.467	0.846	0.091	0.906	0.086
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

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

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

Taxpayer	2010			2001		
	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)	\$828,832,407	1	3.49%	\$438,521,025	1	3.61%
Tosco Corporation	436,170,049	2	1.84	85,748,100	4	0.71
Puget Sound Energy/ Electric	251,505,033	3	1.06	246,287,095	2	2.03
Alumet Corp 61%, ET AL	81,234,937	4	0.34	154,082,260	3	1.27
Tenaska Washington Partners LP	64,928,332	5	0.27	83,774,895	5	0.69
Northwest Pipeline Corp	54,992,771	6	0.23	-	-	-
Cascade Natural Gas	47,984,453	7	0.20	-	-	-
Bellis Fair Partners	42,284,652	8	0.18	47,978,725	9	0.39
Verizon Northwest Inc	38,643,186	9	0.16	51,185,369	7	0.42
Trillium	37,964,301	10	0.16	50,162,795	8	0.41
Sumas Cogeneration Co. LP	-	-	-	72,220,595	6	0.59
Talbot Real Estate LLC	-	-	-	44,263,450	10	0.36
Total	<u>\$1,884,540,121</u>		<u>7.94%</u>	<u>\$1,274,224,309</u>		<u>10.48%</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
2001	\$30,421,642	\$29,470,724	96.87%	887,132	30,357,857	99.79%
2002	\$31,670,833	\$30,534,478	96.41%	902,820	31,437,298	99.26%
2003	\$32,226,826	\$31,132,304	96.60%	1,181,451	32,313,755	100.27%
2004	\$37,107,231	\$36,191,377	97.53%	1,093,092	37,284,469	100.48%
2005	\$39,257,124	\$38,338,843	97.66%	1,145,083	39,483,926	100.58%
2006	\$40,938,933	\$40,005,937	97.72%	941,230	40,947,167	100.02%
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%

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	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases			
2001	\$16,975,000	\$802,600	\$219,177	\$17,996,777	0.14%	\$105
2002	\$15,830,000	\$422,150	\$318,026	\$16,570,176	0.16%	\$96
2003	\$14,075,000	\$282,538	\$416,428	\$14,773,966	0.18%	\$85
2004	\$12,805,000	\$194,482	\$328,397	\$13,327,879	0.21%	\$75
2005	\$11,495,000	\$78,013	\$337,571	\$11,910,584	0.25%	\$66
2006	\$10,115,000	\$-	\$394,926	\$10,509,926	0.31%	\$57
2007	\$8,675,000	\$-	\$418,255	\$9,093,255	0.38%	\$48
2008	\$7,145,000	\$-	\$454,846	\$7,599,846	0.47%	\$40
2009	\$5,545,000	\$-	\$302,541	\$5,847,541	0.61%	\$30
2010	\$6,735,000	\$-	\$387,240	\$7,122,240	Not Available	\$36

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
2001	\$16,975,000	0.14%	\$99.50
2002	\$15,830,000	0.13%	\$91.93
2003	\$14,075,000	0.11%	\$80.66
2004	\$12,805,000	0.09%	\$72.22
2005	\$11,495,000	0.07%	\$63.58
2006	\$10,115,000	0.05%	\$54.88
2007	\$8,675,000	0.04%	\$46.07
2008	\$7,145,000	0.03%	\$37.41
2009	\$5,545,000	0.02%	\$28.72
2010	\$6,735,000	0.03%	\$34.45

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

Direct and Overlapping Governmental Activities Debt
Schedule 11

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Whatcom County	Amount Applicable to Whatcom County
Whatcom County	\$6,735,000	100%	\$6,735,000
<u>Total Direct Bonded Debt</u>	<u>\$6,735,000</u>		<u>\$6,735,000</u>
Fire Districts	\$3,060,000	100%	\$3,060,000
Water Districts	\$1,125,863	100%	\$1,125,863
School Districts	\$176,362,813	100%	\$176,362,813
Park Districts	\$675,000	100%	\$675,000
<u>Total Overlapping Bonded Debt</u>	<u>\$181,223,676</u>		<u>\$181,223,676</u>
<u>Total Direct and Overlapping Bonded Debt</u>	<u>\$187,958,676</u>		<u>\$187,958,676</u>

Source: Whatcom County Treasurer.



	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$182,308,619	\$189,250,148	\$196,045,944	\$217,976,649	\$251,111,247
Total net debt applicable to limit	23,066,034	21,795,681	19,386,417	19,949,864	20,994,212
Legal debt margin	\$159,242,585	\$167,454,467	\$176,659,527	\$198,026,785	\$230,117,035
Total net debt applicable to the limit as a percentage of debt limit	12.65%	11.52%	9.89%	9.15%	8.36%

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				
2006	2007	2008	2009	2010
\$304,185,667	\$332,994,971	\$363,972,353	\$376,163,103	\$355,935,992
18,940,844	17,952,035	16,095,405	15,119,442	16,570,411
<u>\$285,244,823</u>	<u>\$315,042,936</u>	<u>\$347,876,948</u>	<u>\$361,043,661</u>	<u>\$339,365,581</u>
6.23%	5.39%	4.42%	4.02%	4.66%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	23,729,066,124
Debt limit (1.5% of assessed value without a vote)	355,935,992
Debt applicable to limit:	
Outstanding debt	16,587,403
Less: Amounts set aside for repayment of general obligation debt	(16,992)
Total net debt applicable to limit	<u>16,570,411</u>
Legal debt margin	<u>\$339,365,581</u>

Fiscal Year	Special Assessment Bonds			
	Assessments Collected	Debt Service		Coverage
		Principal	Interest	
2001	\$490,624	\$172,728	\$67,630	2.04
2002	\$159,846	\$380,450	\$55,497	0.37
2003	\$45,660	\$139,612	\$28,706	0.27
2004	\$77,806	\$88,056	\$19,213	0.73
2005	\$152,306	\$116,469	\$13,225	1.17
2006	\$73,940	\$78,013	\$5,305	0.89
2007	\$7,952	\$-	\$-	-
2008	\$7,123	\$-	\$-	-
2009	\$-	\$-	\$-	-
2010	\$-	\$-	\$-	-

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	170,600	\$4,335,702	\$25,450	34.28	26,053	6.8%
2002	172,200	\$4,436,904	\$25,902	34.48	26,274	6.3%
2003	174,500	\$4,746,083	\$26,823	34.73	26,637	6.1%
2004	177,300	\$5,064,899	\$28,116	34.96	26,915	5.8%
2005	180,800	\$5,420,349	\$29,561	35.23	26,605	5.0%
2006	184,300	\$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	Not Available	Not Available	35.87	26,711	8.8%

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 Eight Years Ago
Schedule 15

Employer	2010			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Joseph Hospital/Madrona	2,751	1	2.58%	1,800	2	2.11%
Western Washington University	2,196	2	2.06%	1,842	1	2.15%
Bellingham School District	1,278	3	1.20%	1,244	3	1.46%
Whatcom County	935	4	0.88%	801	6	0.94%
City of Bellingham	840	5	0.79%	808	4	0.95%
BP (Cherry Point Refinery)	800	6	0.75%	807	5	0.94%
Sodexo Services	726	7	0.68%			
Ferndale School District	685	8	0.64%	742	7	0.87%
Heath Techna	610	9	0.57%			
Fred Meyer Grocery	578	10	0.54%			
Intalco				689	8	0.81%
Brown & Cole, Inc				620	9	0.73%
Voicestream				563	10	0.66%
Total	11,399		10.69%	9,916		11.62%

Source: The Bellingham Business Journal.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administrative Svcs	60.25	60.25	60.75	67.45	72.95	77.55	81.75	81.05	78.45	75.55
Assessor	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Auditor	18.00	18.00	19.00	20.00	22.00	22.00	22.00	22.00	21.00	21.00
County Council	9.50	9.50	9.50	9.50	9.50	9.50	10.50	10.50	10.50	10.50
County Executive	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.40	4.40
District Court Prob.	17.00	18.00	18.00	18.00	19.00	20.00	19.50	19.50	18.50	18.50
District Court	16.00	16.00	16.00	17.00	18.00	19.00	21.00	21.00	20.00	20.00
Prosecuting Attorney	48.50	47.50	48.60	48.60	52.60	52.60	54.60	54.60	54.60	54.60
Public Defender	28.00	28.00	28.00	28.00	33.50	34.50	36.80	37.80	36.80	34.80
Superior Court	33.00	33.00	33.00	34.70	37.20	41.50	44.50	44.50	43.50	45.20
Treasurer	15.50	15.50	15.50	16.00	16.00	16.00	16.00	16.00	15.00	15.00
Public Safety										
Jail	60.00	60.00	60.00	63.00	88.00	88.50	91.50	91.50	92.50	91.50
Juvenile Court Admin	49.75	47.00	45.00	45.10	45.80	45.80	45.80	46.80	46.80	46.80
Planning and Dev't Svcs	47.35	48.35	49.35	57.00	69.60	72.60	74.60	73.60	67.60	66.60
Sheriff	92.00	92.00	92.00	99.80	101.80	102.20	106.20	108.20	108.70	109.50
Transportation										
Public Works	154.00	155.00	153.00	155.00	155.50	163.70	173.70	176.20	169.70	170.70
Economic Environment										
Hearing Examiner	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mental and Physical Health										
Health	83.85	82.50	80.10	80.10	80.50	80.70	84.70	90.70	86.70	86.70
Culture and Recreation										
Cooperative Extension	3.79	2.79	2.79	2.52	2.52	2.52	2.52	2.52	2.42	2.42
Parks and Recreation	33.55	33.55	33.55	33.55	33.55	33.55	34.75	34.75	33.75	30.75
Total	805.54	802.44	799.64	830.82	893.52	917.72	955.92	966.72	941.92	935.52

Source: Whatcom County Administrative Services.

Function/ Program	Fiscal Year			
	2001	2002	2003	2004
General Government				
General Election (1)				
# of Registered Voters	97,828	91,956	94,753	106,094
# of Votes	44,163	55,066	45,786	91,497
% of Reg. Voters Voting	45.1%	59.9%	48.3%	86.2%
Assessor (2)				
Real Property Parcels	100,483	101,362	102,025	102,261
Building Permits Evaluated	4,139	3,987	4,434	5,276
New Single Family Residences	1,887	1,792	1,916	1,992
Judicial (3)				
District Court Infractions	11,597	16,412	17,810	19,016
Public Safety (4)				
# of Fire Inspections	200	544	446	540
# Sheriffs - Commissioned	74.00	74.00	74.00	77.00
# Sheriffs - Civilian	18.00	18.00	19.00	22.80
Calls for Service	24,648	26,930	28,815	26,930
Average Daily Jail Population	227	236	240	246
Building Department				
Permits Applications*	1,323	1,514	1,880	2,022
Mechanical/Plumbing	869	778	844	800
Physical Environment (5)				
Flood Permits Issued	105	127	115	125
Transportation (6)				
Roads Oiled	664.01	662.20	665.38	666.03
Roads Asphalt	209.35	215.08	220.28	226.23
Roads Gravel	56.05	52.06	48.50	41.79
Roads Misc	20.82	20.82	17.90	17.90
Ferry Passengers	223,713	227,524	227,282	230,563
Ferry Vehicle Trips	144,361	134,203	136,441	137,127
Culture and Recreation (7)				
Number of Parks	9	9	10	11

(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					
2005	2006	2007	2008	2009	2010
102,118	102,819	102,458	115,314	114,292	116,581
63,716	69,782	55,059	101,399	61,288	86,993
62.4%	67.9%	53.7%	87.9%	53.6%	74.6%
105,200	108,076	109,013	109,507	110,327	111,567
5,528	5,521	5,821	4,083	5,460	3,186
2,295	2,487	2,592	877	496	151
18,393	19,837	21,062	21,253	17,478	19,142
303	163	336	337	325	253
78.00	78.00	82.00	84.00	84.00	85.00
23.80	24.20	24.20	24.20	24.70	20.50
28,815	28,477	29,917	29,499	27,642	27,230
263	290	262	277	283	275
2,050	1,748	1,409	1,142	855	946
607	496	515	420	433	467
115	50	32	17	22	55
667.17	668.53	667.15	667.94	663.93	663.55
230.75	235.07	236.11	237.83	233.39	233.94
38.99	35.24	31.74	30.46	30.40	30.40
17.86	15.69	16.04	15.54	15.60	15.60
226,933	231,111	222,604	216,838	207,160	197,980
133,717	137,366	129,552	123,285	119,400	110,405
11	12	12	20	20	20

Function/ Program	Fiscal Year			
	2001	2002	2003	2004
Function				
Public Safety (1)				
Sheriff Patrol Units	78.00	78.00	82.00	82.00
Transportation (1)				
Miles of Road	950.23	950.16	952.06	952.00
Traffic Signals	4	4	4	4
Ferry Vessel	1	1	1	1
Fire Protection (2)				
No. of Districts	18	18	18	18
No. of Paid Firemen	51	50	51	55
No. of Volunteer Firemen	591	609	599	584
Culture and Recreation (3)				
Parks - Number	9	9	9	10
Parks - Acres	3,672.58	3,893.87	4,077.77	6,615.69
Senior Centers	8*	8*	8*	8*
Public Schools (4)				
Number of Schools				
Elementary	36	35	35	36
Middle	11	11	11	12
High	10	10	10	11
Alternative or Special	10	12	16	12
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					
2005	2006	2007	2008	2009	2010
87.50	87.50	91.50	93.50	93.5	93.5
954.77	954.54	951.04	951.77	943.32	943.49
4	4	4	3	3	3
1	1	1	1	1	1
17	16	16	16	12	12
54	58	58	58	53	53
566	529	528	528	448	448
11	12	12	20	20	20
6,636.69	6,820.35	6,894.88	7,030.38	7030.38	7030.38
8*	8*	8*	8*	8*	8*
35	35	35	35	35	36
11	11	11	11	11	10
10	10	10	10	11	11
10	15	17	16	13	13
1	1	1	1	1	1
1	1	1	1	1	1



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