



# Whatcom County Executive's 2017-2018 Budget

Jack Louws, County Executive

## Volume 1

General Information,  
Summaries, Appendix

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General Information,  
Summaries, Appendix

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Jack Louws

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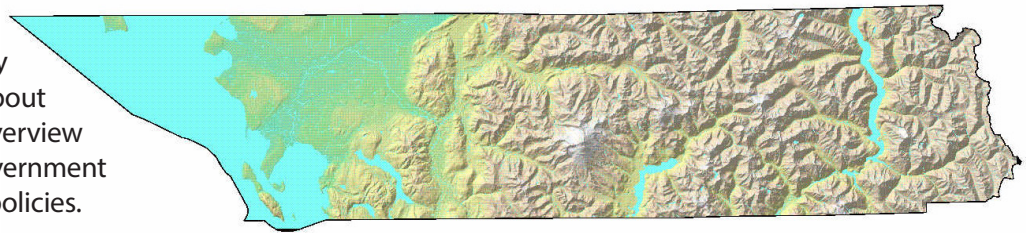
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# About Whatcom County

This section provides a variety of information about our area and gives an overview of Whatcom County government structure, services and policies.



*Whatcom County, Washington*



## Whatcom County History

Long before it was discovered by Europeans, Whatcom County was home to Northwest Coast Indians: the Lummi, Nooksack, Samish and Semiahmoo. The area was claimed by the Spanish in 1775 and later by Russia, England, and the United States. Bellingham was named by Captain George Vancouver of the British Navy during his expedition into the waters of Puget Sound in 1792.

Fur trappers and traders were the first non-Indian residents to settle the area. Hudson's Bay Company set up shop in 1825. In the early 1850's, after the San Francisco fire, building materials were in heavy demand and lumber in California was scarce. Dense stands of Douglas fir brought California miners Henry Roeder and Russell Peabody to Bellingham Bay. An impressive, strategically located waterfall referred to by the Lummi Indians as "What-Coom," meaning "noisy, rumbling water," provided Roeder and Peabody an ideal lumber mill site and a name for the area's first permanent town, Whatcom. In 1854, rapid settlement prompted the territorial legislature to create the County of Whatcom, which at that time also encompassed all of present-day San Juan, Skagit and Island Counties.

Whatcom County experienced several dramatic economic ups and downs in its early years. When coal was discovered in 1853, another bay town, Sehome, sprang up by the mine shafts and Bellingham Bay Coal Company became the area's largest employer. Gold fever made a brief, though dramatic imprint on the county. In the summer of 1858, the Fraser River gold rush brought over 75,000 people through Whatcom County.

In 1873 Roeder and Peabody's lumber mill burned down. Five years later, after a number of cave-ins, fires and floods, the mine closed too. Speculators vying to host the Northern Pacific Railroad's west coast terminal brought the communities on Bellingham Bay renewed prosperity. Educational opportunities grew as well. Northwest Normal School, the predecessor to present day Western Washington University was established in Lynden in 1886. The northwest's first high school was built in Whatcom County in 1890. The county's boom ended in 1893. Unyielding mountains resulted in the loss of the transcontinental railroad terminal to Tacoma, Washington, and a national depression further pushed the local economy into hard times. Non-native population on Bellingham Bay dropped to under 50.

Resilient as ever, by the turn of the twentieth century, Whatcom County was once again growing. New lumber and shingle mills, salmon canneries, shipyards, and agriculture brought new stability to the area. By 1903, all of the county's bay side towns, Whatcom, Sehome, New Whatcom and Fairhaven had consolidated into the present day county seat of Bellingham.



*A sunrise over Lake Whatcom.*

## About the Area

### Topography

Whatcom County is the northernmost county in the state of Washington. Whatcom County contains 2,119 square miles that border on British Columbia, Canada to the north, Okanogan County to the east, Skagit County to the south and the Straight of Georgia to the west. Much of the county is mountainous and part of National Forest and National Parks.

Fifty miles east of Bellingham lies the highest peak in the North Cascade mountain range, Mount Baker (10,778 feet), an ice-clad volcano. Providing the state's longest ski season, the volume of snow and ice on Mount Baker is greater than that of all the other Cascade Mountain volcanoes combined, except Mount Rainier.

A deep-water port, Bellingham's Squalicum Harbor is the second largest harbor in Puget Sound.

Bellingham is located 90 miles north of Seattle and 23 miles south of the Canadian border. A trip to Point Roberts, the county's most northerly community, requires a crossing through Canada.



*Peach Arch State Park, Blaine, Washington. Inscribed "Children of a Common Mother," the Peace Arch is a 67 foot jointly maintained structure on the US/ Canadian Border. It was built in 1920 to commemorate the signing of two historic treaties between Great Britain and the United States that provided for the establishment of the world's longest undefended border.*



*A view of Mount Shuksan (9,720 feet) from the Mount Baker Ski Area.*



*Marina at Squalicum Harbor*

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## About the Area continued

### Climate

Average Temperature Ranges	
Winter	32 to 52 degrees
Spring	41 to 66 degrees
Summer	49 to 72 degrees
Fall	33 to 59 degrees
Annual Precipitation	36 inches

*(Source: U.S. Climate Data for Bellingham, WA)*

### Population (April 2016)

Bellingham	84,850
Blaine	4,930
Everson	2,600
Ferndale	13,250
Lynden	13,380
Nooksack	1,475
Sumas	1,517
<u>Unincorporated Whatcom County</u>	<u>90,538</u>
Total Whatcom County	212,540

Population Density	100.3 per sq mile
Median age (est. 2014)	37.54 years old

*(Source: WA State Office of Financial Management)*

### Housing Costs (2014)

Median housing resale price	\$273,000
Avg. mo. apartment rent (1 bdrm)	\$919

*(Source: U.S. Census Bureau)*

### Cost of Living Index (Mar. 2016)

Total Index vs. U.S. average	98.6%
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*(Source: www.City-Data.com)*

### Taxation

There is no state income tax in Washington State.

State Sales Tax	6.5%
Local Sales Tax	1.4 to 2.2%
Total Sales Tax	7.9 to 8.7%

*(Source: WA State Department of Revenue)*

### Economy/ Employment

Median household income (est. 2014)	\$53,025
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*(Source: U.S. Census Bureau)*

Unemployment Rate (Aug. 2016)	6.4%
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*(Source: WA State Employment Security Department)*

### Top Ten Employers (December 2015)

Peacehealth	2,750
Western Washington University	1,690
Bellingham School District	962
City of Bellingham	825
Whatcom County	830
BP (Cherry Point Refinery)	820
Fred Meyer (FT & PT)	760
Zodiac Interiors (Heath Techna)	607
Lummi Nation	600
Alcoa Intalco Works	586

*(Source: WWU Center of Economic and Business Research)*

### Health Care

Hospitals	1
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### Reported Index Crimes (2015)

Arson	16
Assault	1,751
Burglary	1,147
Drug Violation	755
Larceny	6,555
Murder	6
Rape	160
Robbery	63

*(Source: WA State Office of Financial Management)*

### Higher Education

**Whatcom Community College** - Part of the state's community college system, serving an average of 10,993 students per year.

*(Source: www.whatcom.ctc.edu)*

**Bellingham Technical College** - One of five technical colleges in Washington State, serving approximately 2,840 students per quarter.

*(Source: www.btc.edu)*

**Western Washington University** - One of six state-funded, four-year institutions in Washington State, serving over 15,330 students.

*(Source: www.wvu.edu)*

# Whatcom County Government



Photograph by Tore Oftness

*The Whatcom County Courthouse, 311 Grand Avenue, Bellingham, Washington.*

## Home Rule Governs Whatcom County

There are thirty-nine counties in Washington. By virtue of its "Home Rule Charter" adopted in 1978, Whatcom County is one of only six counties in the state that have a "county constitution." This constitution or "charter" gives control of county affairs to the people of the county rather than the state legislature.

As a charter county, there are two primary factors that distinguish us from non-charter counties. First, there is a separation between legislative and administrative functions. This is accomplished through an elected nonpartisan seven-member, part-time county council (legislative) and a full-time elected county executive (administrative). The second factor is the right of initiative and referendum provided to county citizens by the charter. The county charter defines duties and responsibilities of the branches, elected officials and departments.

A copy of the Whatcom County Home Rule Charter is available to the public on the Whatcom County website at <http://www.codepublishing.com/WA/WhatcomCounty/>.

## Strategic Planning

The Whatcom County Charter, Section 1.51 requires that the executive and legislative branches “engage in long-term strategic planning to establish organizational structure, priorities and performance measurement.” In Whatcom County, “strategic planning” is an ongoing process. Strategic planning goals include the following policies:

- Conduct the public’s business in a customer-focused, user-friendly, helpful and effective manner.
- Be accountable and efficient in the services provided to citizens.
- Improve public awareness and understanding of the roles and services of county government.
- Identify and fund essential and other appropriate county government services.
- Support a work environment that values productive employees and encourages progressive personnel practices and employee skill development.
- Work in partnership with cities, tribes, special districts, other governmental entities, agencies, citizens, businesses and other stake holders to jointly facilitate the most effective and efficient governance and means of delivering services.

Previous strategic planning sessions have produced the following vision and mission statements.

### Whatcom County’s Vision Statement

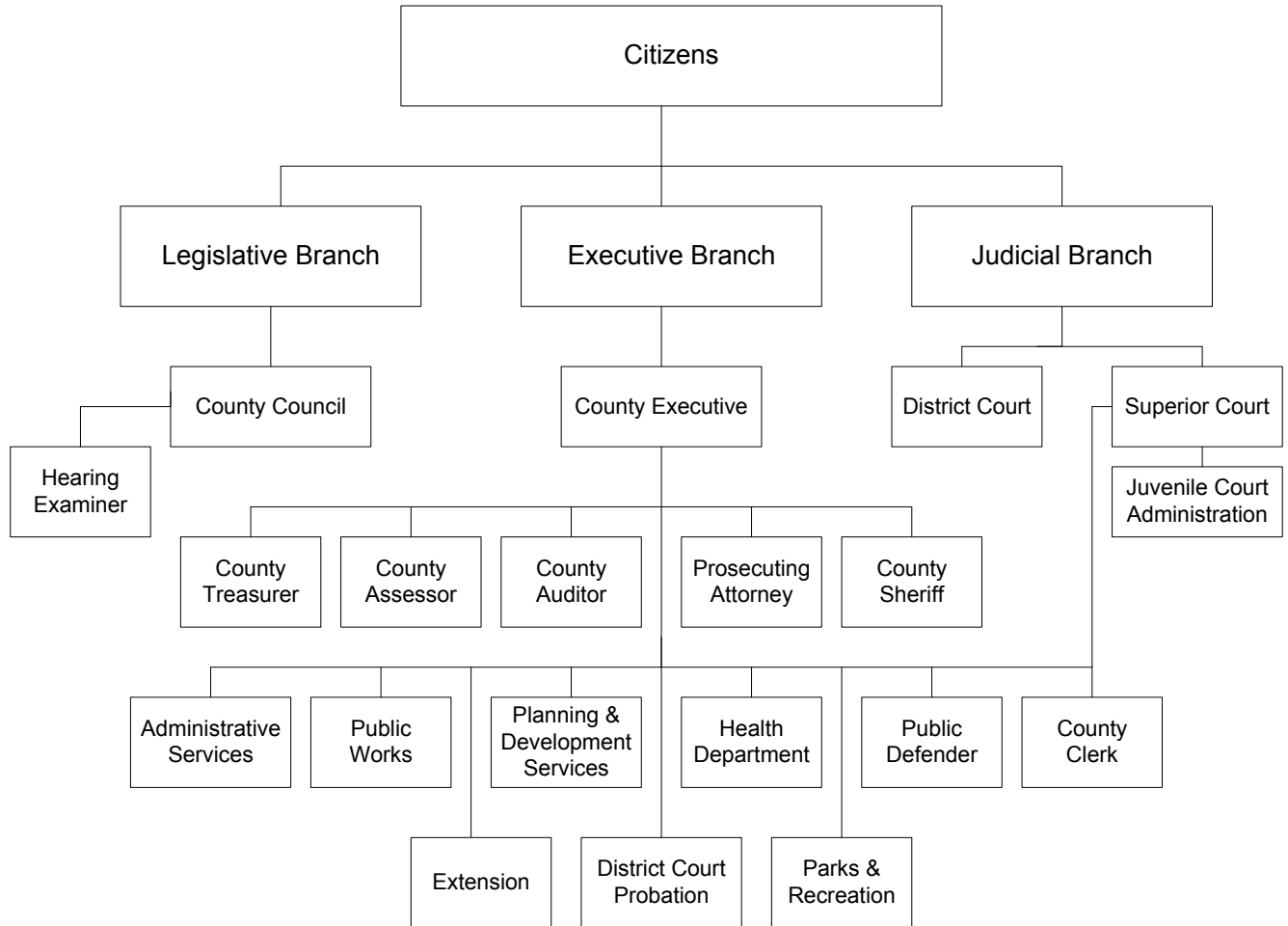
*Whatcom County is envisioned as a place where people are able to enjoy an abundant, safe and healthy life. It is a place rich in natural beauty and renewable resources that provide plentiful recreation, life style and economic opportunities. A vibrant economy and diverse community resources provide family wage jobs, affordable housing and exceptional social and educational opportunities. Public services are responsive, transportation is convenient, regulations are user-friendly and justice is prompt and fair. It is a community where citizens and their government work together to preserve the rights of the individual while protecting the essential natural environment in which they live.*

### Whatcom County’s Mission Statement

*Whatcom County government will promote, enrich and enhance the freedoms, opportunities, health and safety of its citizens. We will provide essential and desirable public services in a cost effective and accountable manner. We will conduct the public’s business and treat all members of our diverse community in a courteous and professional manner. We will provide vision, leadership and responsiveness while addressing community issues and conducting the business of the people. We will encourage community involvement in public issues while protecting the rights of the individual and encouraging respect for diversity. We will serve as an active catalyst for individuals and other entities to participate in achieving a positive future for Whatcom County.*

# Whatcom County Government

## Organizational Structure



# Whatcom County Government Departments

County government provides an enormous variety of services to its citizens through many county departments. Lists of services are located in Volume 2, at the end of each department's section. The following is a brief description of county departments.

## **Administrative Services**

Administrative Services is an internal service department that provides a variety of support services, such as maintenance and custodial service, accounting, payroll, employee benefits, and information systems support to county departments and agencies. Divisions of Administrative Services are Administration, Facilities Management, Finance, Human Resources, and Information Technology.

## **Assessor**

An elected official, the County Assessor determines property values (real and personal), calculates levy rates, and certifies tax rolls to the Treasurer. The Assessor's Office maintains inventory, description, ownership, sales and mapping for all real property parcels in Whatcom County. This office also administers and provides information regarding tax exemptions, such as senior citizen/ disabled persons, open space, forestland, et cetera.

## **Auditor**

An elected official, the County Auditor provides voter registration, conducts elections, records documents, issues marriage licenses, motor vehicle and vessel licenses.

## **County Council**

The legislative branch of Whatcom County government, the County Council comprises seven elected part-time council members. The council meets regularly on every other Tuesday evening and enacts ordinances and resolutions, sets the county budgets, creates policies and hears appeals. Check the library, newspaper, county website ([www.co.whatcom.wa.us](http://www.co.whatcom.wa.us)) or the council office for schedules and agendas.

## **County Council – Hearing Examiner**

Serves as a quasi-judicial officer to hear, evaluate, and decide specific land use and development proposals.

- No legislative function - applies laws and ordinances passed by the County Council.
- Public hearings are generally held weekly, as needed. Please call for current schedule.
- Files are available for public review by appointment.

## **District Court**

With two elected judges and one appointed commissioner, District Court processes Sheriff, State Patrol, Department of Fisheries, State Park and WWU traffic citations. It also handles small claims, civil claims, name changes, and protection orders.

## **District Court - Probation**

Provides adult probation services for offenders charged with misdemeanors in the District Court and some

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## Whatcom County Government Departments continued

municipal courts that contract with the County. This office does not supervise offenders convicted of felonies in the Superior Court (these are handled by the state probation office).

### **Executive**

An elected official, the County Executive manages the day-to-day functions of administrative departments. The Executive is responsible for quarterly and annual revenue estimation and tracking, recommends the county's budget to the County Council, and monitors all departments' expenditures to ensure budget compliance. The Executive appoints members to boards and commissions, responds to citizen concerns, complaints and requests, and represents the County at local, regional, state, and federal levels. The Executive is also responsible for managing all "non-departmental" services that the county provides.

### **Health Department**

The Health Department provides a variety of services to the public: restaurant permits and inspections, food worker health permits, investigation of food-borne illness, solid waste and on-site sewage system oversight, water quality reviews, animal to human disease investigations, communicable disease screening, treatment, investigation, vital records (birth and death certificates, etc.), services to the developmentally disabled and their families, mental health treatment coordination, chemical dependency treatment coordination, and substance abuse prevention.

### **Parks and Recreation**

Whatcom County Parks & Recreation manages or oversees 16,000 acres of land comprised of 72 properties. These include natural areas, parks, gardens, tidelands, beaches, historic buildings, special use areas, and sixty-five miles of recreational trails. Additionally, the department manages or provides funding for eight senior activity centers, a community center and a firearms range.

### **Planning and Development Services**

Composed of three divisions and Administration, including Building Services (processes and issues building and development permits, plan reviews, performs life/ safety inspections; includes Fire Marshal's Office), Natural Resources (reviews permits for compliance with county code and development standards, staff are tasked with protection of shorelines, critical areas, and watersheds), Planning (includes Current Planning which processes immediate project development proposals, Long Range Planning addresses comprehensive plans, growth management, rezones and code amendments), and Administration (includes Code Enforcement and GIS functions).

### **Prosecuting Attorney**

An elected official, the Prosecuting Attorney prosecutes criminal acts within the County, provides legal advice and legal services to county officials and staff, and represents and defends the County. The Prosecuting Attorney's Office also provides assistance to victims of crime, sexual abuse, and domestic violence and provides oversight of the Whatcom County Law Library.

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## Whatcom County Government Departments continued

### **Public Defender**

The Public Defender's Office provides constitutionally mandated indigent legal defense for felony, misdemeanor, and probation violation charges against adults and juveniles in Whatcom County Superior and District Courts. In addition, the Office also provides representation in involuntary mental and alcohol commitment cases.

### **Public Works Department**

Public Works' primary objective is to maintain the integrity of the Whatcom County road system in an efficient, cost effective manner that provides safe travel for the public. In addition, Public Works provides year-round ferry service to Lummi Island, fleet management, flood control, noxious weed control, and natural resource and stormwater management for the County.

### **Sheriff**

An elected official, the County Sheriff is responsible for law enforcement in the unincorporated areas of Whatcom County. The sheriff also has several countywide responsibilities (serving both the cities and unincorporated areas), including operating the county jail and coordinating professional and volunteer search & rescue efforts.

The Sheriff's Emergency Management Division provides community education in disaster mitigation and preparedness, and plans for and coordinates disaster response and recovery efforts.

### **Sheriff – Bureau of Corrections**

The Whatcom County Sheriff's Office (WCSO) Corrections Bureau operates the Whatcom County Jail and the Alternative Corrections program. The jail is a medium security facility responsible for the incarceration of approximately 230 prisoners daily. In addition, Whatcom County operates a minimum-security facility that can house up to an additional 150 prisoners daily. The Corrections Bureau also oversees part of a statewide transport chain that links the various jails and detention facilities. Jail transport officers make daily trips to Skagit and Snohomish County Jails. The Corrections Bureau is also responsible for facilitating alternative sentencing programs. Currently the jail implements programs such as home detention and work release as alternatives to incarceration.

### **Superior Court**

Whatcom County's four Superior Court judges and three full time and two part time court commissioners hear all cases involving: adult felonies, all juvenile offenses, divorce, child custody, support matters, probate, guardianships, adoptions, property claims in excess of \$35,000, paternity actions, mental incompetency, and abused or neglected children. The Director of Superior Court Administration oversees judicial operations, Drug Court, Family Treatment Court, and other specialty court programs.

### **Superior Court - County Clerk**

The County Clerk serves as the clerk for Superior Court administering the office, systems, and accounts for funds, legal financial obligations, records, custody, delivery of records, and exhibits for this court of record for the State of Washington. The County Clerk also supervises the assigned counsel function, which manages

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## Whatcom County Government Departments continued

indigence screening, conflict counsel and some guardian ad litem contracts.

### **Superior Court - Juvenile Court Administration**

Through the Juvenile Court, Detention Center and a number of special programs, this department provides services to assist young offenders with personal and/or environmental problems that get them into trouble with law. The Juvenile Detention Facility is located on the 6th floor of the courthouse. (Visiting hours are limited. Call for schedule.) In addition, this department also provides a CASA (Court Appointed Special Advocates) program, dependency guardian ad litem contracts, and staff guardians ad litem for children in dependency cases.

### **Treasurer**

An elected official, the County Treasurer collects taxes, reports, invests and manages all monies and debt for Whatcom County and all other junior and special purpose districts. This office provides banking services to the organization; forecloses on property for delinquent taxes; maintains an inventory of county-owned real property; conducts property sales and processes passport applications.

### **WSU Extension**

In cooperation with Whatcom County, this department is an extension of Washington State University. It provides information and education in the following areas (as well as others): agriculture and natural resources, food safety, community resources, pesticides, farm building and facilities plans, parenting, budgeting and money management, bee safety, 4-H, nutrition, and home horticulture.

## Creating the County Budget

The Home Rule Charter sets out the requirements for the presentation, adoption and the control of Whatcom County's budget (Article 6 - Financial Administration). Pursuant to Article 6.05 - Budget Cycle, Whatcom County elected to prepare a biennial budget. Whatcom County has elected to adopt its biennial budget as two one-year appropriations. According to section 6.10 - Presentation and Adoption of Budgets, "At least seventy-five (75) days prior to the end of each budget cycle, the County Executive shall present to the County Council a complete budget and budget message, proposed current expense and capital budget appropriation ordinances, and proposed tax and revenue ordinances necessary to raise sufficient revenues to balance the budget; and at least thirty (30) days prior to the end of the budget cycle, the Council shall adopt appropriation, tax and revenue ordinances for the next budget cycle."

Charter section 6.30 - Contents of Budget states, "The expenditures included in the budget for the ensuing budget cycle shall not exceed the estimated revenues (including unrestricted fund balance)." The county charter also outlines requirements for control, consideration and adoption of the budget. Specific requirements are located in sections 6.20 through 6.73.

In addition, under state law, the Flood Control Zone District and its subzones are considered a separate government from the rest of Whatcom County. The Whatcom County Council is also the Flood Control Zone District's Board of Supervisors. Its budgeting process is governed by RCW 86.15.140 rather than by the Whatcom County Charter. The RCW only provides for an annual budget. Therefore, the second year budget for the District and its subzones will be adopted during the mid-biennium review for the rest of county government in the fall of odd-numbered years.

In May or June of even years, the County Council convenes a "budget retreat" where members review and provide feedback on guidelines proposed by the County Executive in building the biennial budget.

These guidelines are an essential part of the administration's "budget instructions," released to all departments at the end of June.

In August and early September, the Executive's Office and administrative financial staff meet with department directors. Each department's budget request, as well as requests for additional resources or funding, are reviewed and prioritized.

The Executive's Office and financial staff then develop a proposed budget. As required by the county charter, the administration delivers copies of an "Executive's Recommended Budget" to all members of the County Council and the County Auditor in mid-October. The County Council's finance committee holds hearings and work sessions to discuss the Executive's proposed budget with the administration and department directors.

In November, the committee evaluates the budget and makes recommendations and revisions, then forwards these to the full council for a public hearing. The council adopts a final budget through passage of an ordinance. This ordinance establishes both appropriation limits and permanent staffing levels for the upcoming biennium. The administration publishes the completed budget document during the first quarter of odd numbered years.

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## Creating the County Budget continued

### Facilities Capital Planning

In conjunction with the budget, the council also reviews and adopts a six-year facilities capital plan. This plan is developed annually by the administration and is reviewed and adopted by the council.

### Biennial Budget Timeline

Whatcom County's biennial budget is prepared in even years, according to the following schedule:

May/ June .....	Budget Planning (Retreat)
End of June .....	Release of Budget Instructions
Beginning of August .....	Dept budget requests due
Mid-August thru Mid-September .....	Dept Heads meet with Executive's Office
Mid-October .....	Executive's Budget delivered to Council
Mid-October thru Mid-November .....	Council Finance Committee Hearings
Mid to Late November .....	Council adopts budget
First Quarter of First Budget Year .....	Final Budget Document Publication
Fourth Quarter of First Budget Year .....	Mid-Biennium Review and adoption of 2018 annual Flood Control Zone District and subzones budgets.

### Budget Document Serves Several Purposes

The budget document provides a summary of the financial plan for county operations for the biennium beginning January 1, 2017 and ending December 31, 2018. This document shows revenue sources and how they will be spent. It also contains goals and objectives of departments and programs. Additionally, the budget document serves as a reference guide for the county's financial policies, fund structure, organizational structure and contains a directory of county services.

### Amending the Budget during the Biennium

Appropriation and staffing levels can be amended during the course of the biennium through the "supplemental budget" process. This is a mechanism that provides careful review by the Executive's office and County Council, allowing changing funding or staffing needs to be addressed as new or unanticipated circumstances arise.

The Executive's office and Administrative Services Finance Division review the department supplemental budget requests and, where possible, work with department heads to find alternate solutions that do not require increased appropriation. On a monthly basis or as necessary, the administration prepares a supplemental budget ordinance and forwards it to the County Council for consideration.

Because staffing levels are specifically authorized in the annual budget ordinance, proposed changes to the county's "authorized positions" require supplemental budget ordinance amendment. If adopted by the council, budget appropriation (and/ or staffing) is amended accordingly.

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## Creating the County Budget continued

Half way through the biennium, the administration will review the previous year's expenses and revenues, and develop supplemental budget recommendations to the County Council for the second year of the biennium. The 2018 Flood Control Zone District and subzones budgets will also be reviewed and adopted by the Council acting as the district's Board of Supervisors.

### **Project Budgets**

Project budgets are limited to large 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.

### **Continuing Appropriations into Next Year**

Because Whatcom County adopts its biennial budget as two one-year appropriations, budget authority lapses at the end of each year. Some circumstances may make it necessary to carry over appropriations into the new year (such as contracts in progress and project budgets). Continued appropriation is accomplished through departmental request and administrative approval. Departments have until mid-January to request continuation of the prior year's appropriation on certain expenditures. The Executive reviews and makes a determination on qualifying requests.

### **Reporting Quarterly Financial Information**

An important management tool, quarterly financial reports are provided to the County Council by administration by February 15, May 15, August 15, and November 15. These reports provide comparative data, amended projections and other vital financial information for general fund and other fund activity.

Quarterly financial reports are available to the public and on the Whatcom County website at <http://www.whatcomcounty.us/Archive.aspx?AMID=39>.

# Financial Management Policies

The overall goal of the county's financial management policies is to establish and maintain effective management of its financial resources. Formal policy statements and major objectives provide the foundation for achieving this goal. Accordingly, this section outlines the policies used in guiding the preparation and management of the county's overall budget and the major objectives to be accomplished. In addition, the rationale that led to the establishment of the fiscal policy statements is also identified.

## Biennial Budget Preparation

A complete biennial budget will be prepared for all funds and capital budget expended by the County.

*Home Rule Charter Section 6.30 provides that "the budget shall include all funds, revenues and reserves; shall be divided into categories, projects, and objects of expense." Inclusion of all funds in the budget enables the Council, the administration, and the public to consider all financial aspects of the county government when preparing, modifying, and monitoring the budget, rather than deal with the county's finances on a "piece meal" basis.*

## Budget Document

The budget will be prepared in such a manner as to facilitate its understanding by citizens and elected officials.

*One of the stated purposes of the budget is to present a picture of the county government operations and intentions for the biennium to the citizens of Whatcom County. Presenting a budget document that is understandable to the citizens furthers the goal of effectively communicating local government finance issues to both elected officials and to the public.*

## Budget Copies

Copies of the proposed budget will be made available to citizens and elected officials from the time the budget message is delivered.

*Home Rule Charter Section 6.50 provides that "Copies of the budget and budget message shall be delivered to the County Auditor and each council member. The budget message and supporting tables shall be furnished to any interested person upon request for a reasonable fee as established by ordinance and shall be available for public inspection from the time the budget message is delivered." Providing the public with copies of the proposed budget enables citizens to become better informed on the issues facing the Council and the administration during the budget hearings.*

## Service Levels

Budgetary emphasis will focus on providing those basic county services that provide the maximum level of services, to the most citizens, in the most cost effective manner, with due consideration being given to all costs - economic, fiscal and social.

*Adherence to this basic philosophy provides the citizens of Whatcom County assurance that its government and elected officials are responsive to the basic needs of the citizens and that its government is operated in an economical and efficient manner.*

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## Financial Management Policies continued

### Capital, Plant, and Equipment Maintenance or Replacement

The budget will provide for adequate maintenance of capital, plant, and equipment and for their orderly replacement.

*All governments experience prosperous times as well as periods of economic decline. In periods of economic decline, proper maintenance and replacement of capital, plant, and equipment is generally postponed or eliminated as a first means of balancing the budget. Recognition of the need for adequate maintenance and replacement of capital, plant, and equipment, regardless of the economic conditions, will assist in maintaining the government's equipment and infrastructure in good operating condition.*

### Budgetary Practices

The County will avoid budgetary practices that balance current expenditures at the expense of meeting future years' expenses.

*Budgetary practices such as postponing capital expenditures, accruing future years' revenue, or rolling over short-term debt are budgetary practices that can solve short-term financial problems; however, they can create much larger financial problems for future administrations and Councils. Avoidance of these budgetary practices will assure citizens that current problems are not simply being delayed to a future year.*

### One-Time Revenues

The County will give highest priority in the use of one-time revenues to the funding of capital assets or other onetime expenditures.

*Utilize one-time revenues to fund ongoing expenditures results in incurring annual expenditure obligations that may be unfunded in future years. Use one-time revenues to fund capital assets or other nonrecurring expenditures better enables future administrations and Councils to cope with the financial problems when these revenue sources are discontinued, since these types of expenditures can more easily be eliminated.*

### Budgetary Control System

The County will maintain a budgetary control system to help adhere to the established budget.

*The budget passed by the Council establishes the legal spending limits for the County. A budgetary control system is essential in order to ensure legal compliance with the county's budget.*

### Appropriation Authority

The County will exercise budgetary control (maximum spending authority) through County Council approval of appropriation authority for each appropriated budget unit. See budget ordinance and its attached list of authorized positions.

*Exercising budgetary control for each budget unit satisfies the Home Rule Charter Section 6.41 - Budget Control. It also assists the Council in monitoring current year operations and acts as an early warning mechanism when departments deviate in any substantive way from the original budget.*

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## Financial Management Policies continued

### Quarterly Financial Reports

Reports comparing actual revenues and expenditures to budgeted amounts will be prepared within six weeks following the end of each quarterly period during the fiscal year.

*The county's budget is ineffective without a system to regularly monitor actual spending and revenue collections with those anticipated at the beginning of the year. Quarterly reports comparing actual revenues and expenditures to budget amounts provide the mechanism for the Council and the administration to regularly monitor compliance with the adopted budget. This also satisfies the Home Rule Charter Section 6.41 - Budget Control.*

### Position Control

Authorized personnel positions cannot be increased during the year except by approval of the County Council. Temporary positions may be assigned additional hours subject to the availability of funds and the consent of the County Executive, but shall not be considered a permanent change in authorized levels. The monies allocated to salaries and wages, personnel benefits and capital outlay can be transferred only with prior approval of the County Executive.

*Pursuant to the Home Rule Charter Section 6.60 - Consideration and Adoption of the Budget.*

### Position Vacancies

Appropriation authority for any budgeted personnel position that becomes vacant during the year shall continue unless the Council by motion identifies the position as one in need of review. No appropriated funds may be expended for regular staffing except for those positions specifically identified in the budget ordinance.

*Pursuant to Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration & Adoption of the Budget.*

### Transfers Between Funds

Except as provided in the adopted budget, monies shall not be transferred between funds without County Council approval.

*Pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.*

### Rainy Day Reserve Fund

\$1,000,000 of the adopted Undesignated Ending Fund Balance shall be maintained in a Rainy Day Reserve Account, and such monies shall only be appropriated upon a two-thirds affirmative vote of the entire County Council. In administering this Rainy Day Reserve Fund:

- The County Treasurer shall be empowered to use the Rainy Day Reserve Fund to manage the cash flow needs of all county funds by making short-term loans (less than six months) without interest, and without the need to get Council/Executive permissions.
- Longer-term loans (more than six months) can be made to other funds, but only with Council approval.
- Any investment income earned as a result of the Rainy Day Reserve Fund shall be credited to general

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## Financial Management Policies continued

fund general revenues.

*Pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.*

### Restricted Funds

It shall be the policy of Whatcom County that all restricted and dedicated money shall be expended first in support of the operations of the fund. Any money remaining unspent shall be considered unused general fund subsidies previously provided to the fund and available for transfer back to undesignated general fund equity accounts. If it can be conclusively established that any portion of the remaining money resulted from unexpended dedicated amounts, then such amounts shall be placed in a reserved equity account and only expended for activities allowed under the law for the activity so involved.

*Pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.*

### State Surcharges on Fines

It shall be the policy of Whatcom County to levy the state's surcharge on all fines, in addition to all the fines set by District Court, rather than deducting the surcharge from the county's share of such fines.

*Pursuant to the RCW 46.63.110(3).*

### Revenue Shortfalls

Expenditure authority is granted based on revenue projections contained in each department's budget. If it is evident that a department's revenues will fall short of the budgeted amount in any calendar year, the department head will submit a plan to the County Executive to reduce departmental expenditures sufficient to offset the revenue shortfall within the same calendar year.

*Pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.*

### Continuing Appropriations

Whatcom County shall close its books and allow no further county fund transactions on the previous year, 20 days after the end of the fiscal year. Following that deadline, outstanding obligations of \$500 or more may be paid through continuing appropriation in the following fiscal year, if approved by the County Executive. All unexpended continuing appropriation authority carried over from the previous fiscal year shall lapse by the following December 31.

*Pursuant to the Whatcom County Code, Chapter 3.02.050 Budgeting - Continuing Appropriations.*

### Ferry Funding

User fees for the Lummi Island ferry shall be annually evaluated and set to recover 55% of projected annual costs of ferry operation.

*Pursuant to the Whatcom County Code, Chapter 10.34.030 Ferry Rates - Use of ferry user fee revenues.*

## Basis of Accounting and Budgeting

**B**asis of accounting and budgeting refers to revenues and expenditures, related assets and liabilities that are recognized in the accounts and reported in the financial statements.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All county funds, except proprietary funds (internal and enterprise funds), are budgeted and accounted for during the year on the modified accrual basis of accounting in accordance with Washington State statute and generally accepted accounting principles.

Proprietary funds are accounted for on a normal accrual basis, in accordance with Washington State statute for mandated budget and accounting reporting systems. Proprietary funds use a modified accrual system for budget tracking purposes. The governmental funds are presented in the financial statements on this same basis.

The modified accrual basis is a mixture of the cash and accrual basis. To be recognized as a revenue or expenditure, the actual receipt or payout of cash must occur soon enough after a transaction or event has occurred to have an impact on the amount of money currently available to spend. Revenues are recognized in the accounting period in which they become measurable and available. Revenues are available when collected either during the current period or soon enough after year-end to be able to pay year-end liabilities. Major revenues that usually can be accrued at year-end are grants and interest income. Major revenues that are usually not accrued because they are either not available soon enough to pay year-end liabilities or are not able to be objectively measured include taxes, licenses, permits and fines and forfeitures.

Expenditures are recognized in the accounting period in which a measurable liability is incurred. The exception to this is unmatured principal and interest on long-term debt, which are recognized when due. Encumbrances are recognized during the year, but outstanding encumbrances at the end of the year do not qualify as expenditures and are either charged against the following year's budget or cancelled. Encumbrances set aside budget authority to cover commitments made for contracts for goods or services that have not been received or performed yet.

# Whatcom County Fund Structure

**A**s a means of tracking and accounting for money, the operations of the County are divided into *funds*. The easiest way for most people to think about funds is to compare them to bank accounts. Money comes into a fund from a variety of sources and is then used to provide services to the public. Within funds are departments (e.g., Administrative Services, Public Works Department) and within departments are *cost centers*.

Each of these accounting units facilitates the tracking of costs and effectiveness of services provided to the public. Within cost centers are accounts or line-items. These are the basic units of measurement in the budget and make it possible to determine costs of specific programs. The budget document does not provide a line-item level of financial detail. Instead, it groups like items in an easy-to-read summary form. Line item detail is available in the county's computerized financial software system (JD Edwards).

As with a personal bank account, funds have to take in at least as much money as they spend and by law, the budget for funds must be balanced. What this means is that a governmental unit cannot plan to spend more than it will take in or has available in reserves. Whatcom County's largest fund is the "General Fund." Most county services are accounted for in this fund and it is where most revenues are received.

Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following are the county's fund types and definitions.

## General Fund

Also known as "Current Expense," the General Fund is used to account for resources of Whatcom County, which are not required to be accounted for in other funds. Both revenues and expenditures are budgeted in compliance with procedures established in Article 6 of the Whatcom County Home Rule Charter and the Whatcom County Code. The modified accrual basis of accounting is applied.

## Special Revenue Funds

Special Revenue Funds are established in Whatcom County pursuant to state statutes or local ordinances 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 Home Rule Charter. The modified accrual basis of accounting is applied. Following is a list of all special revenue funds included in this budget:

### **County Road**

A fund to finance the design, construction, and maintenance of county roads.

### **Election Reserve**

A fund to finance elections and election equipment.

### **Veterans' Relief**

A fund to provide financial assistance and services to indigent veterans and their families/survivors.

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## Whatcom County Fund Structure continued

### **Whatcom County Jail**

A fund created to collect one-tenth of one percent sales and use tax for the purpose of funding detention facility operations, maintenance, and capital projects.

### **Low Income Housing Projects**

A fund created to collect an additional recording fee (per document) that provides funding for local low income housing projects.

### **Homeless Housing**

A fund created to collect additional recording fees (per document) that provide funding for the County's homeless housing plan. Also accounts for homeless housing projects funded by state grants.

### **Stormwater Fund**

A fund established to account for projects and programs which protect water resources, improve water quality, and reduce impacts from stormwater runoff in the unincorporated areas of the County. The fund is currently being funded by transfers from the Flood Control Zone District.

### **Chemical Dependency/Mental Health Fund**

A fund created to account for one-tenth of one percent sales tax for the purpose of providing new or expanded chemical dependency or mental health treatment services and for the operation of new or expanded therapeutic court programs.

### **Parks Special Revenue Fund**

A fund created to account for restricted and committed revenues that will be used to fund maintenance, operations, and parks improvements in accordance with external funding sources and County Council requirements.

### **Countywide Emergency Medical Services**

A fund created to collect one-tenth of one percent public safety and health sales and use tax for the purpose of funding emergency medical services and criminal justice.

### **Whatcom County Trial Court Improvement**

A fund established to collect funding from the state to fund improvements to superior and district court staffing, programs, facilities, or services.

### **Solid Waste Management**

A fund to account for the provision of solid waste services to the residents of Whatcom County.

### **Whatcom County Convention Center**

A fund used to promote tourism and overnight visits to Whatcom County.

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## Whatcom County Fund Structure continued

### **Victim Witness Assistance**

A fund established to administer victim witness programs. The fund is financed by court ordered fines on domestic assault cases.

### **County Road Improvement District #1**

A fund financed by special assessments to account for maintenance and operation of the Birch Bay Lighting District.

### **County Road Improvement District #2**

A fund financed by special assessments to account for operation and maintenance of the Cliffside Drive Lighting District.

### **County Road Improvement District #7**

A fund financed by special assessments to account for operation and maintenance of the Emerald Lake Lighting District.

### **Whatcom County Drug Fund**

Money from asset seizures in drug cases is placed into this fund by court order and is used to fight the battle against drugs in Whatcom County.

### **Auditor's Operation and Maintenance**

A fund created with a state-mandated surcharge on all instruments recorded by the County 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 incidents and disasters beyond the capacity of regular emergency services.

### **Flood Control Zone District**

A fund created to account for taxes collected and grants received for the water resources program of Whatcom County. The program oversees and coordinates surface-water related activities. It includes the river improvement and flood hazard management programs, stormwater operations, and natural resources protection.

### **Lynden/Everson Sub Zone**

A fund created as a division of the countywide flood control fund to address flood management in the Lynden/Everson area.

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## Whatcom County Fund Structure continued

### **Sumas/Nooksack/Everson Sub Zone**

A fund created as a division of the countywide flood control fund to address flood management in the Sumas/Nooksack/Everson area.

### **Acme/Van Zandt Sub Zone**

A fund created as a division of the countywide flood control fund to address flood management in the Acme/Van Zandt area.

### **Samish Watershed Sub Zone**

A fund created as a division of the countywide flood control fund to maintain and regulate the Lake Samish outlet control structure.

### **Birch Bay Watershed and Aquatic Resources Management District**

A fund created in association with the countywide flood control fund for the purpose of advancing water resources management in the Birch Bay Watershed.

### **Point Roberts Transportation Benefit District**

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

### **Conservation Futures**

A fund created to collect a real property tax levy applied to all taxable real property within Whatcom County. This fund may be used to acquire rights and interests in open space land, farm and agriculture land, and timberland with the goal of conserving property for public use or enjoyment.

## 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. The County appropriates current year expenditures and anticipated revenue. The modified accrual basis of accounting is applied.

### **2010 Limited Tax G.O. & Refunding Bond**

A fund to account for the redemption of bonds that were issued to refinance outstanding bonds from the 1997 and 1998 issues. Those issues paid off interfund loans for the courthouse remodel, the purchase of the civic center building and the refinancing of a 1991 bond issue. In addition, this issue contains Recovery Zone Development Bonds to finance the jail and juvenile detention fire alarm and electronic exiting control systems replacement project.

## Capital Projects 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

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## Whatcom County Fund Structure continued

compliance with procedures established in RCW 36.40. The modified accrual basis of accounting is applied.

### **Real Estate Excise Tax I (REET I)**

A fund to account for the .25 percent excise tax on the sale of real property in the unincorporated portion of Whatcom County. Proceeds of the tax may only be used to fund capital projects pursuant to the county's approved capital improvement plan.

### **Real Estate Excise Tax II (REET II)**

A fund to account for an additional .25 percent excise tax on the sale of real property in the unincorporated portion of Whatcom County. Proceeds of this fund have traditionally been restricted to public works projects including planning, acquisition, construction, repair, replacement, or improvement of roads, sidewalks, traffic signals, bridges, water systems, storm water systems, and parks.

### **Public Utilities Improvement Fund**

A fund to account for a .09 percent sales or use tax to be used to finance public facilities serving economic development purposes. This is not an additional tax; it is deducted from the amount of tax otherwise required to be collected by the state department of revenue.

### **Other Capital Project Funds**

In addition to the funds listed above, specific project funds are set up to account for large capital appropriations as they occur. Capital 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.

## Enterprise Funds

### **Ferry System**

A fund established to account for the Lummi Island Ferry Operations. The accrual basis of accounting is used for this fund.

## 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 vehicles and equipment used by the Public Works Department and other departments. This fund also maintains an inventory of road construction materials for the County.

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## Whatcom County Fund Structure continued

### **Administrative Services Fund**

A fund to provide county departments and activities with internal administrative services, such as accounting, human resources, building maintenance, courthouse security, information technology, and self-insurance.

## The 2017-2018 Budget in Summary

This section provides a summary of the 2017-2018 budget by department/division and by fund. Included is information about revenue and expenditure budgets, together with comparative historical statistics and narrative explanations. This section shows the relationship between expenditures and revenues available to fund programs. Because of its size and diverse nature, the General Fund is the primary focus of this summary.

### Funds

#### General Fund

The General Fund is the largest of Whatcom County funds. It finances most general governmental services including the legislative, executive and judicial branches of county government. It also finances law enforcement, public defense, prosecution, county civil representation, health, parks, land use planning, building inspection, property assessment, tax collection, recording, and vehicle licensing.

#### Road Fund

The Whatcom County Road Fund is the second largest county fund. It finances designing, constructing, altering, repairing, improving, and maintaining county road and bridge infrastructure. It also provides funding for most of the County's NPDES activities. Projects expected to be completed within one calendar year are budgeted for that year. Projects expected to span more than one calendar year are budgeted for on a project-by-project basis in separate funds and require separate budget ordinances.

#### Other Funds

Other Whatcom County funds have a much narrower focus and are therefore presented in a more condensed manner.

### Summary of Budgeted Revenues and Expenditures by Fund

	Budgeted Revenue			Budgeted Expenditures		
	Amended Budget 2016	Budget 2017	Budget 2018	Amended Budget 2016	Budget 2017	Budget 2018
001 General Fund	79,117,544	80,367,238	81,628,376	83,511,522	84,936,377	86,498,353
108 County Road	25,347,600	26,206,353	25,938,157	30,744,026	39,827,253	25,646,417
118 Jail Fund	13,904,878	14,255,371	14,339,796	14,341,011	14,954,023	15,312,510
169 Flood Control Zone District	5,772,028	6,318,974	-	11,098,384	10,865,714	-
501 Equipment Rental & Revolving	12,205,235	11,901,423	11,787,001	16,172,264	15,786,866	14,244,518
507 Administrative Services	19,644,671	21,187,007	21,477,633	21,157,909	22,152,835	22,488,530
All Other Funds	32,014,937	34,665,972	34,434,956	38,990,522	36,217,873	27,111,116
<b>TOTAL</b>	<b>188,006,893</b>	<b>194,902,338</b>	<b>189,605,919</b>	<b>216,015,638</b>	<b>224,740,941</b>	<b>191,301,444</b>

# Whatcom County Work Force History - 2014 to 2018

The table below shows the number of Whatcom County “full-time equivalent” positions (FTEs) for the period of 2014-2018. Grants and offsetting revenues fund several of these positions. The policy of Whatcom County prohibits grant funded positions from being extended beyond the end of the grant. Council approval is needed to continue such positions.

The number of Whatcom County FTEs is expected to increase seven positions over the new biennium. Administrative Services will add a net 1.7 FTEs as it removes a .3 Special Projects Manager position and adds administrative capacity in Facilities to manage the County’s large capital project needs. The Executive will remove a .2 FTE which was also part of the Special Projects Manager position. Health will lose two positions, one from the WIC program and 1 in Environmental Health, and add two Human Service positions. Parks will be adding a Park Attendant; Public Defender will add a Social Worker. Prosecuting Attorney will remove a clerk position and increase a civil attorney position by .2 FTE. Planning will drop an unfunded NPDES position. The Juvenile unit of Superior Court will close a .7 Nurse Practitioner position and add a new Dependency Guardian Ad Litem FTE. The Sheriff’s Office Bureau of Corrections will add one deputy and Emergency Management will add one Program Specialist. Public Works will be adding 3 FTEs over the biennium all related to NPDES activities in engineering and M&O. All position closures are currently vacant.

## “Full Time Equivalent” Positions

Department	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018	Change from 2014 to 2018
Administrative Services	60.55	63.80	63.80	64.50	65.50	4.95
Assessor	28.00	28.00	28.00	29.00	28.00	-
Auditor	18.00	17.00	17.00	17.00	17.00	(1.00)
County Council/Hearing Examiner	10.50	11.50	11.50	11.50	11.50	1.00
County Executive	4.70	4.70	4.70	4.50	4.50	(0.20)
District Court/District Court Probation	32.50	32.50	33.50	33.50	33.50	1.00
Health Department	71.35	75.35	78.40	78.40	78.40	7.05
Parks & Recreation	23.00	23.00	23.00	24.00	24.00	1.00
Planning & Development Services	44.00	44.50	46.00	45.00	45.00	1.00
Prosecuting Attorney	49.90	49.90	50.90	50.10	50.10	0.20
Public Defender	28.80	30.00	30.00	31.00	31.00	2.20
Public Works	154.70	161.00	162.00	164.00	165.00	10.30
Sheriff/Jail/Emergency Mgmt	194.00	193.00	194.00	196.00	196.00	2.00
Superior Court/Clerk/Juvenile	76.80	80.90	80.90	81.20	81.20	4.40
Treasurer	13.00	13.00	13.00	13.00	13.00	-
WSU Extension	2.00	2.00	2.00	2.00	2.00	-
<b>Total Whatcom County FTE's</b>	<b>811.80</b>	<b>830.15</b>	<b>838.70</b>	<b>844.70</b>	<b>845.70</b>	<b>33.90</b>
Percent Change from Previous Yr	0.06%	2.26%	1.03%	0.72%	0.12%	

Note: One “Full-time Equivalent” position = 40 hours per week.

# General Fund Summary

## General Fund Summarized Revenues and Expenditures

	2015 Adopted Budget	2016 Adopted Budget	2017 Executive Recommended	2018 Executive Recommended
<b>Revenues</b>				
Taxes	41,248,074	41,873,536	44,312,831	45,244,980
Licenses & Permits	2,418,997	2,506,844	2,647,401	2,658,352
Intergovernmental Revenues	14,194,915	13,518,121	14,260,289	14,510,133
Charges for Service	9,296,822	9,463,143	8,154,373	8,208,045
Fines & Forfeits	2,420,700	2,420,700	2,239,750	2,239,750
Miscellaneous Revenue	3,307,812	3,446,965	4,095,312	4,267,903
Other Financing Sources	3,300,717	3,272,874	4,657,282	4,499,213
<b>Total Revenues</b>	<b>76,188,037</b>	<b>76,502,183</b>	<b>80,367,238</b>	<b>81,628,376</b>
<b>Expenditures</b>				
<b>Assessor</b>	2,983,708	2,920,622	3,121,698	3,096,851
<b>Auditor</b>	1,289,804	1,312,399	1,339,656	1,367,654
<b>County Council</b>				
County Council	1,144,447	1,139,265	1,245,209	1,288,444
Hearing Examiner	188,344	188,958	195,571	196,593
<b>County Executive</b>				
County Executive	699,351	706,898	724,212	732,667
Non-Departmental	14,707,583	13,846,582	15,263,897	15,960,542
<b>Planning and Development</b>	5,109,078	5,203,234	5,300,873	5,470,416
<b>Treasurer</b>	1,425,369	1,439,383	1,485,708	1,500,968
<b>Sheriff</b>	14,150,275	14,242,438	14,858,845	14,967,526
<b>District Court</b>				
District Court	2,160,200	2,179,738	2,353,334	2,394,946
District Court Probation	1,620,229	1,609,756	1,692,590	1,709,449
<b>Prosecuting Attorney</b>	5,895,805	6,025,441	6,439,290	6,585,840
<b>Public Defender</b>	3,535,872	3,654,165	3,981,747	4,091,868
<b>Superior Court</b>				
Superior Court Administrator	2,645,895	2,673,335	2,844,429	2,875,098
County Clerk	2,064,786	2,092,908	2,210,987	2,244,700
Juvenile	4,633,596	4,691,221	4,818,926	4,902,110
<b>Extension</b>	435,381	440,203	480,603	486,554
<b>Park</b>	3,817,099	3,845,152	4,103,848	4,089,396
<b>Health</b>	12,252,433	11,596,064	12,474,954	12,536,731
<b>Total Expenses</b>	<b>80,759,255</b>	<b>79,807,762</b>	<b>84,936,377</b>	<b>86,498,353</b>
Net	(4,571,218)	(3,305,579)	(4,569,139)	(4,869,977)
Budget Lapse 4%	3,424,192	3,383,849	3,397,455	3,459,934
<b>Change in Fund Balance</b>	<b>(1,147,026)</b>	<b>78,270</b>	<b>(1,171,684)</b>	<b>(1,410,043)</b>
Beginning Fund Balance			15,143,490	13,971,806
Change in Fund Balance			(1,171,684)	(1,410,043)
Ending Fund Balance			13,971,806	12,561,763
Interfund Loan Adjustment*			1,489,361	1,114,932
Adjusted Fund Balance			15,461,167	13,676,695

\* Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the General Fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases and transfers are shown as expenditures but the loan proceeds are not presented as revenues in the income statement but only as a liability on the balance sheet.

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General Fund Summary continued

**On-Going Additional Service Requests**

Request Name	FTE	2017			2018		
		Revenue	Expenditure	Net Amount	Revenue	Expenditure	Net Amount
<b>Assessor</b>							
Reinstate Administrative Assistant Position	Yes	-	78,243	78,243	-	-	-
Mobile Field Data Application Continuing Support		-	33,796	33,796	-	40,076	40,076
Bulk Mailing Administration Support		-	7,500	7,500	-	7,500	7,500
ARC GIS Runtime PACs Viewer		-	3,952	3,952	-	3,952	3,952
<b>Council</b>							
Agenda Management and Meeting Automation		-	-	-	-	27,000	27,000
<b>Non-Departmental</b>							
Transfer to Fund Increased GF GIS Costs		-	15,990	15,990	-	10,200	10,200
<b>Planning &amp; Development Services</b>							
Permit System Maintenance		50,000	-	(50,000)	81,198	140,495	59,297
<b>Sheriff</b>							
Reimbursable Overtime Increase		34,495	34,495	-	34,456	34,456	-
ACCESS User Fee Increase Effective 01/01/17		-	1,740	1,740	-	1,740	1,740
Transcription Services		-	2,460	2,460	-	2,460	2,460
Equip Maintenance - Records Fingerprint Machines		-	2,100	2,100	-	2,100	2,100
Overtime Increase - Investigations		-	26,000	26,000	-	26,000	26,000
Crime Analysis Unit Support Employee	Yes	-	68,391	68,391	-	70,877	70,877
Patrol Deputy Reinstated 2016	Yes	-	102,791	102,791	-	105,696	105,696
Overtime Increase - Fire Investigations		-	10,000	10,000	-	10,000	10,000
Concealed Pistol License (CPL) Increase		24,900	16,060	(8,840)	-	(8,840)	(8,840)
Increase Sheriff ER&R For New Vehicle Cost		-	136,000	136,000	-	136,000	136,000
<b>District Court</b>							
Interpreter Services		-	15,000	15,000	-	15,000	15,000
<b>Prosecuting Attorney</b>							
HIDTA Grant		9,756	13,500	3,744	-	3,744	3,744
Increase .8 Civil Deputy FTE to Full FTE		-	-	-	-	26,992	26,992
<b>Public Defender</b>							
Employee Travel for Training and Non-Training		-	15,000	15,000	-	15,000	15,000
Behavioral Health Specialist, 1.0 FTE	Yes	40,148	80,296	40,148	41,654	83,308	41,654
Reclassification of a Legal Assistant		-	4,933	4,933	-	4,967	4,967
<b>Juvenile</b>							
Expansion of In-House Guardian ad Litem Program	Yes	-	-	-	-	-	-
<b>WSU Extension</b>							
Contribution to Faculty/Agent Salaries		-	3,626	3,626	-	6,769	6,769
Community Horticulture Support		25,000	25,000	-	25,000	25,000	-

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General Fund Summary continued

On-Going Additional Service Requests continued

Request Name	FTE	2017			2018		
		Revenue	Expenditure	Net Amount	Revenue	Expenditure	Net Amount
<b>Parks &amp; Recreation</b>							
Opportunity Council EWRRRC Lease and Operations		-	6,712	6,712	-	6,712	6,712
Senior Services Contract Adjustment		-	5,288	5,288	-	5,288	5,288
Increase ER&R and Fuel for Pickup Upgrades		-	11,400	11,400	-	11,400	11,400
Park Attendant	Yes	-	67,153	67,153	-	67,500	67,500
Extra Help Rate Adjustment		-	19,648	19,648	-	24,907	24,907
Increased Operational Costs at Senior Centers		-	7,025	7,025	-	7,025	7,025
Increase in Revenue and Expenditure Authority		57,000	23,500	(33,500)	-	(33,500)	(33,500)
Increase ER&R Rental Rates for Upgraded Equipment		-	7,080	7,080	-	7,080	7,080
<b>Health</b>							
Marijuana Prevention and Education Program DOH		41,000	41,000	-	41,000	41,000	-
Prevention Program - Marijuana DBHR		45,424	42,060	(3,364)	-	(3,364)	(3,364)
HVSA Expansion Funding		41,419	33,688	(7,731)	-	(6,423)	(6,423)
Mental Health Block Grant		136,160	136,160	-	136,160	136,160	-
Developmental Disability - Community Health Specialist	Yes	-	77,528	77,528	-	79,694	79,694
Indirect Increase from Mental Health Ct ASRs		8,312	-	(8,312)	-	(7,765)	(7,765)
		<u>513,614</u>	<u>1,175,115</u>	<u>661,501</u>	<u>359,468</u>	<u>1,126,206</u>	<u>766,738</u>

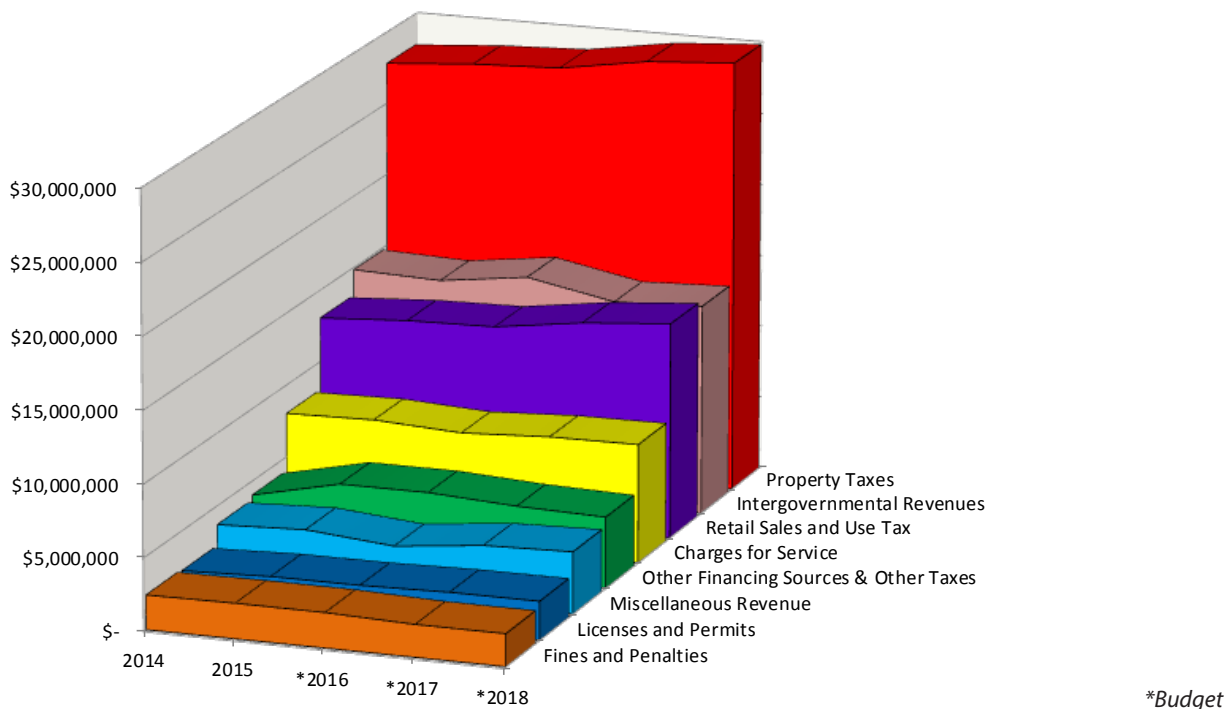
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General Fund Summary continued

**One-Time Additional Service Requests**

Request Name	2017 Expenditure	2018 Expenditure
<b>Council</b>		
Agenda Management and Meeting Automation	72,400	-
<b>Non-Departmental</b>		
Additional Funding Transfer for EMS	1,100,000	1,300,000
Increase Contribution to Technology Revolving Fund	150,000	150,000
GF Transfer to Support Permit System Replacement	469,855	-
Increase GF Contribution to Jail Fund	1,000,000	1,000,000
Replacement of X-Ray Machine for Security Station	50,000	-
<b>Planning &amp; Development Services</b>		
Professional Consultant Budget	75,000	-
<b>Sheriff</b>		
Personnel Identification Badge Equipment	13,246	-
Replacement Gas Mask Test Equipment	12,000	-
<b>District Court Probation</b>		
Electronic Monitoring Equipment	15,000	15,000
<b>Public Defender</b>		
Furniture for Social Worker	1,800	-
<b>Superior Court</b>		
Supervised Visitation	45,000	45,000
<b>WSU Extension</b>		
Forestry Education/Outreach	10,000	10,000
<b>Parks &amp; Recreation</b>		
Bellingham and Ferndale Senior Centers Maintenance	9,200	10,000
Purchase 2 Pickups; Retire 1-18 Passenger Bus	55,000	-
Upgrade Pickup, Mower, and Utility Vehicles	12,000	-
EWRRC Operating Costs	20,000	20,000
<b>Health</b>		
Developmental Disability Comm Health Specialist	6,500	-
	<b>3,117,001</b>	<b>2,550,000</b>

# General Fund Revenues



## General Fund Revenue Notes

### Property Tax

In 2017, property tax revenues are budgeted at \$968,666 over 2016 budget amounts. Of this increase, \$430,000 is the result of an expected \$399 million in new construction, public utility and personal property additions. \$332,000 is the result of a valuation appeals settlement with BP Oil Refinery which added additional new construction to the tax rolls. The remaining amount of \$207,000 is due to adjusting budgets for better collection rates. In recent years, the collection rate used for budget purposes was 97.5% of current year collections. Due to improved collection rates, that percentage has been increased to 98.4% of current year collections. Property tax revenues are estimated to increase by another \$423,000 in 2018 as a result of projecting another \$399 million in new construction, public utility, and personal property additions.

### Intergovernmental Revenues

Intergovernmental revenues are mostly grants received from federal and state governments to support various programs. Ongoing General Fund grants include the Consolidated Juvenile Grant received by Juvenile Administration; Support Enforcement Grant received by the Prosecuting Attorney’s Office, Superior Court, and County Clerk; Washington State Department of Health Consolidated Contract and Department of Social and Health Services Developmental Disabilities Contracts received by the Health Department. This category also

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## General Fund Revenue Notes continued

includes federal payment in lieu of taxes for U.S. forest lands and an impact payment contract with Seattle City Light related to dams located in Whatcom County. In addition, Whatcom County receives state entitlement distributions such as criminal justice assistance, public health assistance, and liquor board profits.

Intergovernmental revenues are budgeted to decrease \$1,158,000 between 2016 and 2017 and increase \$250,000 between 2017 and 2018. Grant revenues generally present a decrease in the biennial budget document as many grants expire over the new biennium and new contracts are not in place during the budget process. In reality, some contracts will be continued from 2016 into 2017 through the continuing appropriation process and new contracts are generally added throughout the biennium by utilizing the budget supplemental process. Major grants not budgeted in the 2017-2018 biennium include a Housing Rehab Community Development Block Grant (CDBG) with the Opportunity Council (\$500,000), Department of Homeland Security grants with the Sheriff's Office (\$450,000), and Substance Abuse grants in the Health Department.

### **Retail Sales Tax**

Whatcom County receives one percentage point of the retail sales tax collected in the unincorporated areas and .15 percentage points of retail sales tax collected in the incorporated areas. The 2017 budget is \$846,000 more than the 2016 budget. 2016 revenues are expected to result in \$250,000 more than budget and 2017 and 2018 have been projected at a 3.5% growth rate. The county also levies a .1% criminal justice sales tax. Ten percent of the funds collected are received by the county with the other ninety percent being distributed based on population of the cities and unincorporated areas. The 2017 and 2018 criminal justice tax budgets are also expected to increase at 3.5% annually over 2016 projections.

### **Charges for Service**

Charges for services include fees for services performed for other governments, other funds and for the public. These fees for service are expected to increase approximately \$300,000 between 2016 budget and 2017 budget and about \$54,000 between 2017 and 2018. Most of the 2017 increase results from increased revenues in Auditor's filing and licensing fees, and from Health Department Medicaid administration revenues.

### **Other Financing Sources and Other Taxes**

This category includes transfers from other funds, state timber sales, and excise taxes. Transfers are down about \$340,000 below 2016 amounts; however, after removing the effect of discontinuing a \$1 million transfer from REET II in support of Parks operations (as allowed through December 31, 2016 in accordance with RCW 84.46.035) transfers have really increased \$660,000. Large increases occurred in the current expense allocation as a result of new positions added (\$156,000), criminal justice transfer from the EMS Fund (\$125,000), and indirect cost rate transfers in the Health Department (\$276,000) mainly as a result of being able to charge the Solid Waste Fund for overhead costs.

### **Miscellaneous Revenue**

This category includes interest on delinquent taxes, rents from Parks activities, royalties from cable company franchise fees, investment earnings and small miscellaneous amounts from various activities. Investment

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## General Fund Revenue Notes continued

earnings are projected to gain \$464,000 over the 2016 budget and \$177,000 over the 2017 budget as investment rates recover from recent record lows. Investment earnings are the result of investing excess cash from the General Fund and other county and non-county funds. In addition, Parks campsite rentals are budgeted to increase \$38,000 and cable franchise fees \$110,000 over 2016 budgets.

### Licenses and Permits

Licenses and permits are expected to increase \$140,000 in 2017 with building permits up \$150,000, on-site sewage permits down \$40,000, and restaurant and food service permits up \$40,000. This category also contains marriage licenses, firearms permits, and other miscellaneous license and permit activity.

### Fines and Penalties

Fines and penalties are collected within the court systems as a result of traffic infractions, misdemeanors, and criminal costs. The other major source of penalty revenues is collected in the Treasurer's Office as a result of delinquent taxes. This category is budgeted \$181,000 per year lower than the 2016 budget. Traffic infractions are projected to be \$74,000 lower than current budget. Overall fines and penalties have fallen off, as judges now have to consider indigence when imposing these costs upon defendants.

# General Fund Revenue Summary

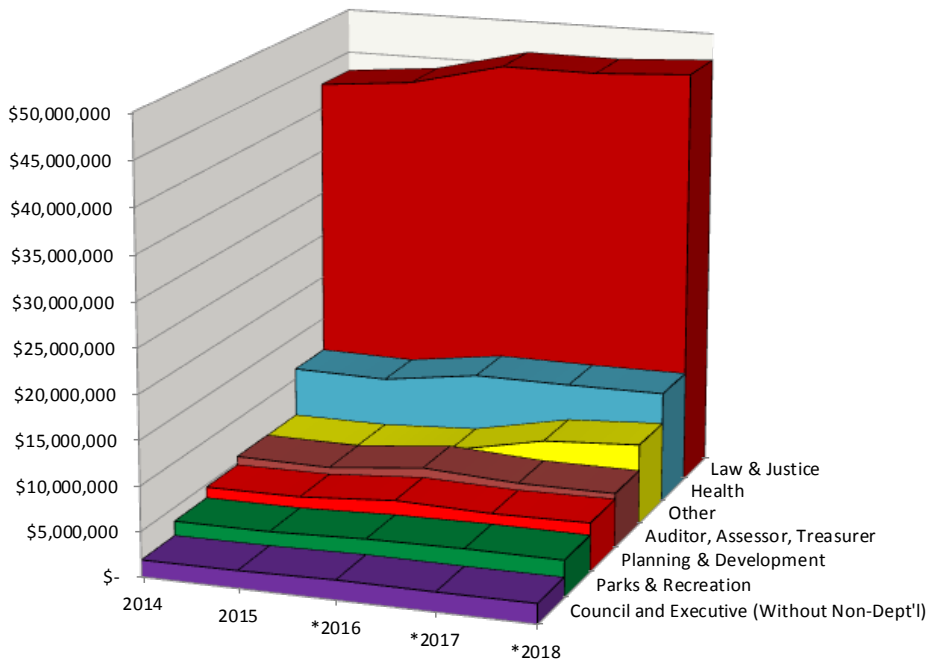
	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Property Taxes</b>					
<i>Property Taxes</i>	27,817,851	28,280,057	28,524,310	29,492,976	29,915,664
<b>Retail Sales and Use Tax</b>					
<i>Retail Sales and Use Tax</i>	13,056,210	13,436,399	13,567,026	14,413,155	14,917,616
<b>Other Taxes</b>					
Timber Harvest Taxes	115,158	-	-	-	-
Business & Occupation Taxes	-	29,325	30,500	15,000	15,000
Excise Taxes	257,006	435,914	376,700	391,700	396,700
<i>Total Other Taxes</i>	372,164	465,239	407,200	406,700	411,700
<b>Licenses and Permits</b>					
Business Licenses & Permits	718,907	808,781	855,494	895,901	906,852
Non-Business Licenses & Permits	1,557,714	1,680,289	1,651,350	1,751,500	1,751,500
<i>Total Licenses and Permits</i>	2,276,621	2,489,070	2,506,844	2,647,401	2,658,352
<b>Intergovernmental Revenue</b>					
Federal Grants-Direct	175,073	175,073	175,073	175,073	175,073
Federal Entitlements	1,728,324	1,700,490	1,500,000	1,750,000	1,750,000
Federal Grants-Indirect	3,520,174	3,171,387	3,642,454	2,192,810	2,192,810
State Grants	5,160,438	4,929,859	5,455,712	5,105,636	5,105,636
State Shared Revenues	122,644	124,153	123,430	126,410	126,410
State Entitlements	3,123,935	3,474,357	3,453,436	3,818,126	4,043,041
Interlocal Grants-Entitlements	1,004,384	1,050,378	1,067,870	1,092,234	1,117,163
<i>Total Intergovernmental Rev</i>	14,834,972	14,625,697	15,417,975	14,260,289	14,510,133
<b>Charges for Goods and Services</b>					
Excise Taxes	341,193	-	-	-	-
Intergovernmental Services	496,298	-	-	-	-
General Government	2,605,485	3,450,257	3,080,565	3,338,947	3,388,947
Security-Persons & Property	1,190,842	1,197,505	1,154,330	1,086,642	1,087,349
Economic Environment	1,763,057	1,925,022	1,992,606	1,978,770	1,981,720
Mental & Physical Health	780,703	1,327,605	1,319,268	1,480,840	1,480,855
Culture and Recreation	292,634	255,173	294,950	269,174	269,174
Other Interfund Svc Charges	557,042	-	-	-	-
<i>Total Charges for Goods &amp; Svcs</i>	8,027,254	8,155,563	7,841,719	8,154,373	8,208,045

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## General Fund Revenue Summary continued

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Fines and Penalties</b>					
Penalties on Taxes	830,856	-	-	-	-
Felony Penalties	93,785	79,455	96,500	83,250	83,250
Civil Penalties	11,400	825,459	827,000	821,000	821,000
Nonparking Infractions	1,022,175	1,140,540	1,043,000	981,500	981,500
Parking Infractions	25,052	14,088	20,500	3,100	3,100
Criminal Traffic Misdemeanors	250,895	242,512	257,500	225,000	225,000
Nontraffic Misdemeanors	44,542	39,459	55,200	32,200	32,200
Criminal Costs	100,395	92,899	121,000	93,700	93,700
<i>Total Fines and Penalties</i>	2,379,101	2,434,412	2,420,700	2,239,750	2,239,750
<b>Miscellaneous Revenue</b>					
Interest on Taxes	1,383,735	-	-	-	-
Intergovernmental Services - Shared Costs	14,600	-	-	-	-
Interest Earnings	797,293	2,177,070	1,935,686	2,413,875	2,591,066
Rents & Royalties	1,364,818	1,509,258	1,396,679	1,570,311	1,588,311
Other Interfund Misc Revenue	37,418	-	-	-	-
Contributions-Private	6,500	14,922	14,800	11,800	11,800
Other Misc Revenues	102,437	259,953	90,585	99,326	76,726
<i>Total Miscellaneous Revenue</i>	3,706,801	3,961,203	3,437,750	4,095,312	4,267,903
<b>Other Financing Sources</b>					
State Timber Sales	216,602	418,897	370,000	374,000	374,000
Other Fixed Assets	6,329	-	-	-	-
Proceeds Capital Lease	8,840	67,026	-	-	-
Operating & Residual Equity Transfer In	3,302,982	4,316,024	4,500,020	4,159,282	4,001,213
Interfund Transfer In - Debt Service	124,000	124,000	124,000	124,000	124,000
<i>Total Other Financing Sources</i>	3,658,754	4,925,947	4,994,020	4,657,282	4,499,213
<b>Total General Fund</b>	<b>76,129,729</b>	<b>78,773,586</b>	<b>79,117,544</b>	<b>80,367,238</b>	<b>81,628,376</b>
<i>Percent Change from Previous Year</i>	-5.3%	3.5%	0.4%	1.6%	1.6%

# General Fund Expenditures



\*Budget

Note: General Fund Expenditures are shown in operational categories. Non-Departmental transfers are distributed to the appropriate categories in this chart.

## General Fund Expenditures Notes

### General Fund Expenditure History

Total expenditures for the General Fund for 2017 and 2018 are \$84.9 million and \$86.5 million respectively. The 2017 and 2018 budgets are \$1.4 million and \$3 million more respectively than the current 2016 budget.

### Law & Justice

The largest category of expenditures is for Law & Justice. This category includes District, Superior, and Juvenile Courts, County Clerk, Public Defender, Prosecuting Attorney, Sheriff, and a transfer that funds a portion of the cost of operating the jail. Law & Justice expenditures increased at 1.55% per annum from 2010 through 2015, excluding transfers for capital projects. This category accounts for 54.5% of the General Fund's 2017-2018 budget.

### Health Department

With 14.6% of the General Fund budgeted expenditures in 2017-2018, the Health Department is the second largest expenditure category. This department's expenditures have increased at an average rate of 0.86% per

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## General Fund Expenditures Notes continued

year from 2010 through 2015. In keeping with its strategic plan, the Health Department is moving away from providing direct services and instead is ensuring those services are available in the community. The Health Department receives state and federal grant revenues and charges user fees for some of its programs. General county revenues of approximately \$2.1 million per year will be used to support the Health Department's operating costs in 2017 and 2018.

### Other

"Other" is made up of miscellaneous expenditures that are not attributable to specific departments. Expenditures in this category include payments for ambulance service, animal control, fire district related 911 emergency dispatch, medical examiner and morgue, leave payouts on behalf of terminating employees, wage and benefit contract reserves, support for other organizations that provide public services, general fund transfers to the administrative services fund, interfund debt service, support for emergency management services and other smaller miscellaneous items. Transfers to administrative services primarily fund the administrative cost allocation for Non-Departmental activities and junior taxing districts. They also include support for the county's geographical information system and funding for the computer replacement revolving account. "Other" also includes the budget for WSU Extension Office and a \$470,000 transfer to fund an integrated land records and permit systems software project budget. The Other General Fund category has been increased by \$2,185,000 in 2017 and by another \$666,000 in 2018 from current 2016 levels. These increases are mainly due to the project budget transfer mentioned above, wage and benefit reserves for contract settlements, and increased support for the Emergency Medical Services Advance Life Support (ALS) System. Increased ALS support is \$1.1 million in 2017 and \$1.3 million in 2018 above the \$1.4 normal General Fund contribution. The increased support is to cover funding shortfalls so the system can continue at current ambulance unit levels while a property tax measure to fund the system is considered by the voters of Whatcom County.

### Assessor, Treasurer, and Auditor

The Assessor, Treasurer, and Auditor make up 7.1% of the total 2017-2018 General Fund budget. Expenditures have increased at an annual rate of 1.7% from 2010 through 2015, excluding transfers to the election reserve fund and capital costs of the Assessor Treasurer software system. Transfers to the election reserve fund fluctuate based on the number of elections held per year and which entities conduct special elections.

### Planning & Development Services

Planning and Development Services make up 6.3% of the total 2017-2018 General Fund budget. Planning and Development Services expenditures decreased an average of 1.1% per year from 2010 through 2015. Building activity levels fell dramatically during the recession and just began to recover to normal levels in the last year. In 2017-2018, \$1.9 million per year of the department's annual operating costs will be paid from discretionary General Fund revenues.

### Parks & Recreation

Parks & Recreation accounts for 4.8% of the General Fund budget. Parks expenditures increased an average of 1.1% per annum from 2010 through 2015. The amount of land under Parks supervision has grown significantly

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## General Fund Expenditures Notes continued

over the past few years with the acquisition and development of the Lake Whatcom Reconveyance property as well as major development and renovation projects underway at South Fork Park, Lighthouse Marine, Hovander and Silver Lake. General county revenues of approximately \$2,760,000 per year will also be used to support Parks & Recreation's operating costs in 2017 and 2018.

### **Council and Executive (not including Non-Departmental)**

County Council, including Hearing Examiner, and Executive (not including Non-Departmental) make up 2.56% of the total General Fund budget. Expenditures have increased at an annual rate of 2.99% from 2010 through 2015.

# General Fund Expenditures Summary

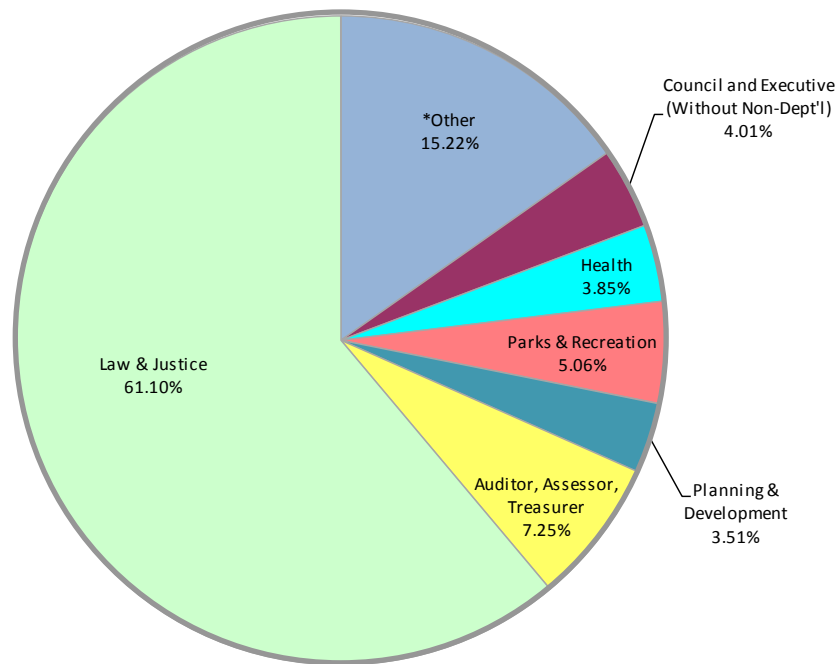
	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Law and Justice</b>					
District Court	3,432,543	3,501,187	4,004,058	4,045,924	4,104,395
Prosecuting Attorney	5,536,250	5,759,108	6,360,345	6,439,290	6,585,840
Public Defender	3,352,016	3,490,453	3,757,087	3,981,747	4,091,868
Sheriff	13,576,263	14,674,393	15,396,860	14,858,845	14,967,526
Superior Court	8,629,932	8,910,913	9,797,770	9,874,342	10,021,908
Non-Departmental - Jail Operating Transfers	5,117,229	5,081,045	5,075,170	6,117,229	6,117,229
Non-Departmental - Transfers for New Jail	1,000,000	1,000,000	1,000,000	-	-
Non-Departmental - LEOFF 1 & Civil Service	128,096	119,845	382,634	335,701	336,318
Non-Departmental - Sheriff's 911 Dispatch	625,468	675,379	635,025	721,765	757,853
Non-Departmental - Trf for Superior Ct Remodel	1,422,464	-	-	-	-
Non-Departmental - Trf for Crim Justice Software	-	600,000	-	-	-
<i>Total Law and Justice</i>	42,820,261	43,812,323	46,408,949	46,374,843	46,982,937
<b>Auditor, Assessor, Treasurer</b>					
Assessor	2,721,062	2,740,018	3,246,045	3,121,698	3,096,851
Auditor	1,312,940	1,270,851	1,339,509	1,339,656	1,367,654
Operating Transfer - Elections	312,000	100,000	100,000	150,000	150,000
Treasurer	1,341,868	1,361,150	1,487,760	1,485,708	1,500,968
Assessor/Treasurer System	13,877	101,676	498,823	5,418	5,418
<i>Total Auditor, Assessor, Treasurer</i>	5,701,747	5,573,695	6,672,137	6,102,480	6,120,891
<b>Planning and Development Services</b>					
<i>Planning and Development Services</i>	4,713,829	4,792,125	5,566,432	5,300,873	5,470,416
<b>Parks and Recreation</b>					
<i>Parks and Recreation</i>	3,483,093	3,518,844	3,930,869	4,103,848	4,089,396
<b>Health</b>					
<i>Public Health</i>	11,196,943	11,021,357	12,514,609	12,474,954	12,536,731
<b>Council and Executive (Without Non-Departmental)</b>					
County Council	1,231,727	1,255,365	1,469,432	1,440,780	1,485,037
County Executive	630,565	691,362	719,754	724,212	732,667
<i>Total Council and Executive (without Non-Dept'l)</i>	1,862,292	1,946,727	2,189,186	2,164,992	2,217,704
<b>OTHER</b>					
<b>WSU Extension</b>					
<i>WSU Extension</i>	390,209	403,903	449,034	480,603	486,554

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General Fund Expenditures Summary continued

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Other Non-Departmental</b>					
Medical Examiner & Morgue	467,077	505,182	517,554	525,099	531,149
911 Dispatch - Fire Related	95,852	191,354	203,823	214,014	224,715
Emergency Medical Services	1,433,000	1,385,299	1,380,737	2,500,000	2,700,000
Animal Control	395,945	389,124	397,718	388,591	386,529
General Obligation Bonds	226,338	229,688	226,983	233,988	228,000
Emergency Management Support	264,719	311,851	333,992	322,007	327,551
Capital Acquisitions	65,146	67,026	-	-	-
Leave Pay Out & Reserve Account	51,301	167,791	569,692	1,697,250	2,732,250
Pass-through Grants to Other Organizations	863,161	185,047	778,165	-	-
Support to Other Organizations	422,641	490,099	506,167	501,302	503,165
Support for PW - Noxious Weed	50,000	50,000	50,000	50,000	50,000
Transfer for Major Software & IT project budgets	323,809	611,000	-	469,855	-
Administrative Services Projects & Transfers	528,165	545,506	617,387	765,059	718,109
Misc Non-Departmental	89,213	91,722	198,088	266,619	192,256
<i>Total Other Non-Departmental</i>	<i>5,276,367</i>	<i>5,220,689</i>	<i>5,780,306</i>	<i>7,933,784</i>	<i>8,593,724</i>
<b>TOTAL GENERAL FUND</b>	<b>75,444,741</b>	<b>76,289,663</b>	<b>83,511,522</b>	<b>84,936,377</b>	<b>86,498,353</b>
<i>Percent Change from Previous Year</i>	<i>-4.8%</i>	<i>1.1%</i>	<i>9.5%</i>	<i>1.7%</i>	<i>1.8%</i>

# Undedicated General Fund Resources



## General Fund Budgeted Revenues

The General Fund’s 2017-2018 budgeted revenues total \$161,995,614. Of this, \$62,347,959 is dedicated in some manner to program areas such as charges for services and grants. The remaining \$99,647,655 is not dedicated to any program area. The General Fund’s undedicated resources total \$109,086,771. This amount includes the \$99,647,655 of undedicated revenue, together with \$9,439,116 of fund balance that would be used in 2017-2018 if the budget was fully expended. This graph shows where these undedicated resources are budgeted.

Based on past experience it is unlikely that budgets will be fully expended. We anticipate that approximately \$6.8 million of budget authority will not be used and will lapse at the end of the biennium. The anticipated actual use of fund balance in 2017-2018 is about \$2.6 million.

## Capital Expenditures

All capital expenditures are reported in “Other” for purposes of the 2017-2018 Undedicated General Fund Resources graph. Capital expenditures were removed from the department expenditures because they vary from year to year and tend to distort ongoing department expenditures.

### \*Other

Includes WSU Extension, leave pay out and wage/benefit reserves, medical examiner & morgue, 911 fire dispatch, ambulance services, animal control, capital acquisitions, debt service on bonds, emergency management support, support to other organizations, miscellaneous non-departmental, transfers to Administrative Services Fund, and transfers to Road Fund.

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# Undedicated General Fund Resources Summary

	Budget 2017-2018 Expense	Budget 2017-2018 Revenue	Budget 2017-2018 Capital	Budget 2017-2018 Undedicated
<b>Law and Justice</b>				
District Court	8,150,319	(3,488,158)		4,662,161
Prosecuting Attorney	13,025,130	(3,263,318)		9,761,812
Public Defender	8,073,615	(533,838)		7,539,777
Sheriff	29,826,371	(3,200,929)	(25,246)	26,600,196
Superior Court	19,896,250	(3,308,178)		16,588,072
Non-Departmental - Criminal Justice Revenues		(12,880,705)		(12,880,705)
Non-Departmental - Jail Operating Transfers	12,234,458			12,234,458
Non-Departmental - LEOFF 1 & Civil Service	672,019			672,019
Non-Departmental - Sheriff's 911 Dispatch	1,479,618			1,479,618
<i>Total Law and Justice</i>	93,357,780	(26,675,126)	(25,246)	66,657,408
<b>Auditor, Assessor, Treasurer</b>				
Assessor	6,218,549	(18,000)		6,200,549
Auditor	2,707,310	(3,147,600)		(440,290)
Operating Transfer - Elections	300,000			(851,000)
Treasurer	2,986,676	(1,151,000)		2,986,676
Assessor/Treasurer System	10,836			10,836
<i>Total Auditor, Assessor, Treasurer</i>	12,223,371	(4,316,600)	-	7,906,771
<b>Planning and Development Services</b>				
<i>Planning and Development Services</i>	10,771,289	(6,947,388)		3,823,901
<b>Parks and Recreation</b>				
<i>Parks and Recreation</i>	8,193,244	(2,567,161)	(102,000)	5,524,083
<b>Health</b>				
<i>Public Health</i>	25,011,685	(20,817,204)		4,194,481
<b>Council and Executive (Without Non-Departmental)</b>				
County Council	2,925,817	(8,480)		2,917,337
County Executive	1,456,879			1,456,879
<i>Total Council and Executive (without Non-Dept'l)</i>	4,382,696	(8,480)	-	4,374,216
<b>OTHER</b>				
<b>WSU Extension</b>				
<i>WSU Extension</i>	967,157	(290,000)		677,157

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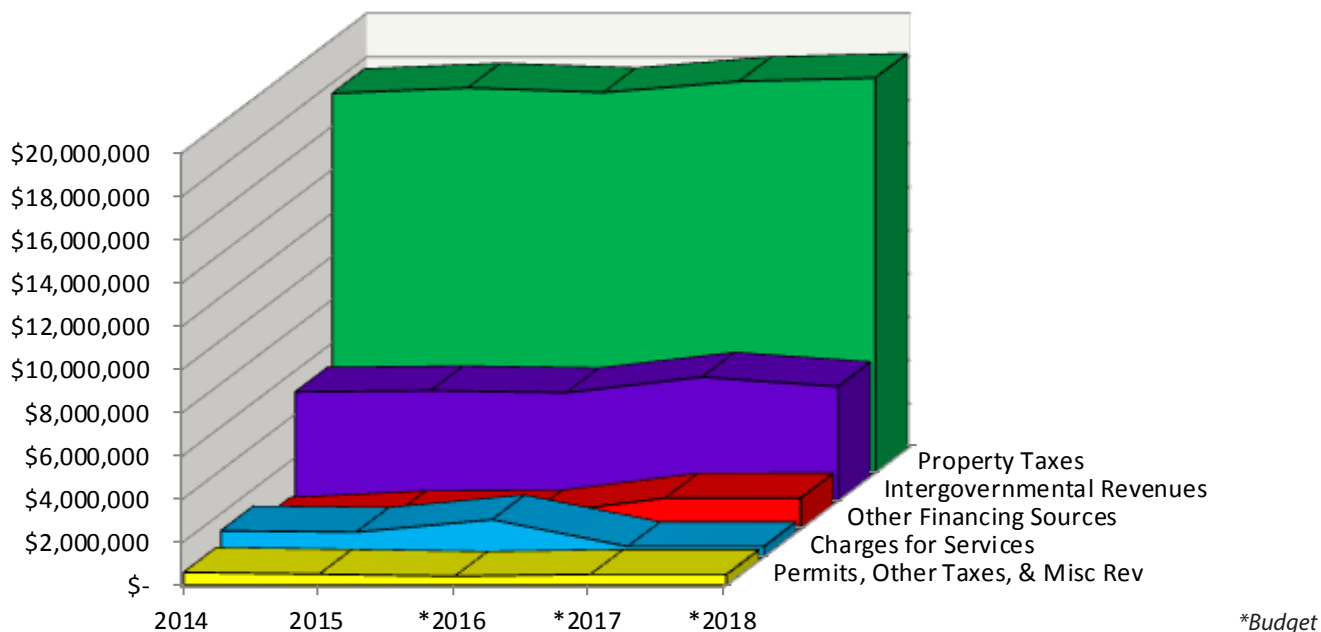
## Undedicated General Fund Resources Summary continued

	Budget 2017-2018 Expense	Budget 2017-2018 Revenue	Budget 2017-2018 Capital	Budget 2017-2018 Undedicated
<b>Other Non-Departmental</b>				
Medical Examiner & Morgue	1,056,248	(102,000)		954,248
911 Dispatch - Fire Related	438,729			438,729
Emergency Medical Services	5,200,000			5,200,000
Animal Control	775,120			775,120
General Obligation Bonds	461,988	(248,000)		213,988
Emergency Management	649,558			649,558
Leave Pay Out & Reserve Account	4,429,500			4,429,500
Support to Other Organizations	1,004,467			1,004,467
Support for PW - Noxious Weed	100,000			100,000
Transfer for Major Software & IT project budgets	469,855		(469,855)	-
Administrative Services Projects & Transfers	1,483,168		(122,400)	1,360,768
Misc Non-Departmental	458,875	(376,000)		82,875
<i>Total Other Non-Departmental</i>	16,527,508	(726,000)	(592,255)	15,209,253
<i>Total Capital Acquisitions (Add to Other)</i>			719,501	719,501
<b>TOTAL GENERAL FUND</b>	171,434,730	(62,347,959)	-	109,086,771

# General Fund Revenues Not Assigned to Any Department

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>LAW &amp; JUSTICE RELATED</b>					
Criminal Justice Sales Tax	1,788,826	1,867,884	1,822,376	2,000,214	2,070,222
Gambling Excise Taxes	31,211	29,325	30,500	15,000	15,000
State Entitlements	1,552,750	1,746,055	1,732,246	2,058,927	2,283,842
Nooksack Gambling Compact	27,406	-	25,000	-	-
District Court Fines and Penalties	1,391,236	1,470,792	1,426,900	1,276,800	1,276,800
Superior Court Fines and Penalties	146,023	137,865	166,500	141,950	141,950
Public & Health Safety Sales Tax - CJ Share	700,000	675,000	675,000	800,000	800,000
<i>Total Law &amp; Justice Related</i>	<i>5,637,452</i>	<i>5,926,920</i>	<i>5,878,522</i>	<i>6,292,891</i>	<i>6,587,814</i>
<i>Percent Change from Previous Year</i>	<i>-0.7%</i>	<i>5.1%</i>	<i>-0.8%</i>	<i>7.0%</i>	<i>4.7%</i>
<b>UNDEDICATED GENERAL FUND REVENUES</b>					
Property Taxes	26,417,283	26,865,873	27,103,780	28,057,246	28,479,934
Timber Harvest Tax/Forest Excise Tax	106,136	188,278	160,000	160,000	160,000
Retail Sales & Use Tax	11,266,311	11,569,578	11,744,650	12,412,941	12,847,394
Leasehold Excise Taxes	219,056	224,797	200,000	215,000	220,000
Penalties on Taxes	830,856	780,288	791,000	791,000	791,000
Interest on Taxes	1,383,735	1,259,344	1,250,000	1,250,000	1,250,000
Federal In Lieu of Taxes	1,728,324	1,700,490	1,500,000	1,750,000	1,750,000
State Shared Revenues	122,175	124,051	123,000	126,200	126,200
State In Lieu of Taxes	8,126	8,064	8,000	8,000	8,000
Seattle City Light Interlocal	1,004,384	1,027,657	1,051,470	1,075,834	1,100,763
Current Expense Allocation	274,403	883,130	909,623	1,146,597	1,180,995
Interest Earnings	624,444	879,564	633,111	1,097,730	1,274,901
Rents & Franchise Fees	667,481	749,931	703,918	815,460	845,460
Miscellaneous Revenues	138,649	(5,684)	2,870	3,500	3,500
State Timber Sales	199,609	386,195	350,000	350,000	350,000
<i>Total Undedicated General Fund Revenues</i>	<i>44,990,972</i>	<i>46,641,557</i>	<i>46,531,422</i>	<i>49,259,508</i>	<i>50,388,147</i>
<i>Percent Change from Previous Year</i>	<i>-7.3%</i>	<i>3.7%</i>	<i>-0.2%</i>	<i>5.9%</i>	<i>2.3%</i>
<b>Total General Fund Unassigned</b>	<b>50,628,424</b>	<b>52,568,477</b>	<b>52,409,944</b>	<b>55,552,399</b>	<b>56,975,961</b>
<i>Percent Change from Previous Year</i>	<i>-6.6%</i>	<i>3.8%</i>	<i>-0.3%</i>	<i>6.0%</i>	<i>2.6%</i>

# Road Fund Revenues



## Road Fund Revenue Notes

### Property Tax

The Road Fund property tax revenue budget has been increased by \$512,000 in 2017 and another \$158,000 in 2018 over 2016 amounts to align with projected current year revenue results and expected new construction additions. A property valuation appeal case with BP Refinery has been settled and a substantial amount of new construction from the years under appeal will be added to the tax rolls in 2017.

### Intergovernmental Revenues

Intergovernmental revenues are 75% state entitlements from motor vehicle fuel tax distributions for road operations, construction, and ferry operations. Road is also budgeted to receive \$430,000 per year in federal entitlements from federal forest monies and \$610,000 per year in state CAPA (County Arterial Preservation Account) grant funding. Grants for most large road projects are budgeted in separate project budget funds.

### Other Financing Sources

Includes state timber sales and transfers from other funds. Transfers are \$777,000 more in 2017 than 2016. Charges to other Public Works Department funds for inter-departmental accounting, and administrative and overhead allocations are now accounted for in this category. Previously they were accounted for as charges for service.

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## Road Fund Revenue Notes continued

### **Charges for Services**

This category includes reimbursements from other funds and governmental entities for work performed by road crews and engineers. As mentioned above, it previously included charges to other Public Works Department funds for inter-departmental accounting, and administrative and overhead allocations.

### **Permits, Other Taxes, and Miscellaneous**

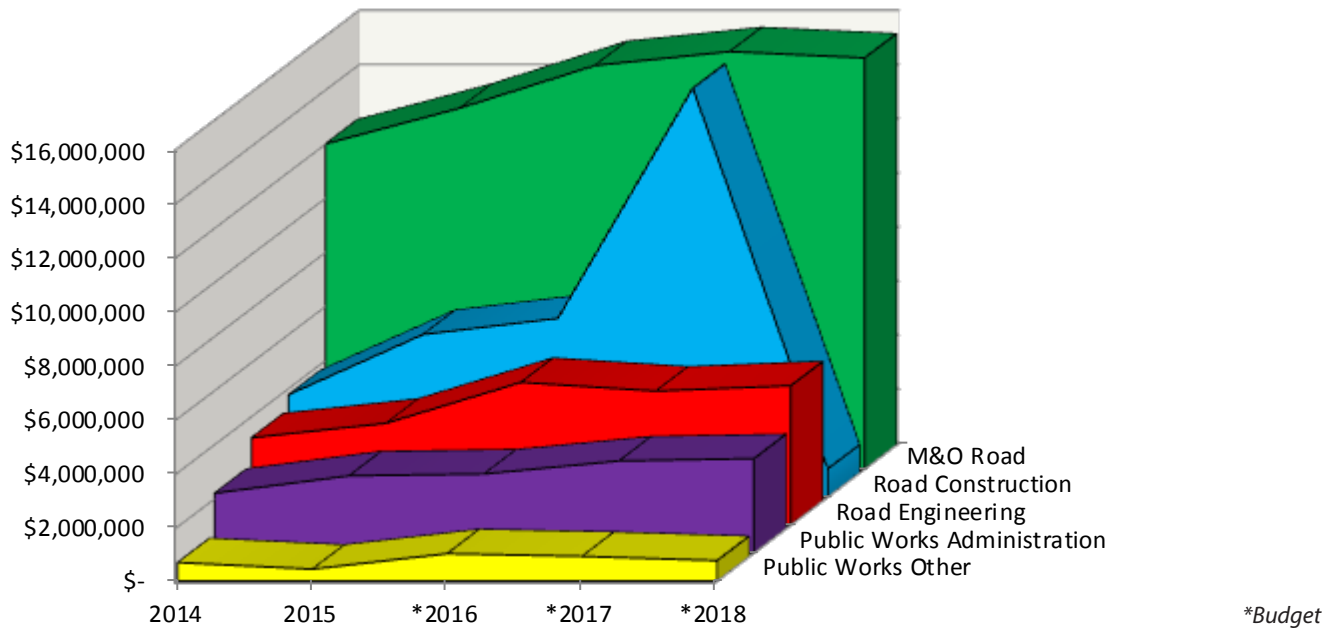
Small amounts of revenue from excise taxes, encroachment permits, space rental to other public works departments, etc.

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## Road Fund Revenue Summary

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Property Taxes</b>					
<i>Property Taxes</i>	17,519,500	17,777,926	17,562,154	18,074,851	18,233,515
<b>Other Taxes</b>					
Timber Harvest Taxes	143,674	-	-	-	-
Excise Taxes	39,372	296,147	238,000	257,000	257,000
<i>Total Other Taxes</i>	183,046	296,147	238,000	257,000	257,000
<b>Licenses and Permits</b>					
<i>Licenses and Permits</i>	142,867	135,033	134,200	134,000	134,000
<b>Intergovernmental Revenue</b>					
Federal Entitlements	468,756	431,850	465,000	430,000	430,000
Federal Grants-Indirect	79,772	61,177	50,000	440,000	-
State Grants	570,339	587,081	579,000	614,680	614,680
State Shared Revenues	7,485	1,640	2,000	2,000	2,000
State Entitlements	3,906,281	4,011,800	3,903,361	4,234,981	4,234,981
<i>Total Intergovernmental Rev</i>	5,032,633	5,093,548	4,999,361	5,721,661	5,281,661
<b>Charges for Goods and Services</b>					
Intergovernmental Svc	115,236	-	-	-	-
General Government	627,133	535,303	1,406,813	10,220	10,220
Security-Persons & Property	740	1,300	1,500	500	500
Physical Environment	11,857	-	-	-	-
Transportation	45,545	446,774	112,000	428,000	428,000
Economic Environment	53,830	163,894	206,059	46,000	46,000
Other Interfund Svc Charges	360,955	-	-	-	-
<i>Total Charges for Goods &amp; Svcs</i>	1,215,297	1,147,270	1,726,372	484,720	484,720
<b>Miscellaneous Revenue</b>					
Interest Earnings	66,310	(22,377)	510	6,626	5,329
Rents & Royalties	102,995	91,716	30,910	94,612	94,612
Contributions-Private	90,000	-	-	-	-
Other Misc Revenues	3,669	1,845	5,000	5,000	5,000
<i>Total Miscellaneous Revenue</i>	262,974	71,185	36,420	106,238	104,941
<b>Other Financing Sources</b>					
State Timber Sales	270,564	527,221	450,000	450,000	450,000
Proceeds Capital Lease	-	12,823	-	-	-
Operating Transfer In	50,000	81,219	201,093	977,883	992,320
<i>Total Other Financing Sources</i>	320,564	621,262	651,093	1,427,883	1,442,320
<b>Total Road Fund</b>	24,676,881	25,142,371	25,347,600	26,206,353	25,938,157
<i>Percent Change from Previous Year</i>	-14.5%	1.9%	0.8%	3.4%	-1.0%

# Road Fund Expenditures



## Road Fund Expenditure Notes

### Road Maintenance & Operations

The cost of preserving and maintaining the right-of-way and each type of roadway, roadway structure, and facility. Beginning in 2015, NPDES Phase II requirements have resulted in substantial new costs. In addition to ongoing equipment costs, two staff were added in 2015, and another has been approved for 2017.

### Road Construction

The cost to design, construct and improve county roads and bridges. Projects expected to be completed within one calendar year are budgeted in the 2017 budget. Large projects expected to span more than one calendar year are budgeted on a project by project basis in separate funds. Road Fund transfers to fund large project budgets are recorded at \$6,200,000 in 2017. The 2017 budget contains the annual road program. The 2018 budget only includes undistributed engineering wages and benefits and division administrative costs. The actual 2018 construction budget will be adopted during the mid-biennium adjustments after the annual road program has been approved by Council.

### Road Engineering

The cost of providing accurate information related to roads, such as surveys, traffic, development, bridge inspections and drainage. Includes the cost of improving the safety of roads through accident investigation and operation studies; as well as the cost of maintaining the pavement management system. Beginning in

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## Road Fund Expenditure Notes continued

2015, there has been a significant increase in costs related to meeting NPDES Phase II requirements. Two staff positions were added for this purpose in 2015, one more will be added in 2017, and one in 2018.

### **Public Works Administration**

The cost of providing overall management direction, accounting, and support services to all of the Public Works Department. Also includes special programs, safety and training, and real estate activities. In addition, Road's transfer to fund 45% of Ferry operation costs and Road's share of the permit system software replacement project is included (2017 only).

### **Public Works Other**

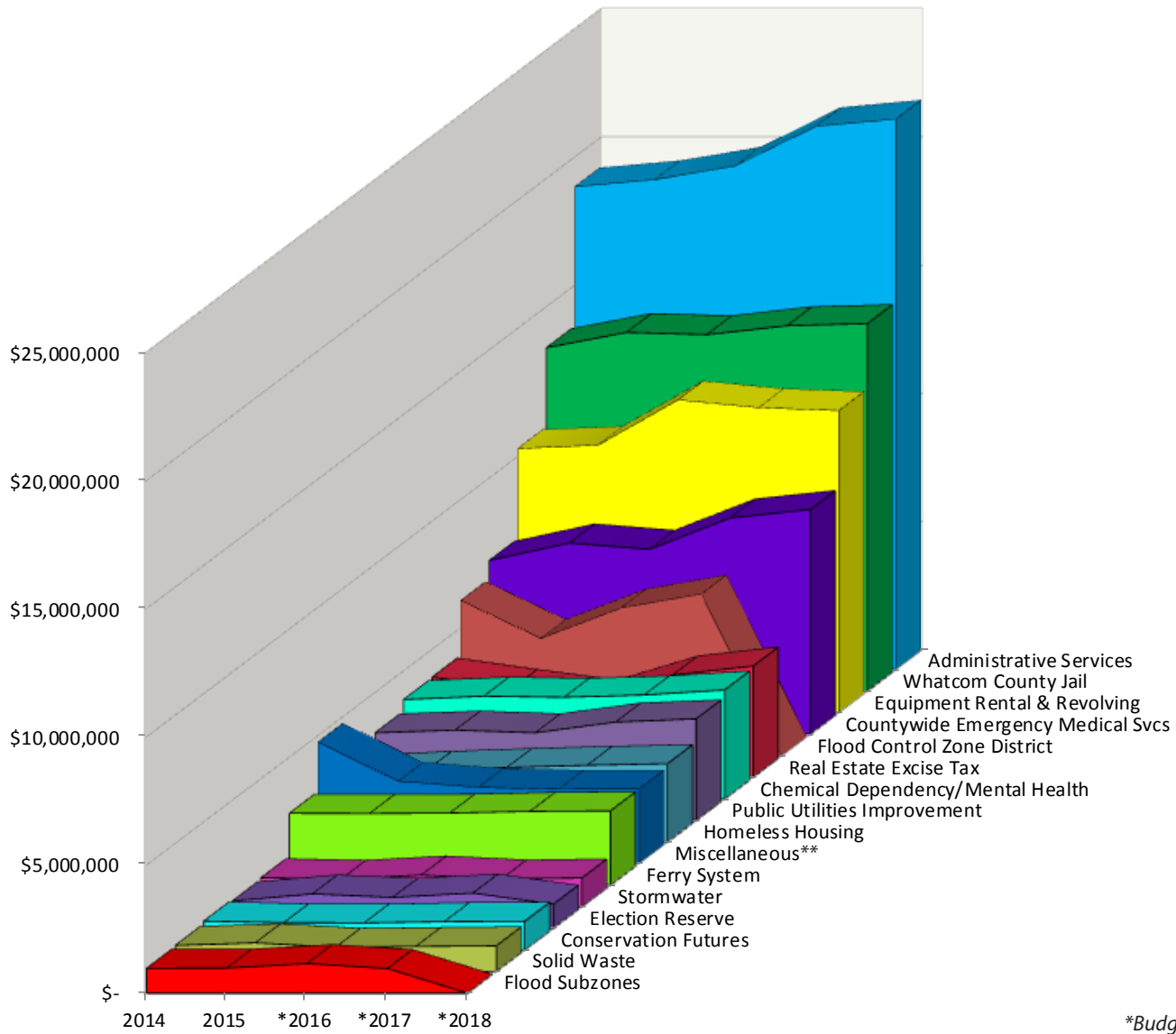
Includes noxious weed identification and removal activities, paths and trails activities, and the costs of reimbursable road services performed for other funds or governmental entities.

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## Road Fund Expenditures Summary

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
Public Works Administration	2,213,523	2,857,255	2,926,018	3,405,809	3,493,964
Road Engineering	3,228,945	3,764,165	5,277,256	4,953,903	5,152,393
M&O Road	12,019,023	13,345,220	14,920,026	15,435,369	15,201,427
Road Construction	3,778,596	6,011,354	6,607,137	15,118,001	1,041,366
Public Works Other	685,714	439,746	1,013,589	914,171	757,267
<b>TOTAL ROAD FUND</b>	<b>21,925,801</b>	<b>26,417,740</b>	<b>30,744,026</b>	<b>39,827,253</b>	<b>25,646,417</b>
<i>Percent Change from Previous Year</i>	-27.9%	20.5%	16.4%	29.5%	-35.6%

# Other Funds Revenues



\*\* Miscellaneous Small Funds - see page 54 for list.

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## Other Funds Revenue Summary

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Administrative Services Fund</b>					
<i>Administrative Services Fund</i>	18,838,133	19,113,883	19,644,671	21,187,007	21,477,633
<b>Whatcom County Jail Fund</b>					
<i>Whatcom County Jail Fund</i>	13,396,596	13,992,733	13,904,878	14,255,371	14,339,796
<b>Equipment Rental and Revolving Fund</b>					
<i>Equipment Rental and Revolving Fund</i>	10,306,385	10,436,936	12,205,235	11,901,423	11,787,001
<b>Countywide Emergency Medical Services</b>					
<i>Countywide EMS Fund</i>	6,782,270	7,463,409	7,219,243	8,438,952	8,771,492
<b>Flood Control Zone District Fund</b>					
<i>Flood Control Zone District Fund</i>	6,068,488	4,586,243	5,772,028	6,318,974	-
<b>Flood Subzone Funds</b>					
Lynden/Everson	37,735	37,084	36,907	37,788	-
Sumas/Nooksack	116,720	115,715	113,595	114,960	-
Acme/Van Zandt	25,211	23,265	22,826	23,382	-
Samish Watershed	18,432	18,094	18,380	19,139	-
Birch Bay Watershed	777,225	785,019	963,180	766,500	-
<i>Total Flood Subzone Funds</i>	975,323	979,177	1,154,888	961,769	-
<b>Chemical Dependency/Mental Health Fund</b>					
<i>Chemical Dependency/Mental Health</i>	3,883,862	4,013,966	3,969,768	4,061,375	4,256,375
<b>Public Utilities Improvement Fund</b>					
<i>Public Utilities Improvement Fund</i>	3,426,611	3,531,537	3,428,421	3,846,898	3,968,341
<b>Homeless Housing Fund</b>					
<i>Homeless Housing Fund</i>	2,663,513	2,802,529	2,913,906	2,999,800	3,062,320
<b>Ferry System Fund</b>					
<i>Ferry System Fund</i>	2,811,896	2,801,689	2,818,033	2,885,499	2,905,345
<b>Real Estate Excise Tax Funds I &amp; II</b>					
<i>Total Real Estate Excise Tax Funds</i>	3,918,188	3,474,743	3,061,537	4,001,420	4,346,068
<b>Stormwater Fund</b>					
<i>Stormwater Fund</i>	1,136,231	1,078,746	1,242,390	1,091,194	1,127,366
<b>Election Reserve Fund</b>					
<i>Election Reserve Fund</i>	1,074,291	1,348,583	1,214,372	1,380,468	947,300
<b>Conservation Futures Fund</b>					
<i>Conservation Futures Fund</i>	1,131,018	1,068,271	1,060,058	1,108,538	1,124,922
<b>Solid Waste Fund</b>					
<i>Solid Waste Fund</i>	1,022,880	1,122,561	950,560	983,560	1,007,110

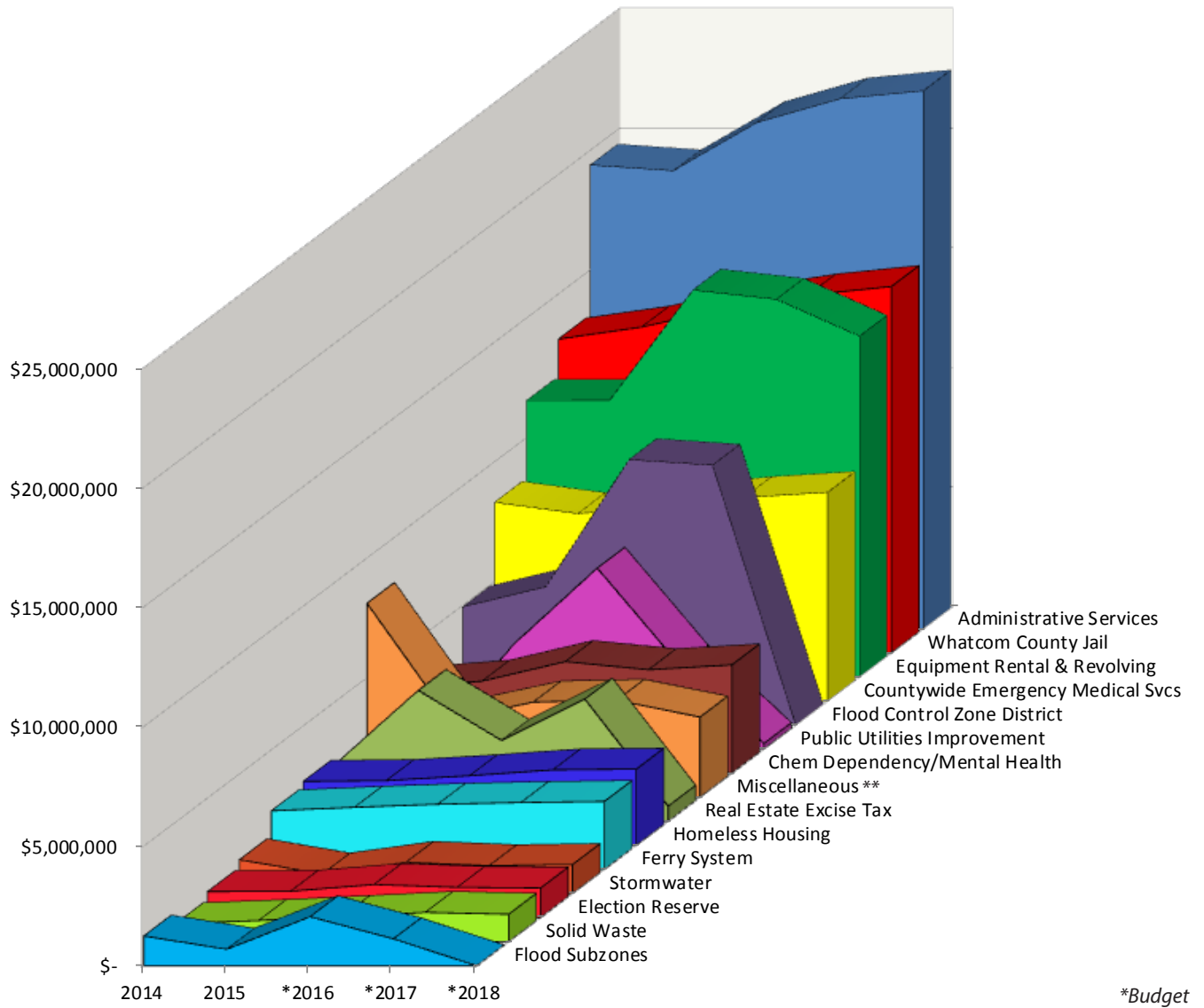
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## Other Funds Revenue Summary continued

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Miscellaneous Funds</b>					
Veteran's Relief Fund	277,254	285,298	284,530	292,230	292,230
Low Income Housing Projects	164,359	192,478	227,500	205,000	215,250
Parks Special Revenue Fund	1,678,190	84,011	132,886	87,242	88,363
WC Trial Court Improvement	49,105	56,362	48,554	45,000	45,000
WC Convention Center	616,077	579,017	570,000	625,000	625,000
Victim-Witness Fund	106,006	100,005	108,350	91,250	91,250
Road Improvement District #1	22,072	23,089	22,468	23,323	23,323
Road Improvement District #2	3,320	3,088	3,168	2,250	2,315
Road Improvement District #7	2,520	2,726	2,522	2,482	2,482
Whatcom County Drug Fund	170,050	696,750	281,000	173,500	173,500
Auditor's O&M	160,899	174,049	150,050	150,050	150,050
Emergency Management Fund	930,956	470,313	611,515	657,759	667,729
Pt Roberts Fuel Tax	100,006	80,074	75,000	75,000	75,000
2010 Ltd Tax GO Bond	467,471	471,613	464,218	476,413	466,825
<i>Total Miscellaneous Funds</i>	4,748,286	3,218,873	2,981,761	2,906,499	2,918,317
<b>TOTAL OTHER FUNDS</b>	82,183,971	81,033,879	83,541,749	88,328,747	82,039,386
<i>Percent Change from Previous Year</i>	10.3%	-1.4%	3.1%	5.7%	-7.1%

NOTE: Flood Control Zone District and Subzones adopt an annual budget in accordance with state law. The 2018 budgets will be adopted in November 2017.

# Other Funds Expenditures



\*\* Miscellaneous Small Funds - see page 57 for list.

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## Other Funds Expenditures Summary

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Administrative Services Fund</b>					
<i>Administrative Services Fund</i>	19,390,449	19,149,472	21,157,909	22,152,835	22,488,530
<b>Equipment Rental and Revolving Fund</b>					
<i>Equipment Rental and Revolving Fund</i>	11,556,005	11,563,601	16,172,264	15,786,866	14,244,518
<b>Whatcom County Jail Fund</b>					
<i>Whatcom County Jail Fund</i>	13,116,012	13,614,569	14,396,011	14,954,023	15,312,510
<b>Countywide Emergency Medical Services</b>					
<i>Countywide EMS Fund</i>	8,309,143	7,832,199	8,129,339	8,505,898	8,723,812
<b>Flood Control Zone District Fund</b>					
<i>Flood Control Zone District Fund</i>	4,939,012	5,779,463	11,098,384	10,865,714	-
<b>Flood Subzone Funds</b>					
Lynden/Everson	18,245	21,772	150,000	150,000	-
Sumas/Nooksack	156,313	11,778	341,000	207,500	-
Acme/Van Zandt	5,920	-	33,830	36,670	-
Samish Watershed	12,342	13,929	18,250	17,500	-
Birch Bay Watershed	1,054,308	644,388	1,508,574	716,742	-
<i>Total Flood Subzone Funds</i>	1,247,128	691,867	2,051,654	1,128,412	-
<b>Chemical Dependency/Mental Health Fund</b>					
<i>Chemical Dependency/Mental Health</i>	3,587,676	3,848,045	4,664,762	4,325,596	4,529,305
<b>Homeless Housing Fund</b>					
<i>Homeless Housing Fund</i>	2,676,604	2,710,979	2,913,906	3,159,273	3,189,478
<b>Real Estate Excise Tax Funds I &amp; II</b>					
<i>Total Real Estate Excise Tax Funds</i>	2,385,993	5,476,190	3,382,264	5,111,812	634,594
<b>Ferry System Fund</b>					
<i>Ferry System Fund</i>	2,453,806	2,599,706	2,727,640	2,800,718	2,844,820
<b>Stormwater Fund</b>					
<i>Stormwater Fund</i>	1,418,476	817,675	1,301,943	1,165,060	1,212,106
<b>Public Utilities Improvement Fund</b>					
<i>Public Utilities Improvement Fund</i>	265,688	4,397,993	7,568,067	3,471,024	235,600
<b>Election Reserve Fund</b>					
<i>Election Reserve Fund</i>	1,091,376	1,104,312	1,384,185	1,267,266	1,238,185
<b>Solid Waste Fund</b>					
<i>Solid Waste Fund</i>	754,396	887,898	1,049,730	1,227,155	1,149,808

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Other Funds Expenditures Summary continued

	Actual 2014	Actual 2015	Amended Budget 2016	Budget 2017	Budget 2018
<b>Miscellaneous Funds</b>					
Veteran's Relief Fund	346,363	302,883	348,363	318,775	295,488
Low Income Housing Projects	174,128	171,893	234,076	205,000	215,250
Parks Special Revenue	77,268	104,000	110,000	100,000	100,000
WC Trial Court Improvement	102,834	27,914	40,484	183,730	23,787
WC Convention Center	526,765	593,427	628,980	659,400	659,400
Victim-Witness Fund	106,920	103,287	114,061	94,444	98,901
Road Improvement District #1	27,934	27,061	29,193	32,323	26,739
Road Improvement District #2	1,978	1,948	2,183	2,388	2,488
Road Improvement District #7	2,635	2,653	2,962	3,182	3,282
Whatcom County Drug Fund	169,847	364,823	343,984	642,984	153,500
Auditor's O&M	180,287	240,873	165,449	165,754	115,759
Emergency Management Fund	940,158	455,640	661,515	724,951	741,809
Pt Roberts Fuel Tax	-	-	150,000	150,000	150,000
Conservation Futures	4,910,921	280,214	686,064	296,315	300,180
2010 Ltd Tax GO Bond	468,066	472,570	464,218	476,413	466,825
County Parks Improvement	79,630	85,900	-	-	-
<i>Total Miscellaneous Funds</i>	<i>8,115,734</i>	<i>3,235,086</i>	<i>3,981,532</i>	<i>4,055,659</i>	<i>3,353,408</i>
<b>TOTAL OTHER FUNDS</b>	<b>81,307,498</b>	<b>83,709,055</b>	<b>101,979,590</b>	<b>99,977,311</b>	<b>79,156,674</b>
<i>Percent Change from Previous Year</i>	<i>1.2%</i>	<i>3.0%</i>	<i>21.8%</i>	<i>-2.0%</i>	<i>-20.8%</i>

NOTE: Flood Control Zone District and Subzones adopt an annual budget in accordance with state law. The 2018 budgets will be adopted in November 2017.

## Other Funds Revenues and Expenditures Notes

### Administrative Services

The Administrative Services (AS) Department is an internal service fund, organized to centralize finance and accounting, information technology services, facilities maintenance, courthouse security, human resources, and self-insurance. The Administrative Services Fund revenues are derived from charges to user departments. Building maintenance fee charges recover the cost of operating facilities. Self-insurance charges (tort, health, unemployment, workers comp) are based on risk analysis associated with departmental activities. The costs of AS administration, finance and accounting, information technology (IT) services, courthouse security, and human resources management are distributed based on an administrative cost allocation.

The 2017 Administrative Service's charges for its services and self-insurance rates increased \$1,542,336, or 7.85%, over 2016 budgeted amounts. Self-insurance rates increased \$898,000 mainly due to increases in health insurance and workers compensation premiums based on claims history. A modest amount of unemployment insurance premiums were reinstated to maintain an adequate fund balance. The 2017 Administration Cost Allocation increased \$169,000, or 2.9%, over the 2016 allocation. 2018 allocation is 3% higher than 2017. The 2017 building maintenance fee allocation increased \$354,000, or 10.3%, over 2016 due to the addition of a Projects and Operations Manager and an Administrative Assistant to oversee major capital projects, increases in other countywide allocations to Facilities, and the addition of alarm lines and security video upgrade costs. The Technology Repair & Replacement funding increased by \$250,000 as a new schedule was developed to replace Public Works and Sheriff's Office deputy computers.

### Whatcom County Jail Fund

Used to account for the additional .1% sales tax passed by the voters of Whatcom County to be used for costs associated with detention facilities (RCW 82.14.350). The General Fund transfers approximately \$6.1 million per year to the Jail Fund to support Corrections Bureau operating costs. Corrections Bureau costs are projected to rise \$558,012 between 2016 and 2017 due to wage contract settlements, the addition of one FTE corrections deputy, and higher building maintenance costs. The General Fund transfer to the Jail had to increase by \$1 million to cover increased costs and lower utilization by the tribes and municipalities due to constraints on the number of inmates the Main Jail can accommodate.

### Equipment Rental & Revolving Fund (ER&R)

The purpose of this fund is to provide timely maintenance and replacement of the county's vehicles and equipment, and to operate a central stores for materials used in the road maintenance and flood control programs. The fund charges rental rates to recover the costs of operating, maintaining and replacing county vehicles and equipment. Materials distributed from central stores are marked up to recover the cost of stores operations. The new biennial budget also includes \$4.2 million in 2017 and \$3.75 million in 2018 for fleet replacements that will be paid out of fund equity.

### Countywide Emergency Medical Services Fund

Used to account for the additional .1% City/County Sales Tax passed by voters in 2006 (RCW 82.14.450). Two-thirds of the tax is used to pay for countywide emergency medical services. One-third of the tax is split 60%

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## Other Funds Revenues and Expenditures Notes continued

to the county and 40% to the cities of Whatcom County to be used for criminal justice purposes. The County will transfer \$800,000 per year in 2017-2018 from the criminal justice portion of the fund to the General Fund to support positions in the Sheriff's Office and Prosecuting Attorney's Office. Countywide emergency medical services were restructured in 2014 resulting in all system revenues being deposited with the Countywide EMS Fund. These revenues include the EMS sales tax, user fees and a \$1.4 million transfer from the General Fund in support of these services. Contracts purchasing services were executed with the City of Bellingham and Fire District 7 for Advanced Life Support (ALS) medic units. The EMS Fund pays all medical dispatch costs with some reimbursement from fire districts providing Basic Life Support (BLS) services. Current levels of funding are inadequate to maintain the levels of service in place. A property tax measure is before the voters of Whatcom County on the November 2016 ballot. As the results of the election are unknown at this time, the Executive recommended budget includes an additional \$1.1 million General Fund transfer in 2017 and \$1.3 million in 2018 to fill the EMS system-funding gap.

### **Flood Control Zone District**

This fund's purposes are to implement and oversee the river improvement program and flood hazard management program and to protect and preserve water resources. The Flood District property tax revenue in 2017 is anticipated to be about \$3.5 million. In 2017, the District expects to receive \$2.35 million from various grants and spend about \$3.7 million for flood hazard reduction projects on Swift Creek, the Deming levee, and in Marietta. Flood expects to spend \$540,000 on repair and maintenance projects for Appel culvert and the Marine Drive Levee and \$602,000 on the Comprehensive Flood Hazard Management Plan update for the Lower Nooksack. In addition, Flood will be partially funding NPDES Phase II activities in the Road Fund (\$145,000) and partially funding the land records permit software system replacement (\$117,000). Flood will also transfer funding of \$993,108 to fund Stormwater operating costs in 2017. According to state law (RCW 86.15.140), the Flood Fund and its subzones adopt annual budgets; therefore, a 2018 budget for these funds is not included.

### **Chemical Dependency/Mental Health Fund**

Used to account for the .1% behavioral health sales tax adopted by the County Council. This fund provides funding for Adult Drug Court, Family Treatment Court, Behavioral Health Unit in District Court Probation, Mental Health Court, school prevention services, housing, community mental and behavioral health services, and psychiatric services in the Whatcom County Jail. One Mental Health Court case specialist FTE will be added in this fund in 2017.

### **Homeless Housing Fund**

Receives funding from state grants and from surcharges added to document recording fees in the Auditor's Office. Surcharges of \$40 are collected by the auditor, 40% is allocated to the state and 60% to the county for housing and assistance for homeless people. In addition there is another surcharge of \$8 which is allocated 10% to the state and 90% to the county, also for homeless housing. The County contracts with various not-for-profits to provide a Homeless Housing Service Center, jail re-entry program and various case management services to place homeless individuals and families.

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## Other Funds Revenues and Expenditures Notes continued

### **Real Estate Excise Tax I and Real Estate Excise Tax II (REET) Funds**

The REET Funds are used to account for excise taxes of .25% imposed on each sale of real property in unincorporated areas of the county. The proceeds in REET I are generally used for debt service payments on local infrastructure improvements, as well as other capital project expenditures. The proceeds in REET II are used to fund parks, road and stormwater projects. \$4,863,466 in 2017 and \$385,000 in 2018 has been budgeted to provide funding for Facilities, Stormwater and Parks infrastructure repairs, maintenance and capital projects.

### **Ferry System Fund**

This fund accounts for Lummi Island ferry operations. Funding is 55% fare revenue and 45% Road Fund transfers.

### **Stormwater Fund**

The Stormwater Fund does not have a dedicated ongoing funding mechanism in place at this time. It is funded by transfers from the Flood Fund, mainly for operations. Stormwater capital projects are generally funded by REET II in separate capital project funds. Stormwater's major focus at this time is implementing stormwater projects in and around the Lake Whatcom Watershed and supporting the Birch Bay Watershed and Aquatic Resources Management District.

### **Public Utilities Improvement Fund**

This is a fund to account for the 0.09 percent sales tax set aside for public facilities. Expenditures are usually budgeted on a project by project basis as they occur. Funds are generally used to renovate county facilities and provide partial financing of infrastructure projects in other municipalities of Whatcom County. Transfers in 2017 will support \$1 million of county facility capital projects for courthouse improvements and repairs. In addition, the 2017 budget will provide a \$2 million loan to the Port of Bellingham for its C Street Terminal project.

### **Election Reserves**

This fund receives \$360,000 of property tax revenue each year to finance elections. Revenue from reimbursement of election costs varies from year to year. Election costs are partially paid by jurisdictions that have issues on the ballot (schools, fire districts, etc.). The state also pays a portion of election costs, but only for elections held in odd numbered years. General Fund transfers of \$150,000 per year are budgeted to subsidize election activities.

### **Solid Waste Fund**

Funded by state grants and excise privilege taxes levied on tonnage of solid waste collected and billed by haulers. Accounts for the provision of solid waste related services to county residents. Services include outreach and education programs for waste reduction, operation of the Disposal of Toxics facility, support for the Master Composter program, and landfill monitoring

### **Miscellaneous Small Funds**

Funds with annual revenue and/or expenditures that are generally less than \$1,000,000.

# 2017 Beginning and Ending Fund Balances

Fund	Description	Estimated Beginning 2017 Balance	Expenditures 2017	Revenues 2017	*Estimated Ending 2017 Balance
001	General Fund	15,143,490	(84,936,377)	80,367,238	10,574,351
108	County Road	26,856,627	(39,827,253)	26,206,353	13,235,727
109	Election Reserves	596,400	(1,267,266)	1,380,468	709,602
114	Veterans Relief	593,444	(318,775)	292,230	566,899
118	Whatcom County Jail	1,671,504	(14,954,023)	14,255,371	972,852
121	Low-Income Housing Projects	85,632	(205,000)	205,000	85,632
122	Homeless Housing	286,631	(3,159,273)	2,999,800	127,158
123	Stormwater	694,014	(1,165,060)	1,091,194	620,148
124	Chemical Dependency/ Mental Health	5,698,860	(4,325,596)	4,061,375	5,434,639
126	Parks Special Revenue	1,564,812	(100,000)	87,242	1,552,054
130	Countywide Emergency Medical Services	197,385	(8,505,898)	8,438,952	130,439
135	WC Trial Court Improvement	216,092	(183,730)	45,000	77,362
140	Solid Waste	2,409,643	(1,227,155)	983,560	2,166,048
141	WC Convention Center	1,271,137	(659,400)	625,000	1,236,737
142	Victim Witness	14,048	(94,444)	91,250	10,854
154	Road Improve #1	12,416	(32,323)	23,323	3,416
155	Road Improve #2	5,577	(2,388)	2,250	5,439
159	Road Improve #7	1,500	(3,182)	2,482	800
165	WC Drug Fund	655,409	(642,984)	173,500	185,925
166	Auditor's O&M	362,459	(165,754)	150,050	346,755
167	Emergency Management	176,668	(724,951)	657,759	109,476
169	Flood Control Zone	9,166,172	(10,865,714)	6,318,974	4,619,432
170	Pt. Roberts' Transportation	897,675	(150,000)	75,000	822,675
175	Conservation Futures	2,851,893	(296,315)	1,108,538	3,664,116
245	2010 Ltd Tax GO & Refund Bond	360	(476,413)	476,413	360
324	REET II	2,609,466	(2,145,135)	2,000,710	2,465,041
326	REET I	3,965,010	(2,966,677)	2,000,710	2,999,043
332	Public Utilities Improvement	21,592,107	(3,471,024)	3,846,898	21,967,981
444	Ferry System	2,310,319	(2,800,718)	2,885,499	2,395,100
501	ER&R	17,878,913	(15,786,866)	11,901,423	13,993,470
507	Administrative Services	11,097,958	(22,152,835)	21,187,007	10,132,130
16921	Lynden/Everson Sub-Zone	241,184	(150,000)	37,788	128,972
16922	Sumas/Nooksack/Everson Sub-Zone	1,060,841	(207,500)	114,960	968,301
16923	Acme/Van Zandt Sub-Zone	269,903	(36,670)	23,382	256,615
16924	Samish Watershed Sub-Zone	96,260	(17,500)	19,139	97,899
16925	Birch Bay Sub-Zone	1,403,777	(716,742)	766,500	1,453,535
	Total	133,955,586	(224,740,941)	194,902,338	104,116,983

\* Ending Fund Balances are generally expected to be larger. Fund balances presented do not include a provision for budget lapse.

## 2018 Beginning and Ending Fund Balances

Fund	Description	Estimated Beginning 2018 Balance	Expenditures 2018	Revenues 2018	*Estimated Ending 2018 Balance
001	General Fund	10,574,351	(86,498,353)	81,628,376	5,704,374
108	County Road	13,235,727	(25,646,417)	25,938,157	13,527,467
109	Election Reserves	709,602	(1,238,185)	947,300	418,717
114	Veterans Relief	566,899	(295,488)	292,230	563,641
118	Whatcom County Jail	972,852	(15,312,510)	14,339,796	138
121	Low-Income Housing Projects	85,632	(215,250)	215,250	85,632
122	Homeless Housing	127,158	(3,189,478)	3,062,320	-
123	Stormwater	620,148	(1,212,106)	1,127,366	535,408
124	Chemical Dependency/ Mental Health	5,434,639	(4,529,305)	4,256,375	5,161,709
126	Parks Special Revenue	1,552,054	(100,000)	88,363	1,540,417
130	Countywide Emergency Medical Services	130,439	(8,723,812)	8,771,492	178,119
135	WC Trial Court Improvement	77,362	(23,787)	45,000	98,575
140	Solid Waste	2,166,048	(1,149,808)	1,007,110	2,023,350
141	WC Convention Center	1,236,737	(659,400)	625,000	1,202,337
142	Victim Witness	10,854	(98,901)	91,250	3,203
154	Road Improve #1	3,416	(26,739)	23,323	-
155	Road Improve #2	5,439	(2,488)	2,315	5,266
159	Road Improve #7	800	(3,282)	2,482	-
165	WC Drug Fund	185,925	(153,500)	173,500	205,925
166	Auditor's O&M	346,755	(115,759)	150,050	381,046
167	Emergency Management	109,476	(741,809)	667,729	35,396
169	Flood Control Zone**	4,619,432	-	-	4,619,432
170	Pt. Roberts' Transportation	822,675	(150,000)	75,000	747,675
175	Conservation Futures	3,664,116	(300,180)	1,124,922	4,488,858
245	2010 Ltd Tax GO & Refund Bond	360	(466,825)	466,825	360
324	REET II	2,465,041	(364,196)	2,173,034	4,273,879
326	REET I	2,999,043	(270,398)	2,173,034	4,901,679
332	Public Utilities Improvement Fund	21,967,981	(235,600)	3,968,341	25,700,722
444	Ferry System	2,395,100	(2,844,820)	2,905,345	2,455,625
501	ER&R	13,993,470	(14,244,518)	11,787,001	11,535,953
507	Administrative Services	10,132,130	(22,488,530)	21,477,633	9,121,233
16921	Lynden/Everson Sub-Zone**	128,972	-	-	128,972
16922	Sumas/Nooksack/Everson Sub-Zone**	968,301	-	-	968,301
16923	Acme/Van Zandt Sub-Zone**	256,615	-	-	256,615
16924	Samish Watershed Sub-Zone**	97,899	-	-	97,899
16925	Birch Bay Sub-Zone**	1,453,535	-	-	1,453,535
	Total	104,116,983	(191,301,444)	189,605,919	102,421,458

\* Ending Fund Balances are generally expected to be larger. Fund balances presented do not include a provision for budget lapse.

\*\* According to state law, the Flood Control Zone Districts and Subzones can only adopt one-year budgets.

# Project Budgets

Project budgets are used for significant capital projects that will likely span budget periods. Project budgets are adopted by ordinance and continue for the life of the project. Project budgets lapse when a project is completed, abandoned or when no project expenditure or encumbrance has been made for three years (Whatcom County Code Section 6.80).

## Parks and Recreation Department

### Hovander Maintenance Building and Demolition of Old Building

This project consists of the demolition, removal, and site restoration for two buildings at Hovander Park and the construction of a new park shop. The old storage barn at the entrance to the boat launch and the current shop building will be removed. These buildings have deteriorated supports, foundation failures and are no longer functional. The old shop building, which was once a machine shed will be photo documented before removal for historical reference. This building is prone to seasonal flooding and does not meet code for use as a shop. The large open barn once used for cattle is not secure, has had transient use and failing structural supports and fasteners. This is a structure that was part of the original park acquisition and used on an interim basis primarily for storage of surplus materials. It currently is a hazard and attractive nuisance.

A new shop building will be constructed in an area of the park with a higher elevation not subject to flooding. For safety and functional purposes, it will also be located out of the core activity area of the park and visually screened.

Project Budget	Estimated Project Cost	Expenditures to Date	Requested Project Budget
Repairs and Maintenance	275,000	-	275,000
<b>Total</b>	<b>275,000</b>	<b>-</b>	<b>275,000</b>

Project Funding	Estimated Project Revenues	Revenue to Date	Requested Project Budget
Real Estate Excise Tax II Fund Transfer	275,000	-	275,000
<b>Total</b>	<b>275,000</b>	<b>-</b>	<b>275,000</b>

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## Project Budgets continued

## Parks and Recreation Department (continued)

**Lake Whatcom Park Trail Development**

This project implements the first phase of the Lookout Mountain Forest Preserve and Lake Whatcom Park Recreational Trail Plan. Included in the plan are construction of trails, bridges, overlooks, rest stops and other improvements to serve park users.

Project Budget	Estimated Project Cost	Expenditures to Date	Requested Project Budget
Other Improvements	443,000	-	443,000
<b>Total</b>	<b>443,000</b>	<b>-</b>	<b>443,000</b>

Project Funding	Estimated Project Revenues	Revenue to Date	Requested Project Budget
Real Estate Excise Tax II Fund Transfer	443,000	-	443,000
<b>Total</b>	<b>443,000</b>	<b>-</b>	<b>443,000</b>

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Project Budgets continued

Public Works Department

**Sudden Valley Stormwater Improvements**

This is a water quality improvement project that will design and construct low impact development (LID) stormwater control facilities and stormwater treatment facilities specifically designed to remove phosphorus in urban runoff draining to Lake Whatcom. The principal method of treatment and flow control will be street-side bioretention interspersed along residential streets and between driveways. Stormwater filter vaults will also be installed along where site conditions allow. This project will also address an eroded channel, by stabilizing and restoring banks. Sediment that enters waterways carries excess phosphorus into Lake Whatcom.

Project Budget	Estimated Project Cost	Expenditures to Date	Requested Project Budget
Other Improvements	780,000	-	780,000
<b>Total</b>	<b>780,000</b>	<b>-</b>	<b>780,000</b>

Project Funding	Estimated Project Revenues	Revenue to Date	Requested Project Budget
Real Estate Excise Tax II Fund Transfer	780,000	-	780,000
<b>Total</b>	<b>780,000</b>	<b>-</b>	<b>780,000</b>

# Budget Development Guidelines

**F**ollowing are the 2017-2018 Executive's Budget Development Guidelines:

**1. Develop a budget that maintains a sustainable fund balance in the General Fund.**

This fund balance will assist us in maintaining our strong credit rating. Currently the county has a Moody's Aa2 rating. A larger fund balance, alongside its ability to be sustainably sufficient to provide for the funding necessary to operate general government, will enable Whatcom County to preserve a favorable bond rating and attract lower bond interest rates. In addition, fund balances should allow sufficient reserves to:

- Fund operations without borrowing
- Cover emergencies

**2. Use grant and restricted revenue first to pay for eligible expenditures.**

Revenue supporting the General Fund has the least restrictions applied to its use. A major financial challenge for the county is balancing the unrestricted revenues and the cost of general government. Therefore, it is essential that unrestricted revenue be used only to pay costs that are not eligible for other funding sources.

**3. Set fees and charges to ensure recovery of the cost of the service where possible.**

**4. Review and invest in our operations to maximize effectiveness of investments in technology to reduce costs and increase productivity and efficiencies.**

**5. Review services and service levels and confirm that they address the current needs in the most cost effective and appropriate manner.**

**6. Maintain staffing at sustainable levels and negotiate contracts within reasonable cost of living adjustments.**

## Acronyms

ALS	Advanced Life Support
ART	Aggression Replacement Training
AS	Administrative Services
ASR	Additional Service Request
BARS	Budgeting, Accounting & Reporting System
BLS	Basic Life Support
CAPA	County Arterial Preservation Accounts
CASA	Court Appointed Special Advocate
CDBG	Community Development Block Grant
CDDA	Chemical Dependency Disposition Alternative
CD/MH	Chemical Dependency/Mental Health Fund (see also MH/CD)
CDL	Commercial Drivers License
CERT	Community Emergency Response Team
CHINS	Children in Need of Services
CJAA	Community Justice Accountability Act
CJS	Consolidated Juvenile Services
CMS	Case Management Systems
COG	Council of Governments
COOP	Continuity of Operations Plan
CRAB	County Road Administration Board
CRP	County Road Project
DEM	Division of Emergency Management
DOE	Department of Ecology
DSHS	Department of Social and Health Services
DUI	Driving Under the Influence
EDI	Economic Development Investments
EHD	Electronic Home Detention/ Monitoring
ER&R	Equipment Rental & Revolving
FFT	Family Functional Therapy
FTE	Full-time Equivalent
GAAP	Generally Accepted Accounting Principles
GAL	Guardian Ad Litem
GIS	Geographical Information Systems
GO Bond	General Obligation Bond
HB	House Bill
HIDTA	High Intensity Drug Trafficking Areas
HVAC	Heating, Ventilation, and Air Conditioning

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## Acronyms continued

IT	Information Technology (a division of Administrative Services)
JIS	Judicial Information System
LEOFF	Law Enforcement Officers and Fire Fighters
MH/CD	See CD/MH
NACO	National Association of County Officials
NPDES	National Pollution Discharge Elimination System
NWCAA	Northwest Clean Air Agency
NWRC	Northwest Regional Council
O&M	Operations & Maintenance
OSS	On Site Sewage
PA	Prosecuting Attorney
PDS	Planning & Development Services
PIC	Pollution Identification & Correction
PW	Public Works
RCW	Revised Code of Washington
REET I	Real Estate Excise Tax I
REET II	Real Estate Excise Tax II
RFP	Request for Proposal
RID	Road Improvement District
SEPA	State Environmental Policy Act
SFR	Single Family Residence
SO	Sheriff's Office
STP	Surface Transportation Program
TB	Tuberculosis
TMDL	Total Maximum Daily Load
TR&R	Technology Repair & Replacement
US	United States
WAC	Washington Administrative Code
WACO	Washington Association of County Officials
WC	Whatcom County
WCHD	Whatcom County Health Department
WCSO	Whatcom County Sheriff's Office
WIC	Women, Infant and Children Program
WSAC	Washington State Association of Counties
WSU	Washington State University
WWU	Western Washington University

## Terms

**Accounting Period** - A period at the end of which and for which financial statements are prepared.

**Accrual Basis** - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

**Appropriation** - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be used.

**Assessed Valuation** - A valuation set upon real assets or other property by a government as a basis for levying taxes.

**Assessment** - The process of making the official valuation of property for purposes of taxation.

**Assets** - Resources owned or held by a government that have monetary value.

**Biennial Budget** - A budget applicable to two fiscal years.

**Budget** - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the appropriating body.

**Budget Document** - The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making

authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years actual revenues, expenditures and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

**Budget Lapse** - The difference between the total amount of expenditures authorized versus the amount actually spent. If you have a budget of \$100 and spend only \$95, the budget lapse is \$5 or 5%.

**Budget Message** - A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

**Budgetary Accounts** - Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

**Budgetary Control** - The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Capital Budget** - A plan of proposed capital outlays and the means of financing them.

**Capital Program** - A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-

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## Terms continued

term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

**Capital Projects Fund** - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Capital Outlay** - expenditures over \$5,000 that will be capitalized in a general fixed asset account group or accounted for as an infrastructure improvement. Examples include equipment, software, facilities, and roads.

**Cash Basis** - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**Continuing Appropriations** - An appropriation that, once established, is automatically renewed without further legislative action, period after period, until altered, revoked, or expended.

**Debt Limit** - The maximum amount of gross or net debt that is legally permitted.

**Debt Service Fund** - A fund established to account for the accumulation of resources for, and the payment of, general long-term principal and interest.

**Deficit** - The excess of expenditures over revenues during an accounting period.

**Double Entry** - A system of bookkeeping that requires an entry to the debit side of an account or accounts for the corresponding amount or amounts of the entry to the credit side of another account or accounts.

**Encumbrance** - Commitments for unperformed contracts for goods or services.

**Enterprise Fund** - A fund established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that

the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Expenditures** - Decreases in net current assets. Expenditures include debt service, capital outlays, and those current-operating costs that require the use of current assets. The difference between expenditure and an expense is a difference in what is being measured. Expenditures measure current outlays, while expenses measure total costs.

**Expenses** - Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

**Fiscal Year** - A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations. Whatcom County's fiscal year begins on January 1 and ends on December 31.

**Fixed Assets** - Assets that are intended to be held or used for a long term, such as land, buildings, improvements, machinery, and equipment. In common usage, the term refers only to operating facilities and equipment, not to long-term investments and other non-current assets.

**Fund** - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance** - The difference between the assets and the liabilities of governmental funds and trust funds.

**General Fund** - The fund used to account for all

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Terms continued

financial resources except those required to be accounted for in another fund such as a special revenue, debt service or proprietary-type fund. This fund is also known as the “Current Expense Fund”.

**Generally Accepted Accounting Principles** - Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

**Governmental Accounting Standards Board** - The authoritative accounting and financial reporting standard-setting body for government entities.

**Governmental Fund Types** - Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities – except those accounted for in proprietary funds and fiduciary funds. The measurement focus in these fund types is on the determination of financial position rather than on net income determination. Under current GAAP, there are four governmental fund types: general, special revenue, debt service and capital projects.

**Grants** - External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility.

**Interfund Transfers** - Interfund transfers are a type of interfund transaction. There are two types

of interfund transfers. Both types involve the permanent movement of resources between funds. For any one transaction, the transfer-in and the transfer-out must be classified in the same way, so that the total operating transfers-in for the entire county equal the total operating transfers-out and the total residual equity transfers-in equal the total residual equity transfers-out.

**Residual Equity Transfers** - These transfers are the nonrecurring or non-routine transfers of equity between funds.

**Operating Transfers** - All other interfund transfers are operating transfers. These transactions are often the interfund equivalent of operating subsidies. As such, their purpose is to support the normal level of operations in the recipient fund.

**Intergovernmental Revenues** - Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

**Internal Service Fund** - A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

**Liabilities** - Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

**Long-Term Debt** - Debt with a maturity of more than one year after the date of issuance.

**Modified Accrual Basis** - The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for: (1) prepaid insurance and

*continued on next page*

## Terms continued

similar items which need not be reported; (2) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; and (3) principal and interest on long-term debt which are generally recognized when due. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

**Proprietary Fund Types** - Sometimes referred to as income determination or commercial-type funds, the classification is used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector.

**Revenues** - (1) Increases in governmental fund type net current assets other than expenditure refunds

and residual equity transfers. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers.

**Special Revenue Fund** - A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**Taxes** - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

**Unencumbered Appropriation** - That portion of an appropriation not yet expended or encumbered.