

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2004

This discussion and analysis of Whatcom County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

At the end of 2004 on a government-wide financial statement basis, Whatcom County's net assets totaled \$202,282,576. Net assets are calculated by subtracting the liabilities of the County from its total assets. \$45,760,747 of the County's net assets are unrestricted as defined by the Government Accounting Standards Board and may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total long-term debt increased by \$419,305 during 2004. \$333,443 of this increase was from a loan from the Goldfogel Family Partnership for the remodel of the Health department's space on North State Street. No new general obligation or special assessment debt was issued during the year. Under Washington State law, the County is authorized to issue approximately \$218 million in non-voted debt. At the end of 2004, the County's outstanding general obligation debt totaled \$13 million.

Whatcom County's total net assets increased by \$9,549,534, resulting primarily from the construction or purchase of capital assets. The County invested 5.9 million dollars in infrastructure, which includes roads, bridges and road related improvements. Whatcom County purchased \$3 million in land, including property purchased from the City of Bellingham for the purpose of constructing an interim jail facility. The balance of the net increase was primarily cash and receivables.

Overview of the Financial Statements

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

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

The Statement of Net Assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, this is just one indicator of financial health of the County. Other indicators include the condition of the County's capital assets (roads, building, bridges, etc.), changes in the property tax base, and general economic conditions within the County.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

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

- **Proprietary funds:** When the County charges customers for the full cost of the services it provides whether to outside customers or to other units of the County, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the County's enterprise fund (one type of proprietary fund) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other type of proprietary fund), such as the County's Administrative Services Fund, to report activities that provide supplies and services to the County's other programs and activities.
- **Fiduciary funds:** The County uses these funds to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Government-Wide Financial Analysis

The following table reflects a condensed Statement of Net Assets.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
	Current and other assets	\$ 89,071,987	\$ 82,026,073	\$ 76,426	\$ 20,842	\$ 89,148,413
Capital assets	140,527,278	136,327,530	-	-	140,527,278	136,327,530
Total assets	229,599,265	218,353,603	76,426	20,842	229,675,691	218,374,445
Long-term debt	22,245,170	21,825,865	-	-	22,245,170	21,825,865
Other liabilities	5,133,817	3,798,853	14,128	16,685	5,147,945	3,815,538
Total liabilities	27,378,987	25,624,718	14,128	16,685	27,393,115	25,641,403
Net assets:						
Invested in capital, net of debt	127,722,278	122,252,530	-	-	127,722,278	122,252,530
Restricted	28,799,551	25,159,510	-	-	28,799,551	25,159,510
Unrestricted	45,698,449	45,316,845	62,298	4,157	45,760,747	45,321,002
Total net assets	\$ 202,220,278	\$ 192,728,885	\$ 62,298	\$ 4,157	\$ 202,282,576	\$ 192,733,042

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Whatcom County's assets exceeded liabilities by \$202,282,576 at the close of the most recent fiscal year. The largest portion of Whatcom County's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Whatcom County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Whatcom County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Whatcom County's net assets (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$45,760,747) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$3,640,041 in restricted net assets reported in connection with Whatcom County's governmental activities. \$1,806,217 of this increase relates to the Public Utilities Improvement fund. Rural County Sales Tax collections exceeded expenditures for public facility improvement projects. The Real Estate Excise Tax II fund accounts for \$1,539,963 of the increase. This fund was created in 2004 to impose an additional excise tax on each sale of real property in the unincorporated areas of the county solely for the purposes of financing capital projects.

The County's net assets increased by \$9,549,534 during the current fiscal year. This increase results primarily from the construction or purchase of capital assets and an increase in cash and receivables.

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

Table MDA2 - Changes in Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenue:						
Charges for services	\$ 14,514,182	\$ 14,499,905	\$ -	\$ -	\$ 14,514,182	\$ 14,499,905
Operating grants & contributions	16,080,469	13,876,354	-	-	16,080,469	13,876,354
Capital grants & contributions	5,952,476	5,544,945	-	-	5,952,476	5,544,945
General revenue:						
Property taxes	37,287,454	32,197,138	-	-	37,287,454	32,197,138
Timber taxes	166,270	417,291	-	-	166,270	417,291
Retail taxes	11,631,120	10,924,526	-	-	11,631,120	10,924,526
Excise taxes	4,222,852	6,250,210	-	-	4,222,852	6,250,210
Penalties and interest	1,970,312	1,929,056	-	-	1,970,312	1,929,056
Other	5,375,723	5,894,311	221,635	194,225	5,597,358	6,088,536
Total revenues	97,200,858	91,533,736	221,635	194,225	97,422,493	91,727,961
Expenses						
General government	20,640,020	19,215,312	-	-	20,640,020	19,215,312
Public Safety	27,370,451	24,030,011	-	-	27,370,451	24,030,011
Physical environment	4,241,623	5,897,760	-	-	4,241,623	5,897,760
Transportation	20,089,939	19,011,206	-	-	20,089,939	19,011,206
Economic environment	1,768,412	1,430,023	-	-	1,768,412	1,430,023
Mental and physical health	9,226,067	9,236,054	-	-	9,226,067	9,236,054
Culture and recreation	3,737,864	3,800,758	-	-	3,737,864	3,800,758
Interest on long-term debt	635,089	824,720	-	-	635,089	824,720
Whatcom Co. Investment Pool	-	-	163,494	192,156	163,494	192,156
Total Expenses	87,709,465	83,445,844	163,494	192,156	87,872,959	83,638,000
Change in net assets	9,491,393	8,087,892	58,141	2,069	9,549,534	8,089,961
Net assets-beginning	192,599,241	184,511,349	4,157	2,088	192,603,398	184,513,437
Prior period adjustment	129,644	-	-	-	129,644	-
Net assets-beginning (restated)	192,728,885	184,511,349	4,157	2,088	192,733,042	184,513,437
Net assets-ending	\$202,220,278	\$ 192,599,241	\$ 62,298	\$ 4,157	\$202,282,576	\$192,603,398

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

Governmental activities increased Whatcom County's net assets by \$9,491,393, thereby accounting for 99 percent of the total growth in the net assets of Whatcom County.

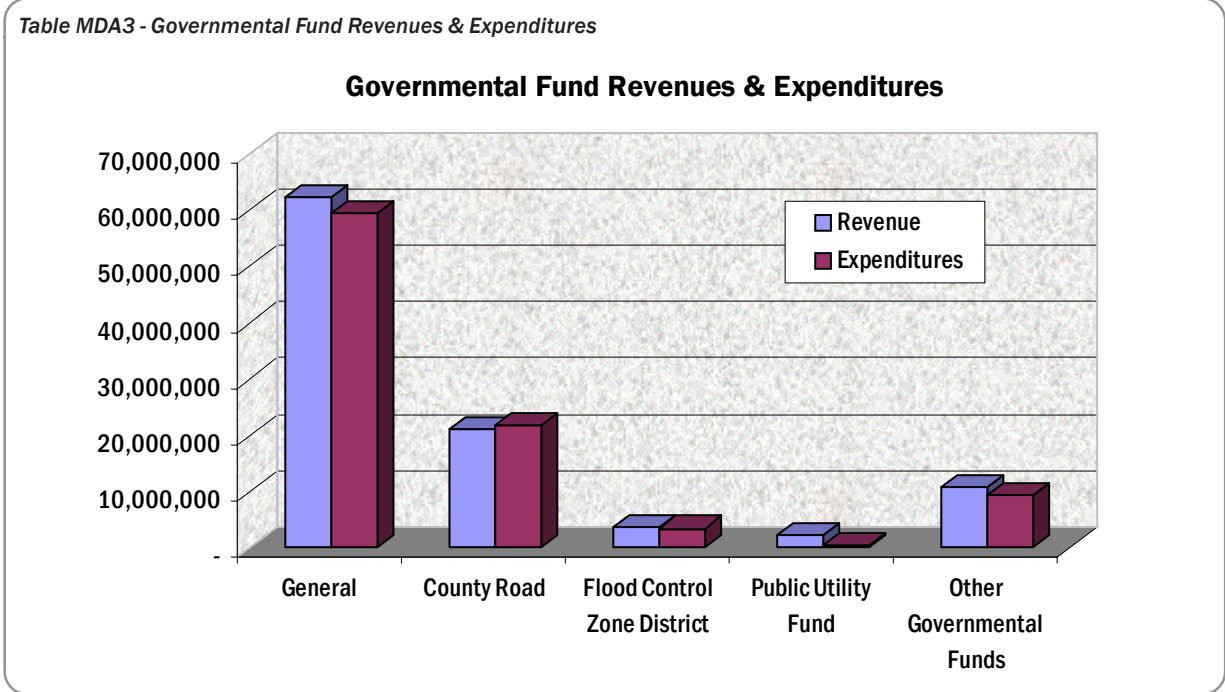
- Operating grants and contributions increased \$2,204,115 or (16 percent) during the year. The major new grants for 2004 are the data integration project (\$160,949), a grant to fund a new voter registration database and a election management system (\$107,288), funds received from the Natural Resource Conservation Service to purchase the development rights for the Holz property (\$240,000), and a grant from the state of Washington of Ecology to complete an update of the Whatcom County Shoreline Master Program (\$229,393). Other grants and contributions revenue in 2004 increased significantly over 2003. 2004 payments for federally owned entitlement land increased \$297,094 over 2003. An additional \$182,903 was received in 2004 for the Hazard Mitigation Grant Program and grant revenue from various Superior Court programs increased \$235,167 over 2003.
- Property taxes are \$5,090,316, or 16 percent, higher than 2003. Most of this tax revenue increase is attributable to Whatcom County switching January 1 from collecting a flood fee to collecting a property tax. The remainder of the increase is attributable to new construction added to the tax rolls.
- Sales tax collections are \$706,594 greater than last year, due to strong building activity.

Financial Analysis of the County's Funds

Governmental Funds Balance Sheet Analysis. The General Fund, County Road Fund, Flood Control Zone District Fund and Public Utilities Improvement Fund are the County's major funds. Together these four funds account for 80% of total governmental fund assets and 79% of total governmental fund balance.

As of December 31, 2004, the County's governmental funds reported combined fund balances of \$64 million. Of the total amount, nearly \$59 million or 91% is unreserved and available for spending within designated funds. Reserved fund balance of \$5 million is not available for new spending because it has already been committed to encumbrances, petty cash, and debt service.

Governmental Funds Revenue/Expenditure Analysis. The chart below compares revenues and expenditures for the major governmental funds and all other governmental funds combined for 2004.



For the fiscal year ended December 31, 2004, governmental funds revenues totaled \$101 million and expenditures totaled \$95 million. The General Fund, County Road Fund, Flood Control Zone District Fund and Public Utilities Improvement Fund account for 89% of all governmental fund revenue and 90% of expenditures.

The net change in fund balance for all governmental funds for 2004 was an increase of \$6 million.

General Fund Budgetary Highlights

The following table shows a condensed Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund for the year ended December 31, 2004.

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

General Fund	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$ 30,657,131	\$ 30,657,131	\$ 32,460,137
Intergovernmental	12,922,834	13,803,333	13,506,420
Other	12,333,893	12,758,288	14,458,124
Total revenues	55,913,858	57,218,752	60,424,681
Expenditures:			
Expenditures	58,073,426	60,718,322	58,171,637
Other financing sources (uses)	376,241	84,747	530,087
Total expenditures	57,697,185	60,633,575	57,641,550
Change to fund balance	\$ (1,783,327)	\$ (3,414,823)	\$ 2,783,131

For more detailed information see page 57 for the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual.

Tax Revenues. Tax revenues exceed budgeted amounts by \$1,803,006, or 5.9 percent. Property tax collections in 2004 totaled \$19,291,385 and are \$669,700 greater than 2003 collections. Delinquent tax collections are \$75,000 higher than last year. Interest and penalty collections on delinquent property taxes are 4 percent higher than 2003 for a total of \$1,970,227.

Intergovernmental Revenues. The budget for intergovernmental revenues was increased \$880,499 for grant awards that were received during the year. Total intergovernmental revenue is \$793,426 higher than the prior year. Actual revenue fell short of budgeted revenue by \$296,913.

Other. Other revenues are \$1,699,836 greater than budgeted amounts. Auditor filing/recording fees are down \$149,300 from 2003. However, collections for 2004 are 31 percent over budget at \$653,100. District Court Probation fees are \$166,400 greater than 2003 and 39 percent above budget. Interest earnings are \$288,700 less than 2003 figures but are 114 percent of budget expectations.

Expenditures. Overall expenditures for the General Fund are 96 percent of the approved budget at year-end. Continuing appropriations will carry over approximately \$642,000 of spending authority into 2005 for incomplete projects and contracts.

Whatcom County ended 2004 in a financial position better than what was anticipated in the 2004 budget. The amended budget anticipated a decrease in fund balance of \$3,414,823. The actual result is an increase in fund balance of \$2,783,131. Whatcom County's General Fund fund balance is \$22,276,285 at year-end. This is 37 percent of annual General Fund expenditures.

Capital Assets

The County's capital assets for its governmental activities as of December 31, 2004, totaled \$141 million (net of accumulated depreciation). This includes land, buildings, improvements, machinery and equipment, and infrastructure.

New investment in capital assets for 2004 was \$10.8 million. Depreciation expense in 2004 totaled \$6.6 million, resulting in a \$4.2 million increase in net assets.

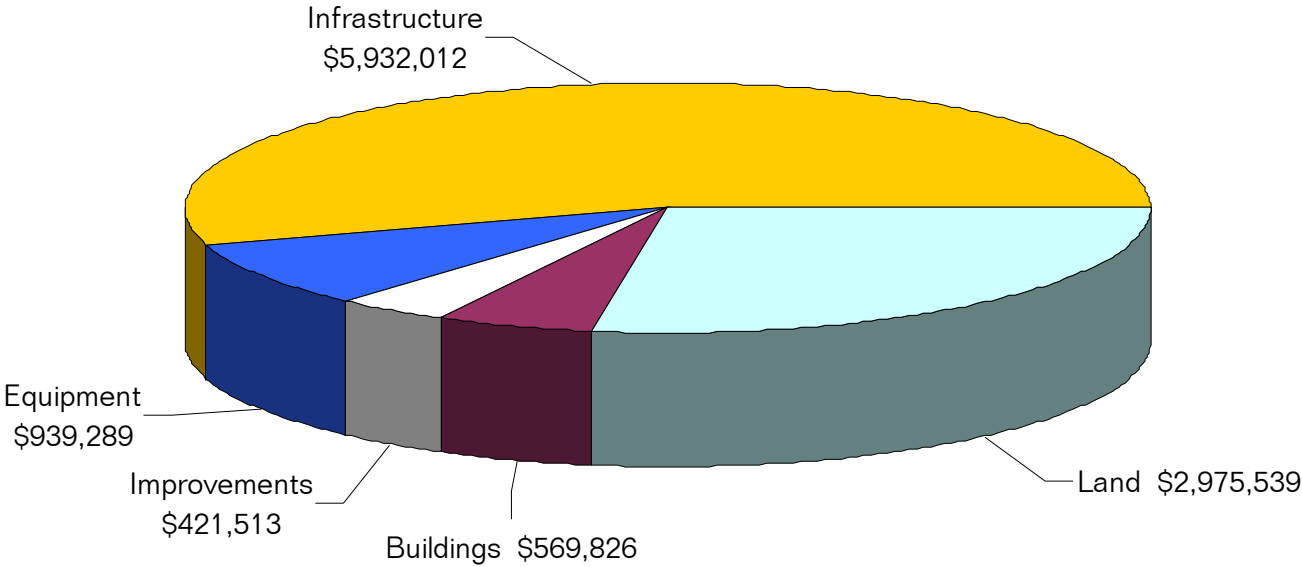
Table MDA7 - Capital Assets

	Governmental Activities	Governmental Activities
	2004	2003
Land	\$24,825,098	\$21,849,559
Buildings	39,017,875	39,506,805
Improvements	1,158,039	831,848
Equipment	8,413,519	8,039,607
Infrastructure	67,112,747	66,099,710
TOTALS	\$140,527,278	\$136,327,529

For more detailed information see page 41 for Capital Asset Activity.

Table MDA8 - Change in Capital Assets

Change in Capital Assets



The County invested \$5.9 million in infrastructure, which includes roads, bridges and road-related improvements. Whatcom County purchased \$3.0 million of land, including \$875,800 for property on Division Street for an interim jail facility and paid \$1.4 million for conservation easements. Whatcom County invested \$570,000 in buildings for 2004. \$247,000 was spent on the minimum security jail. The investment in improvements totaled \$422,000. \$333,400 was used to remodel the Health Department's space on North State Street. The County's investment in new equipment, including vehicles and road maintenance equipment increased capital assets by \$939,000.

Debt Administration

At year-end, the County had \$22.2 million in outstanding debt compared to \$21.8 million last year. That is a decrease of \$419,000, or 1.9%.

Economic Factors and Next Year's Budgets and Rates

The local economy of Whatcom County remains strong. The population of Whatcom County has grown at an average rate of 1.84 percent during the past five years. Per capita income of Whatcom County is growing at approximately 2.42 percent.

Unemployment has remained consistent, averaging 6.2 percent over the past five years. The two largest employers in the community, Western Washington University and St. Joseph Hospital, are growing steadily and have both recently made significant investments to expand their facilities. Retail sales have consistently grown over the past five years, averaging approximately four percent annual growth. Whatcom County is a very desirable place to live. This is reflected in the assessed valuations of property, which are growing at an average rate of approximately four percent.

Contacting the County's Financial Management

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

Table MDA9 - Outstanding Debt

	Governmental Activities	
	2004	2003
General Obligation Bonds	\$ 12,880,965	\$ 14,161,418
Special Assessment	194,482	282,538
Capital Leases	328,397	416,428
Estimated Self-Insurance Claims	3,362,795	2,633,418
Compensated Absences	4,903,849	4,082,063
Other Long-term Liabilities	574,682	250,000
	<u>\$ 22,245,170</u>	<u>\$ 21,825,865</u>

For more detailed information see page 51 for Changes in Long-Term Debt.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 80,131,387	\$ 75,109	\$ 80,206,496
Investments	1,510,009	-	1,510,009
Receivables	2,900,809	-	2,900,809
Due from other governments	3,862,213	-	3,862,213
Internal balances	(1,317)	1,317	-
Inventories	668,886	-	668,886
Capital assets:			
Non-depreciable	24,825,098	-	24,825,098
Depreciable, net	115,702,180	-	115,702,180
Total Assets	229,599,265	76,426	229,675,691
Liabilities			
Accounts Payable and accrued expenses	4,224,125	1,333	4,225,458
Due to other governments	373,575	44	373,619
Deferred revenue	536,117	-	536,117
Noncurrent liabilities(Note 8):			
Due within one year	5,194,690	-	5,194,690
Due in more than one year	17,050,480	12,751	17,063,231
Total Liabilities	27,378,987	14,128	27,393,115
Net Assets			
Invested in capital assets, net of related debt	127,722,278	-	127,722,278
Restricted for:			
Special Revenue	16,216,596	-	16,216,596
Debt Service	76,060	-	76,060
Capital Projects	12,506,895	-	12,506,895
Unrestricted (deficit)	45,698,449	62,298	45,760,747
Total net assets	\$ 202,220,278	\$ 62,298	\$ 202,282,576

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

Functions/ Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Assets - Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$20,640,020	\$ 3,364,168	\$ 5,657,040	\$ -	\$ (11,618,812)		\$ (11,618,812)
Public Safety	27,370,451	5,411,257	2,893,955	-	(19,065,239)		(19,065,239)
Physical environment	4,241,623	818,983	1,505,207	-	(1,917,433)		(1,917,433)
Transportation	20,089,939	2,266,228	-	5,952,476	(11,871,235)		(11,871,235)
Economic environment	1,768,412	341,943	577,380	-	(849,089)		(849,089)
Mental and physical health	9,226,067	1,971,109	5,390,887	-	(1,864,071)		(1,864,071)
Culture and recreation	3,737,864	340,494	56,000	-	(3,341,370)		(3,341,370)
Interest on long-term debt	635,089	-	-	-	(635,089)		(635,089)
Total government	87,709,465	14,514,182	16,080,469	5,952,476	(51,162,338)		(51,162,338)
Business-type activities:							
Whatcom County Investment Pool	163,494	221,635	-	-		\$ 58,141	58,141
Total business-type activities	163,494	221,635	-	-		58,141	58,141
Total primary government	\$87,872,959	\$14,735,817	\$ 16,080,469	\$ 5,952,476	(51,162,338)	58,141	(51,104,197)
General Revenues:							
Taxes:							
Property taxes					37,287,454	-	37,287,454
Timber taxes					166,270	-	166,270
Retail taxes					11,631,120	-	11,631,120
Excise taxes					4,222,852	-	4,222,852
Penalties and interest					1,970,312	-	1,970,312
Unrestricted investment earnings					2,076,569	-	2,076,569
Gain/loss on sale of capital assets					1,984,251		1,984,251
Miscellaneous					1,314,903	-	1,314,903
Total general revenues, special items & transfers					60,653,731	-	60,653,731
Change in net assets					9,491,393	58,141	9,549,534
Net assets-beginning					192,599,241	4,157	192,603,398
Prior period adjustment					129,644	-	129,644
Net assets-beginning (restated)					192,728,885	4,157	192,733,042
Net assets-ending					\$202,220,278	\$ 62,298	\$202,282,576

	General	County Road	Flood Control Zone District	Public Utilities Improvement	Other Gov't Funds	Total Gov't Funds
Assets						
Cash and cash equivalents	\$ 22,672,866	\$ 11,709,053	\$ 8,252,727	\$ 8,389,450	\$ 13,183,462	\$ 64,207,558
Investments at cost	-	-	-	-	33,441	33,441
Taxes receivable	890,448	687,816	68,031	-	60,607	1,706,902
Accounts receivable	294,324	78,496	-	-	210,919	583,739
Special assessments	-	-	83,531	-	205,773	289,304
Interest receivable	182,114	-	-	-	62	182,176
Notes receivable	-	-	-	-	111,407	111,407
Due from other funds	54,335	118,282	-	-	-	172,617
Interfund loan receivable	170,000	-	-	-	-	170,000
Due from other governments	1,887,920	126,866	774,995	-	498,888	3,288,669
Employee advances	1,630	65	-	-	-	1,695
Prepayments	942	-	-	-	-	942
Long-term assets						
Due from other governments	-	-	-	500,000	-	500,000
Notes receivable	11,593	-	-	-	-	11,593
Total Assets	\$ 26,166,172	\$ 12,720,578	\$ 9,179,284	\$ 8,889,450	\$ 14,304,559	\$ 71,260,043
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ 1,745,263	\$ 591,452	\$ 181,475	\$ 151,965	\$ 225,063	\$ 2,895,218
Due to other funds	367,065	93,472	32,154	-	29,820	522,511
Interfund loans payable	-	-	-	-	170,000	170,000
Revenue collected in advance	-	4,092	-	-	51	4,143
Due to other governments	357,239	9,800	-	-	1,421	368,460
Other accrued liabilities	165,641	143,321	-	-	399	309,361
Other current liabilities	-	7,540	-	-	-	7,540
Deferred revenue	1,186,407	766,177	151,561	-	377,787	2,481,932
Deferred credits	68,272	90,670	-	-	-	158,942
Total liabilities	3,889,887	1,706,524	365,190	151,965	804,541	6,918,107
Fund balances						
Reserved for:						
Encumbrances	642,017	822,089	1,296,307	1,880,162	300,408	4,940,983
Petty cash	48,875	1,200	-	-	70,200	120,275
Federal Forest Title III	270,945	-	-	-	-	270,945
Debt service	-	-	-	-	151,377	151,377
Unreserved	21,314,448	10,190,765	7,517,787	6,857,323	-	45,880,323
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	9,353,570	9,353,570
Capital projects funds	-	-	-	-	3,624,463	3,624,463
Total fund balance	22,276,285	11,014,054	8,814,094	8,737,485	13,500,018	64,341,936
Total liabilities & fund balance	\$ 26,166,172	\$ 12,720,578	\$ 9,179,284	\$ 8,889,450	\$ 14,304,559	\$ 71,260,043

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

Reconciliation of the Balance Sheet
to the Statement of Net Assets
of Governmental Activities
December 31, 2004



Fund balance - total governmental funds	\$ 64,341,936
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	131,576,478
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	22,490,527
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,945,815
Liabilities, including \$13,650,129 of bonds payable and \$4,484,349 of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(18,134,478)</u>
Net assets of governmental activities.	<u>\$ 202,220,278</u>

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

Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2004



	General	County Road	Flood Control Zone Dist	Public Utilities Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 32,460,137	\$ 13,053,232	\$ 2,676,197	\$ 2,192,088	\$ 5,070,994	\$ 55,452,648
Licenses and permits	2,334,352	55,794	-	-	-	2,390,146
Intergovernmental	13,506,420	5,866,512	1,054,994	50,000	1,285,169	21,763,095
Charges for service	7,230,068	1,161,620	433	-	1,771,735	10,163,856
Fines and forfeits	1,615,162	-	-	-	509,405	2,124,567
Miscellaneous	3,278,542	(3,529)	(12,347)	-	126,143	3,388,809
Total revenues	60,424,681	20,133,629	3,719,277	2,242,088	8,763,446	95,283,121
Expenditures						
Current:						
General government	17,855,596	164,753	-	39,302	1,383,486	19,443,137
Public Safety	25,278,295	-	-	52,630	535,981	25,866,906
Physical environment	358,379	-	2,747,536	-	1,061,479	4,167,394
Transportation	-	14,736,146	-	-	24,955	14,761,101
Economic environment	1,593,373	-	-	-	165,368	1,758,741
Mental and physical health	9,151,500	-	-	-	-	9,151,500
Culture and recreation	3,487,263	-	-	-	136,338	3,623,601
Capital outlay	430,491	6,715,176	624,887	343,939	2,100,641	10,215,134
Debt service:						
Principal	8,761	-	-	-	1,358,056	1,366,817
Interest	7,979	-	-	-	622,701	630,680
Total expenditures	58,171,637	21,616,075	3,372,423	435,871	7,389,005	90,985,011
Excess (deficiency) of revenues over expenditures	2,253,044	(1,482,446)	346,854	1,806,217	1,374,441	4,298,110
Other financing sources (uses)						
Sales of capital assets	826,687	1,012,669	94,159	-	50,736	1,984,251
Transfers in	1,116,238	60,049	-	-	2,106,537	3,282,824
Transfers out	(1,412,838)	(343,283)	(147,815)	-	(2,009,892)	(3,913,828)
Total other financing sources	530,087	729,435	(53,656)	-	147,381	1,353,247
Net change in fund balances	2,783,131	(753,011)	293,198	1,806,217	1,521,822	5,651,357
Fund balance as of January 1	19,493,154	11,767,065	8,520,896	6,931,268	11,978,196	58,690,579
Fund balance as of December 31	\$ 22,276,285	\$ 11,014,054	\$ 8,814,094	\$ 8,737,485	\$ 13,500,018	\$ 64,341,936

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Activities
Year Ended December 31, 2004



Net change in fund balances-total governmental funds	\$ 5,651,357
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$(10,215,131) exceeded depreciation expense \$(6,623,951) in the current period.</p>	
	3,591,180
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.</p>	
	22,686
<p>Revenues in the funds that are related to prior periods are not revenues in the statement of activities.</p>	
	(358,540)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
	(782,107)
<p>Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
	<u>1,366,817</u>
Change in net assets of governmental activities	<u><u>\$ 9,491,393</u></u>

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

Statement of Net Assets
Proprietary Funds
Year Ended December 31, 2004



	Enterprise Funds Whatcom Investment Pool	Internal Service Funds
Assets		
Current Assets		
Cash & Equivalents	\$ 75,109	\$ 15,923,829
Investments At Cost	-	1,476,568
Accounts Receivable	-	9,052
Interest Receivable	-	1,729
Due From Other Funds	-	471,184
Employee Advances	-	6
Due From Other Governments	-	73,544
Inventory	-	668,886
Total Current Assets	75,109	18,624,798
Noncurrent Assets		
Land	-	755,331
Building & Structures (Net)	-	1,312,802
Capital Leases (Net)	-	329,431
Other Improvements (Net)	-	219,529
Machinery & Equipment (Net)	-	6,333,707
Total Noncurrent Assets	-	8,950,800
Total Assets	75,109	27,575,598
Liabilities		
Current Liabilities		
Accounts Payable	1,333	844,147
Claims Cost Payable	-	3,269,631
Due to Other Funds	-	121,290
Due to Other Governments	44	4,939
Other Accrued Liabilities	-	4,774
Total Current Liabilities	1,377	4,244,781
Noncurrent Liabilities		
Employee Leave Benefits	12,751	419,500
Other Long-Term Liabilities	-	421,561
Total Noncurrent Liabilities	12,751	841,061
Total Liabilities	14,128	5,085,842
Net Assets		
Invested in capital assets, net of related debt	-	8,950,800
Unrestricted	60,981	13,538,956
Total Net Assets	60,981	\$ 22,489,756

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

Net assets of business-type activities

1,317
\$ 62,298

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

Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Proprietary Funds

Year Ended December 31, 2004



	Enterprise Funds Whatcom County Investment Pool	Internal Service Funds
Operating Revenue		
Intergovernmental	\$ -	\$ 163,480
Charges for Service	-	8,995,059
Rents and Parking	-	5,106,276
Interest Income	221,635	-
Fines & Foreits	-	3,390
Insurance Premiums	-	5,696,281
Other Miscellaneous Revenues	-	15,062
Total Operating Revenues	221,635	19,979,548
Operating Expenses		
General Operations	162,547	18,630,464
General Administration	-	556,091
Depreciation	-	1,505,826
Total Operating Expenses	162,547	20,692,381
Operating Income (Loss)	59,088	(712,833)
Non-Operating Revenues (Expenses)		
Gain (Loss) on Sale of Capital Assets	-	78,997
Interest Revenue	-	29,778
Interest Expense	-	(14,862)
Total Non-Operating Revenues (Expenses)	-	93,913
Income (loss) Before Contributions and Transfers	59,088	(618,920)
Capital Contributions		9,655
Transfers In	-	1,033,390
Transfers Out	-	(402,386)
Changes in net assets	59,088	21,739
Total net assets-beginning		22,468,017
Total net assets-ending		\$ 22,489,756
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.	(947)	
Change in net assets of business-type activities	\$ 58,141	

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

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2004



	Enterprise Funds Whatcom County Investment Pool	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 221,694	\$ 19,499,784
Cash Payments For Goods And Services	(58,563)	(13,362,547)
Cash Payments To Employees	(106,541)	(4,613,843)
Net Cash Provided by Operating Activities	56,590	1,523,394
Cash Flows From Non-Capital Financing Activities:		
Transfers In	-	765,149
Transfers Out	-	(402,386)
Net Cash Provided by Non-Capital Financing Activities:	-	362,763
Cash Flows From Capital Financing Activities:		
Interest Paid on Lease Purchase	-	(14,862)
Proceeds From Sale of Assets	-	190,214
Transfer In (Out)	-	268,242
Payments For Capital Assets	-	(1,970,544)
Net Cash Used by Capital Financing Activities:	-	(1,526,950)
Cash Flows From Investing Activities:		
Purchase of Investment Securities	-	(29,778)
Interest on Investments	-	29,778
Total Cash Flows From Investing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	56,590	359,207
Balances - Beginning of the Year	18,519	15,564,622
Balances - End of the Year	\$ 75,109	\$ 15,923,829
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	\$ 59,088	\$ (712,833)
Adjustments To Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	-	1,505,826
Change in Assets and Liabilities:		
Receivables, net	59	(479,764)
Inventories	-	229,452
Accounts and Other Payables	(158)	947,485
Accrued Expenses	(2,399)	33,228
Net Cash Provided By Operating Activities	\$ 56,590	\$ 1,523,394
Noncash Investing & Capital Financing Activities:		
Lease Purchases	\$ -	\$ 148,296
Total Noncash Investing & Capital Financing Activities:	\$ -	\$ 148,296

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 December 31, 2004



Agency Funds

Assets

Current Assets

Cash & Equivalents	\$ 17,636,858
Deposits With Fiscal Agent	35,000
Investments At Cost	88,136,529
Accounts Receivable (Net)	4,904

Total Assets **\$ 105,813,291**

Liabilities

Current Liabilities

Warrants Payable	\$ 5,808,647
Accounts Payable	1,147,052
Matured Long-Term Debt	35,000
Other Accrued Liabilities	310,301
Revenue Collected in Advance	218,876
Custodial Accounts	98,293,415

Total Liabilities **\$ 105,813,291**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1	Summary of Significant Accounting Policies	32
Note 2	Stewardship, Compliance, and Accountability	38
Note 3	Deposits and Investments	38
Note 4	Property Taxes	39
Note 5	Capital Assets and Depreciation	41
Note 6	Pension Plans	42
Note 7	Risk Management	47
Note 8	Long-Term Debt and Capital Leases	49
Note 9	Contingencies	53
Note 10	Commitments	53
Note 11	Interfund Balances and Transfers	54
Note 12	Joint Ventures	55
Note 13	Postretirement Health Care Benefits	56
Note 14	Postclosure Care Cost	56
Note 15	Other Disclosures	56
Table FN1	Capital Assets & Depreciation	37
Table FN2	Deposits & Investments	39
Table FN3	Tax Collection Record	40
Table FN4	Capital Assets Activity	41
Table FN5	Depreciation Expense	41
Table FN6	PERS Membership	43
Table FN7	PERS Contribution Rates	44
Table FN8	County Contribution to PERS	44
Table FN9	LEOFF Plan 1 Benefit Calculation	45
Table FN10	LEOFF Membership	46
Table FN11	LEOFF Contribution Rates	46
Table FN12	County Contribution to LEOFF	47
Table FN13	Claims Liability Balance Changes	47
Table FN14	Washington Counties Risk Pool	49
Table FN15	GO Bonds and Special Assessment Debt	50
Table FN16	Changes in Long-Term Debt	51
Table FN17	Capital Lease Assets	52
Table FN18	Future Minimum Lease Obligations	52
Table FN19	Long-Term Debt Capacity	53
Table FN20	Due To/From Other Funds	54
Table FN21	Interfund Loans Receivable/Payable	54
Table FN22	Interfund Transfers	55

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

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

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, capital assets are reported as expenditures when purchased and debt service and compensated absences are recorded as expenditures when paid.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

The County reports the following non-major proprietary funds:

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

Internal Service Funds: These funds account for operations that provide goods or services to other departments or funds of the County on a cost reimbursement basis.

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

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

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

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Fund Financial Statements include a Statement of Net Assets. The County's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for using the accrual basis of accounting as are the proprietary funds explained above.

C. Budgetary Information

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

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

Appropriations for all funds lapse at year-end. Expenditure authority for projects extending beyond one year is granted through a continuing appropriation procedure.

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

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

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

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

D. Assets, Liabilities and Equities

Cash and Equivalents: The County follows the practice of pooling cash and investments of all funds held by the County Treasurer, except when otherwise requested, in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Balances in cash and pooled investments are available on a demand basis to each fund. Earnings on cash and cash equivalents accrue to the county's general fund.

The total cash, cash equivalent and investment pool at December 31 was \$189 million with \$86 million invested in instruments maturing one year or less.

Temporary Investments: See Note 3.

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

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

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

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

Amounts Due to and from Other Governmental Units: These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services, which are expected to be received within 90 days. Amounts due to other governmental units also reflect the liability for net monetary assets being held by the county in its trustee or agency capacity.

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

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

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

Table FN1 - Capital Assets & Depreciation

<u>Capital Asset</u>	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	50 years	\$1,000
Capital Leases	3-30 years	\$1,000
Improvements	5-30 years	\$1,000
Machinery & Equipment	3-10 years	\$1,000
Infrastructure	20-50 years	\$50,000

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

Compensated Absences: The county records all accumulated unused vacation and sick leave. Vacation pay, which may be accumulated up to 30 days, is payable upon resignation, retirement or death. Sick leave may accumulate up to 120 days. Employees hired before May 15, 1984 with three years of service can receive a cash payout of 50% of their accrued sick leave balance. An employee hired after that date with three years of service can receive 25% of their accrued sick leave. The amount reported for the employee leave benefit accrual includes 100% of the vacation leave accrual as of December 31, 2004 and 2003. Sick leave accruals are recorded at 50% if hired prior to May 15, 1984 or 25% sick leave accrual if hired after.

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

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

Long-Term Debt - See Note 8.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions in any of the funds of the county.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and investments are governed by state statute. Authorized investments include U.S. Treasury and agency securities, repurchase agreements and reverse repurchase agreements for securities otherwise authorized as an investment, municipal bonds of Washington State and qualifying local bonds of Washington State, qualifying general obligation bonds of a state or local government outside the State of Washington, non-negotiable certificates of deposit of financial institutions which are qualified public depositories per RCW 39.58.010, bankers' acceptances, commercial paper, the State Local Government Investment Pool (LGIP), and deposits with qualified public depositories in the State of Washington.

Investments are categorized according to the level of risk associated with the investment, with Category 1 being the least risky and category 3 being the most risky. Category 1 investments are insured, registered or held by the County or its agent in the County's name. All investments held by the County's Treasurer are classified as Category 1 (See Table FN2).

The County's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All deposits held at December 31, 2004 and throughout the year were classified as Category 1, insured or collateralized with securities held by the County or by its agent in the County's name.

The state LGIP is overseen by the Office of the State Treasurer. The fair value of the County's investments in the LGIP is the same as the value of the County's share in the pool.

GASB statement 31 requires adjustments be made to the financial statements to reflect the difference between amortized cost and fair value of investments. Fair value of investments has been determined using quoted market prices and is equivalent to market value. In 2004, the difference between amortized cost and fair value was not material. Therefore, no adjustments have been made. Investments are shown on the balance sheet at cost, net of amortized premium or discount. Gains or losses on investments sold or exchanged are recognized at the time the transactions are completed.

Table FN2 - Deposits & Investments

	Category 1	Carrying Amount	Fair Value
Deposits:	\$ 15,156,994	\$ 15,156,994	\$ 15,156,994
Investments:			
U.S. Agency Securities	146,310,000	146,141,485	145,033,025
General Obligation Bonds	6,730,000	6,832,487	6,720,754
Total Investments	<u>153,040,000</u>	<u>152,973,972</u>	<u>151,753,779</u>
Investment in State LGIP	-	20,094,177	20,094,178
Accrued Interest Receivable	-	532,320	902,142
Total Deposits and Investments	<u>\$ 168,196,994</u>	<u>\$ 188,757,463</u>	<u>\$ 187,907,093</u>
Treasurer's Pooled Cash		(99,110,924)	(99,110,924)
Treasurer's Pooled Investments		<u>\$ 89,646,539</u>	<u>\$ 88,796,169</u>

NOTE 4 - PROPERTY TAXES

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

Property Tax Calendar

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

Property taxes are recorded as a receivable when levied, offset by a deferred revenue. During the year, property tax revenues are recognized when cash is collected. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The tax collection record for Whatcom County was as follows:

Table FN3 - Tax Collection Record

Collection Year	Regular Assessed Valuation (1)	Ad Valorem Tax Levy (2)	Year of Levy Tax Collection
2004	\$13,069,729,631	\$20,261,087	97.5%
2003	12,616,676,560	18,328,751	96.6%
2002	12,153,907,948	17,871,228	96.4%
2001	11,546,689,565	17,293,477	96.9%
2000	10,954,893,516	16,707,418	97.5%
1999	10,702,880,124	16,245,902	96.8%
1998	10,444,100,325	15,834,091	97.2%

(1) Assessed valuation is based upon 100 percent of estimated actual valuation.

(2) Does not include conservation futures and county road district levies.

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

1. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 106% of the previous year's levy, after adjustments for new construction.
2. Chapter 84.52 RCW establishes a limitation on the levies for ports, public utilities, state school, emergency medical services, counties, roads, and cities and towns. All other regular levies are reduced by a priority schedule if a composite rate of \$5.55 per thousand is exceeded.
3. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit, with the exception of port districts, public utility districts, and new state school construction.

The County's regular levy for 2004 was \$1.55023 per \$1,000 on an assessed valuation of \$13.1 billion for a regular levy of \$20,261,087. This levy was used for general governmental purposes.

The road fund levied \$2.08783 per \$1,000 on an assessed value of \$6.5 billion in 2004. This resulted in a total levy of \$13,505,819 to be used for county road maintenance and construction.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2004 was as follows:

Table FN4 - Capital Assets Activity

Governmental activities	January 1	Increases	Decreases	December 31
Not being depreciated:				
Land	\$ 21,849,559	\$ 2,975,539	\$ -	\$ 24,825,098
Subtotal	21,849,559	2,975,539	-	24,825,098
Other capital assets:				
Buildings	54,249,361	569,826	-	54,819,187
Improvements	4,390,551	421,513	-	4,812,064
Equipment	26,068,873	2,550,398	1,611,109	27,008,162
Infrastructure	97,384,459	5,932,012	-	103,316,471
Subtotal	182,093,244	9,473,749	1,611,109	189,955,884
Accumulated depreciation				
Buildings	14,742,556	1,058,756	-	15,801,312
Improvements	3,558,703	95,322	-	3,654,025
Equipment	18,029,266	2,056,724	1,491,347	18,594,643
Infrastructure	31,284,749	4,918,976	-	36,203,725
Subtotal	67,615,274	8,129,778	1,491,347	74,253,705
Net other capital assets	114,477,970	1,343,972	119,762	115,702,180
Net capital assets	\$ 136,327,529	\$ 4,319,511	\$ 119,762	\$ 140,527,278

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

Table FN5 - Depreciation Expense

Governmental activities:	
General governments	\$1,439,054
Public Safety	383,099
Physical environment	36,422
Transportation	6,137,546
Economic environment	6,207
Mental & physical health	44,376
Culture & recreation	83,074
Total depreciation expense	<u>\$8,129,778</u>

NOTE 6 - PENSION PLANS

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

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials, state employees, employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching age 66, a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies, otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member 2 contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Nonvested	54,081
TOTAL	239,913

The County covered payroll for the year ended December 31, 2004 was \$38,313,674. The County's total current year payroll for all employees was \$43,341,879.

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local governments unit employees, and 7.5 percent for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

Table FN7 - PERS Contribution Rates

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.38%	1.38%	1.38%**
Employee	6.00%	1.18%	***

*The employer rates include the employer administrative expense fee currently set at 0.19%.

**Plan 3 defined benefit portion only.

***Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

Table FN8 - County Contribution to PERS

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2004	\$ 55,665	\$ 359,046	\$119,126
2003	\$ 57,810	\$ 346,318	\$ 74,902
2002	\$ 64,382	\$ 367,845	\$ 1,983

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees, with the exception of the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. Effective January 1, 2003 firefighters emergency medical technicians (EMTs) may transfer PERS Plan 1 or Plan 2 service credit to LEOFF Plan 2 if while employed for the city, town, county or district, the EMT’s job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

Table FN9 - LEOFF Plan 1 Benefit Calculation

Term of Service	Percent of Final Average
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent

annually.

There are 368 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Table FN10 - LEOFF Membership

Retirees and Beneficiaries Receiving Benefits	8,370
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	453
Active Plan Members Vested	11,548
Active Plan Members Nonvested	<u>4,003</u>
TOTAL	24,374

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The County’s covered payroll for the year ended December 31, 2004 was \$5,028,205. The County’s total current year payroll for all employees was \$43,341,879.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were:

Table FN11 - LEOFF Contribution Rates

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.19%	3.25%**
Employee	0.00%	5.09%
State	N/A	2.03%

*The employer rates include the employer administrative expense fee currently set at 0.19%.
 **The employer rates for ports and universities is 5.28%.

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

Table FN12 - County Contribution to LEOFF

	LEOFF Plan 1	LEOFF Plan 2
2004	\$ 285	\$159,336
2003	\$ 288	\$127,212
2002	\$ 685	\$118,225

NOTE 7 - RISK MANAGEMENT

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

In 2004, Whatcom County settled a claim that requires the county to pay medical coverage for a former employee from January 2004 to the employee's 65th birthday in March of 2015. The estimate of the present value of the future cash payments totals \$107,636.

At December 31, 2004, the amount of these liabilities was \$3,362,795. Changes in the balances of claims liabilities during 2003 and 2004 were as follows:

Table FN13 - Claims Liability Balance Changes

	Beginning of Year Claims Liability	Claims Paid During the Year	Estimated Additional Liability Incurred	Balance at Year End
2003	\$ 2,655,310	\$ (3,173,081)	\$ 3,151,189	\$ 2,633,418
2004	\$ 2,633,418	\$ (3,986,512)	\$ 4,715,889	\$ 3,362,795

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

The pool allows members to establish a plan of self-insurance, jointly purchase excess or reinsurance and provide related services. All pool joint self-insurance liability coverages, including public officials' errors and omissions, are on an "occurrence" basis.

Members make an annual contribution to fund the pool. The pool acquires reinsurance from unrelated underwriters that are subject to a pool per-occurrence self-insured retention of \$100,000. Members may elect deductible amounts ranging from \$10,000 per occurrence to \$250,000. Whatcom County currently has a \$100,000 per occurrence deductible. Members are responsible for the first deductible amounts of each claim, while the pool is responsible for the remaining difference up to the pool's \$100,000 self-insured retention. Reinsurance carriers cover all losses over \$100,000 to the maximum limits of each policy.

Since the pool is a cooperative program, there is joint liability among the participating members. A retroactive assessment was approved in 1999 for \$6.5 million with payments starting in 1999 and spread over ten years. The county's proportional share of the assessment is approximately 5.0%.

Members contract to remain in the pool for a minimum of five years, and must give notice one year before terminating participation. The interlocal agreement is renewed automatically each year until terminated. Even after termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period that it was a signatory to the interlocal agreement.

The pool is fully funded by its member participants. Claims are filed by members with the pool.

The pool is governed by a board of directors that is comprised of one designated representative from each participating member. An executive committee is elected at the annual meeting, and is responsible for conducting the business affairs of the pool.

In the past three years, Whatcom County has not had any claims that exceeded risk pool coverage. Whatcom County's membership in the pool comprises a 5% interest (approximately) in pool assets and liabilities. Summarized financial information as of September 30, 2003 is presented below.

Table FN14 - Washington Counties Risk Pool

**Washington Counties Risk Pool
As of September 30, 2003**

Total Assets	\$20,532,880
Total Liabilities	<u>\$21,782,813</u>
Total Restricted Net Assets	(\$1,249,933)
Total Revenues	\$11,721,713
Total Expenses	\$11,217,644
Changes in Net Assets	<u><u>\$504,069</u></u>

NOTE 8 - LONG-TERM DEBT AND CAPITAL LEASES

General Obligation Bonds

The county issued general obligation bonds in the amount of \$9,990,000 in 1997 to refinance 1991 issue of bonds for the remodeling of the County courthouse and to pay off interfund loans for the remodeling of the County courthouse. Interest on these bond issues are fixed at 4.0-5.5% (depending on maturity date) with final maturity in 2012. These bonds will be repaid from General Fund revenues. As of December 31, 2004, bonds outstanding total \$7,145,000.

In 1998, the county issued \$3,360,000 in general obligation bonds to pay off an interfund loan for the purchase of the Civic Center Building. Interest rate on these bonds are fixed at 3.75-4.7% (depending on maturity date) with final maturity in 2018. Repayment will be made from general fund revenues. As of December 31, 2004, outstanding bonds totaled \$2,615,000.

Whatcom County issued general obligation bonds in the amount of \$3,385,000 (interest rate 2.00%-3.35%) in 2003 to refinance the 1993 issue of bonds for the addition to the Whatcom County courthouse. This debt issue matures in full in 2012. As of December 31, 2004, outstanding bonds totaled \$3,045,000. Repayment will be made from General Fund revenues.

Special Assessment Debt for Road Improvements

Debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. The assessments are liens against the property and subject to foreclosure. Whatcom County has established a RID Guaranty Fund to set aside a reserve to meet debt service requirements on RID debt in the event that assessment collections are insufficient. This reserve is funded by an assessment against RID funds as they are established. At December 31, 2004, a reserve of \$93,348 was available in the RID Guaranty Fund.

RID 9 debt represents loans from Washington Community Economic Revitalization Board (CERB) for road, water and sewer improvements to an area within Whatcom County known as Cordata Business Park. In November 1987, the County formed Road Improvement District #9 and levied assessments to service these loans. The special assessment debt balance is payable from assessments receivable until maturity in the year 2006. At December 31, the outstanding loan balance was \$194,482.

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

Table FN15 - GO Bonds and Special Assessment Debt

Year Ending December 31	General Obligation Bonds		Special Assessment Debt	
	Principal	Interest	Principal	Interest
2005	\$ 1,310,000	\$ 546,168	\$ 129,128	\$ 18,158
2006	1,380,000	486,990	65,354	4,444
2007	1,440,000	424,452	-	-
2008	1,530,000	360,505	-	-
2009	1,600,000	293,617	-	-
2010 - 2014	4,630,000	562,119	-	-
2015 - 2019	915,000	109,550	-	-
Total	<u>\$ 12,805,000</u>	<u>\$ 2,783,401</u>	<u>\$ 194,482</u>	<u>\$ 22,602</u>

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

At December 31, 2004, the County had \$75,317 available in debt service funds to service the general bonded debt. In addition, \$76,060 was available to service RID debt.

Changes In Long-Term Debt

During the year ended December 31, 2004, the following changes occurred in long-term liabilities:

Table FN16 - Changes in Long-Term Debt

Governmental Activities	January 1	Additions	Reductions	December 31	Due Within One Year
Bonds payable					
General obligation debt	\$ 14,075,000	\$ -	\$ 1,270,000	\$ 12,805,000	\$ 1,310,000
Special assessment debt	282,538	-	88,056	194,482	129,128
Less deferred amounts for issuance discounts/premiums	86,418	-	10,453	75,965	-
Total bonds payable	14,443,956	-	1,368,509	13,075,447	1,439,128
Capital leases	416,428	45,403	133,434	328,397	118,912
Claims and Judgements (See Note 7)	2,633,418	4,715,889	3,986,512	3,362,795	3,269,631
Compensated absences	4,082,063	1,140,019	318,233	4,903,849	339,433
Loans payable	-	333,443	8,761	324,682	27,586
Landfill post-closure costs	250,000	-	-	250,000	-
Total Governmental Activities	\$ 21,825,865	\$ 6,234,754	\$ 5,815,449	\$ 22,245,170	\$ 5,194,690
Business-Type Activities					
Compensated absences	\$ 15,150	\$ -	\$ 2,399	\$ 12,751	\$ -
Total Business-Type Activities	\$ 15,150	\$ -	\$ 2,399	\$ 12,751	\$ -

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

Compensated Absences

For governmental activities, the compensated absences liability will be paid from the General Fund, County Road, Election Reserve, Water Resources, Solid Waste, Victim Witness Assistance, and Emergency Management special revenue funds, and Equipment Rental and Revolving and Administrative Services internal service funds.

Capital Leases

In 1997, Whatcom County entered into a lease agreement for copiers that qualifies as a capital lease for accounting purposes. The leased copiers and related obligations are accounted for in the Proprietary Fund, Administrative Services. The assets acquired through capital leases are as follows:

	Governmental Activities	
Asset:		
Machinery and equipment	\$	699,777
Less: Accumulated depreciation		(370,346)
Total	\$	329,431

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004 were as follows:

Year Ending December 31	Governmental Activities	
2005		\$131,780
2006		112,901
2007		85,304
2008		27,559
2009		5,083
2010 and Beyond		-
Total Minimum Lease Payments		362,627
Less: Interest		34,230
Present Value of Minimum Lease Payments		\$328,397

Debt Limitations

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

Table FN19 - Long-Term Debt Capacity

<u>Purpose of Indebtedness</u>	<u>Remaining Capacity</u>
General Government (No vote required)	\$ 198,026,785
General Government (With 3/5 majority vote)	\$ 343,344,550

NOTE 9 – CONTINGENCIES

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

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

NOTE 10 - COMMITMENTS

The City of Bellingham provides county wide emergency medical care and transportation services. In the event that the user fees and donations received by the city to provide these services is insufficient to pay for all the operation, maintenance and capital expenditures attributed to this service, the city and the county have agreed to split the deficit equally.

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund receivables and payables are transactions that would be treated as revenues, expenditures or expenses if the involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the county. At December 31, 2004, due to and from other funds balances were as follows:

Table FN20 - Due To / From Other Funds

Due To	Due From					Total
	General Fund	County Road	Flood Control Zone Dist.	Internal Service	All Others	
General Fund	\$ -	\$ 2,648	\$ 18,367	\$ 3,500	\$ 29,820	\$ 54,335
County Road	492	-	-	117,790	-	118,282
Internal Service	366,573	90,824	13,787	-	-	471,184
Total	\$367,065	\$ 93,472	\$ 32,154	\$121,290	\$ 29,820	\$643,801

Interfund loans outstanding as of 12/31/04 were as follows:

Table FN21 - Interfund Loans Receivable / Payable

Interfund Loan Receivable	Interfund Loan Payable	
		Election Reserve
General Fund	\$	170,000
Total	\$	170,000

Interfund Transfers

Transfers provide funding for capital projects, debt service, reallocations of special revenues, and to support the operations of other funds. Interfund transfers for the year ended December 31, 2004, consisted of the following:

Table FN22 - Interfund Transfers

Transfer To	Transfers From					Total
	General Fund	County Road	Flood Control Zone Dist.	Internal Service	All Others	
General Fund	\$ 60,797	\$ 86,000	\$ 133,030	\$ 147,788	\$ 688,623	\$ 1,116,238
County Road	59,000	-	-	-	1,049	60,049
Internal Service	761,322	257,283	14,785	-	-	1,033,390
All Others	531,719	-	-	254,598	1,320,220	2,106,537
Total	\$ 1,412,838	\$ 343,283	\$ 147,815	\$ 402,386	\$ 2,009,892	\$ 4,316,214

NOTE 12 - JOINT VENTURES

Whatcom County participates with the City of Bellingham and other local governmental jurisdictions to provide a law enforcement, fire and emergency medical communications dispatching service (What-Comm Communications Center). The governing board of What-Comm consists of three members from the county, three from the city, one representing county fire districts and one elected official to be selected by the other members. The board is responsible for establishing the budget for What-Comm and for establishing the annual financial contributions to be made by the member jurisdictions. Whatcom County and the City of Bellingham share the expenditures equally. Whatcom County contributed \$614,961 as its share of operations in 2004. Whatcom County did not have an equity interest in What-Comm in 2004. Financial statements for What-Comm Communications Center can be obtained from the City of Bellingham, 210 Lottie Street, Bellingham, Washington 98225.

NOTE 13 – POSTRETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 6, Whatcom County provides postretirement health care benefits, in accordance with the Washington Law Enforcement Officers and Fire Fighters Retirement Systems (LEOFF) Act (RCW 41.26), to employees who were law enforcement officers and established membership in the LEOFF I retirement system on or before September 30, 1977. Currently, 20 retirees meet those eligibility requirements.

Whatcom County pays for health insurance and medical costs not covered by insurance for pre-Medicare retirees. The County also pays a fixed amount of \$136 to \$193 per month for a Medicare supplement for each retiree eligible for Medicare.

During the year, expenditures of \$165,037 were recognized for postretirement health care.

NOTE 14 – POSTCLOSURE CARE COST

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

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

NOTE 15 - OTHER DISCLOSURES

Prior Period Adjustment

A prior period adjustment of \$129,644 was recorded in the government-wide financial statements to correct the capital asset balance for a robot that was received through a 2003 Homeland Security Grant.

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund

Year Ended December 31, 2004



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 30,657,131	\$ 30,657,131	\$ 32,460,137	\$ 1,803,006
Licenses and permits	1,925,835	2,040,022	2,334,352	294,330
Intergovernmental	12,922,834	13,803,333	13,506,420	(296,913)
Charges for service	6,054,426	6,323,200	7,230,068	906,868
Fines and forfeits	1,396,100	1,396,100	1,615,162	219,062
Miscellaneous	2,957,532	2,998,966	3,278,542	279,576
Total revenues	55,913,858	57,218,752	60,424,681	3,205,929
Expenditures				
Current:				
General government	18,474,297	18,578,027	17,855,596	722,431
Public Safety	24,045,620	25,660,916	25,278,295	382,621
Physical environment	361,102	361,102	358,379	2,723
Economic environment	1,195,230	1,863,654	1,593,373	270,281
Mental and physical health	10,041,840	10,073,912	9,151,500	922,412
Culture and recreation	3,551,606	3,554,611	3,487,263	67,348
Capital outlay	403,731	626,100	430,491	195,609
Debt service:				
Principal	-	-	8,761	(8,761)
Interest	-	-	7,979	(7,979)
Total expenditures	58,073,426	60,718,322	58,171,637	2,546,685
Excess (deficiency) of revenues over expenditures	(2,159,568)	(3,499,570)	2,253,044	5,752,614
Other financing sources (uses)				
Sales of capital assets	548,000	548,000	826,687	278,687
Transfers in	1,164,234	1,189,234	1,116,238	(72,996)
Transfers out	(1,335,993)	(1,652,487)	(1,412,838)	239,649
Total other financing sources (uses)	376,241	84,747	530,087	445,340
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(1,783,327)	(3,414,823)	2,783,131	6,197,954
Fund balance as of January 1	-	1,631,496	19,493,154	17,861,658
Fund balance as of December 31	\$ (1,783,327)	\$ (1,783,327)	\$ 22,276,285	\$ 24,059,612

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

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
County Road

Year Ended December 31, 2004



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,052,000	\$ 13,052,000	\$ 13,053,232	\$ 1,232
Licenses and permits	40,100	40,100	55,794	15,694
Intergovernmental	6,537,000	6,537,000	5,866,512	(670,488)
Charges for service	1,188,456	1,188,456	1,161,620	(26,836)
Miscellaneous	15,000	15,000	(3,529)	(18,529)
Total revenues	20,832,556	20,832,556	20,133,629	(698,927)
Expenditures				
Current:				
General government	150,000	150,000	164,753	(14,753)
Transportation	17,728,539	17,877,581	14,736,146	3,141,435
Capital outlay	9,470,000	12,466,909	6,715,176	5,751,733
Total expenditures	27,348,539	30,494,490	21,616,075	8,878,415
Excess (deficiency) of revenues over expenditures	(6,515,983)	(9,661,934)	(1,482,446)	8,179,488
Other financing sources (uses)				
Sales of capital assets	900,000	900,000	1,012,669	112,669
Transfers in	60,032	60,032	60,049	17
Transfers out	(598,432)	(598,432)	(343,283)	255,149
Total other financing sources (uses)	361,600	361,600	729,435	367,835
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(6,154,383)	(9,300,334)	(753,011)	8,547,323
Fund balance as of January 1	8,708,000	11,853,951	11,767,065	(86,886)
Fund balance as of December 31	\$ 2,553,617	\$ 2,553,617	\$ 11,014,054	\$ 8,460,437

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

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Flood Control Zone District
Year Ended December 31, 2004



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,676,197	\$ 176,197
Intergovernmental	678,213	678,213	1,054,994	376,781
Charges for service	47,250	47,250	433	(46,817)
Miscellaneous	-	-	(12,347)	(12,347)
Total revenues	3,225,463	3,225,463	3,719,277	493,814
Expenditures				
Current:				
Physical environment	4,364,646	5,505,433	2,747,536	2,757,897
Capital outlay	326,100	334,114	624,887	(290,773)
Total expenditures	4,690,746	5,839,547	3,372,423	2,467,124
Excess (deficiency) of revenues over expenditures	(1,465,283)	(2,614,084)	346,854	2,960,938
Other financing sources (uses)				
Sales of fixed assets	-	-	94,159	94,159
Operating transfer out	(232,785)	(232,785)	(147,815)	84,970
Total other financing sources (uses)	(232,785)	(232,785)	(53,656)	179,129
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(1,698,068)	(2,846,869)	293,198	3,140,067
Fund balance as of January 1	9,146,887	10,295,687	8,520,896	(1,774,791)
Fund balance as of December 31	\$ 7,448,819	\$ 7,448,818	\$ 8,814,094	\$ 1,365,276

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

A. Budgetary Basis

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

B. Material Violations

There were no material violations of finance-related legal or contractual provisions in the general fund and special revenue funds. In addition, these fund's expenditures did not exceed legal appropriation for 2004.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established in Whatcom County pursuant to State statutes or local ordinance in order to segregate resources that are designated to be used for specified purposes. Both revenues and expenditures are budgeted in compliance with procedures established in Article 6 of the Whatcom County Charter. Appropriations are authorized by ordinance at the fund level. The modified accrual basis of accounting is applied. The following lists all Special Revenue Funds included in this report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Point Roberts Transportation Benefit District - A fund created to address the transportation needs of the Point Roberts area.

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

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

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

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

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

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

Debt Service Funds

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

General Obligation Bond - A fund to account for redemption of bonds which are general obligations of the county.

Road Improvement District Special Assessment Bond - A fund to account for redemption of bonds which will be repaid from the proceeds of special assessments that have been levied against the affected property owners.

Capital Project Funds

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

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

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

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

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

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

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

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

Internal Service Funds

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

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

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

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

Agency Funds

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

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,329,445	\$ 151,377	\$ 3,702,640	\$ 13,183,462
Investments at cost	-	-	33,441	33,441
Taxes receivable	60,597	10	-	60,607
Accounts receivable	210,919	-	-	210,919
Special assessments	12,453	193,320	-	205,773
Interest receivable	-	-	62	62
Notes receivable	111,407	-	-	111,407
Due from other governments	458,119	-	40,769	498,888
Total Assets	\$ 10,182,940	\$ 344,707	\$ 3,776,912	\$ 14,304,559
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 217,654	\$ -	\$ 7,409	\$ 225,063
Due to other funds	29,820	-	-	29,820
Interfund loans payable	170,000	-	-	170,000
Revenue collected in advance	-	-	51	51
Due to other governments	1,421	-	-	1,421
Other accrued liabilities	399	-	-	399
Deferred revenue	184,457	193,330	-	377,787
Total liabilities	603,751	193,330	7,460	804,541
Fund balances				
Reserved for:				
Encumbrances	155,419	-	144,989	300,408
Petty cash	70,200	-	-	70,200
Debt service	-	151,377	-	151,377
Unreserved, reported in:				
Special revenue funds	9,353,570	-	-	9,353,570
Capital projects funds	-	-	3,624,463	3,624,463
Total fund balance	9,579,189	151,377	3,769,452	13,500,018
Total liabilities and fund balance	\$ 10,182,940	\$ 344,707	\$ 3,776,912	\$ 14,304,559

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

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

Year Ended December 31, 2004



	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non Major Governmental Funds
Revenues				
Taxes	\$ 1,639,826	\$ -	\$ 3,431,168	\$ 5,070,994
Intergovernmental	1,285,169	-	-	1,285,169
Charges for service	1,771,735	-	-	1,771,735
Fines and forfeits	509,405	-	-	509,405
Miscellaneous	29,334	94,662	2,147	126,143
Total revenues	5,235,469	94,662	3,433,315	8,763,446
Expenditures				
Current:				
General government	1,383,486	-	-	1,383,486
Public Safety	535,981	-	-	535,981
Physical environment	1,050,557	-	10,922	1,061,479
Transportation	24,955	-	-	24,955
Economic environment	165,368	-	-	165,368
Culture and recreation	136,338	-	-	136,338
Capital outlay	1,222,392	-	878,249	2,100,641
Debt service:				
Principal	88,056	1,270,000	-	1,358,056
Interest	19,212	603,489	-	622,701
Total expenditures	4,626,345	1,873,489	889,171	7,389,005
Excess (deficiency) of revenues over expenditures	609,124	(1,778,827)	2,544,144	1,374,441
Other financing sources (uses)				
Sales of capital assets	50,736	-	-	50,736
Transfers in	210,569	1,895,968	-	2,106,537
Transfers out	(710,059)	(107,268)	(1,192,565)	(2,009,892)
Total other financing sources (uses)	(448,754)	1,788,700	(1,192,565)	147,381
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	160,370	9,873	1,351,579	1,521,822
Fund balance as of January 1	9,418,819	141,504	2,417,873	11,978,196
Fund balance as of December 31	\$ 9,579,189	\$ 151,377	\$ 3,769,452	\$ 13,500,018

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



Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31, 2004

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer O & M	Water Resources	Low-Income Housing	Park ORV
Assets							
Cash and cash equivalents	\$ 66,941	\$ 179,868	\$ 28,910	\$ 207,222	\$ 499,551	\$ 911,133	\$ -
Taxes receivable	16,321	6,519	2,741	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other governments	329,512	-	-	-	-	-	-
Total Assets	\$ 412,774	\$ 186,387	\$ 31,651	\$ 207,222	\$ 499,551	\$ 911,133	\$ -
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ 10,568	\$ 375	\$ -	\$ 1,386	\$ 4,278	\$ -	\$ -
Due to other funds	134	-	-	-	-	-	-
Interfund loans payable	170,000	-	-	-	-	-	-
Due to other governments	585	-	-	-	-	-	-
Other accrued liabilities	220	-	-	-	-	-	-
Deferred revenue	16,321	6,519	2,741	-	-	-	-
Total liabilities	197,828	6,894	2,741	1,386	4,278	-	-
Fund balances							
Reserved for:							
Encumbrances	28,132	-	-	-	-	-	-
Petty cash	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	186,814	179,493	28,910	205,836	495,273	911,133	-
Total fund balance	214,946	179,493	28,910	205,836	495,273	911,133	-
Total liabilities & fund balance	\$ 412,774	\$ 186,387	\$ 31,651	\$ 207,222	\$ 499,551	\$ 911,133	\$ -

Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31, 2004



Solid Waste	Convention Center	Victim/Witness Assistance	CERB	Emergency Contingency Fair	Drug Task Force	Community Development	Imminent Threat Grant	Sewer Fund	Emergency Communications
\$ 1,391,105	\$ 263,677	\$ 91,115	\$ 61	\$ 5,250	\$ 16,170	\$ 13,566	\$ 3	\$ 5,066	\$ 45
-	-	-	-	-	-	-	-	-	-
210,919	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	111,407	-	-	-
104,841	-	-	-	-	-	-	-	-	-
<u>\$ 1,706,865</u>	<u>\$ 263,677</u>	<u>\$ 91,115</u>	<u>\$ 61</u>	<u>\$ 5,250</u>	<u>\$ 16,170</u>	<u>\$ 124,973</u>	<u>\$ 3</u>	<u>\$ 5,066</u>	<u>\$ 45</u>
\$ 38,849	\$ 777	\$ 787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,540	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
324	-	39	-	-	-	-	-	-	45
110	-	55	-	-	-	-	-	-	-
-	-	-	-	-	-	111,407	-	-	-
<u>41,823</u>	<u>777</u>	<u>881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,407</u>	<u>-</u>	<u>-</u>	<u>45</u>
89,460	-	-	-	-	-	-	-	-	-
-	-	-	-	-	10,000	-	-	-	-
1,575,582	262,900	90,234	61	5,250	6,170	13,566	3	5,066	-
<u>1,665,042</u>	<u>262,900</u>	<u>90,234</u>	<u>61</u>	<u>5,250</u>	<u>16,170</u>	<u>13,566</u>	<u>3</u>	<u>5,066</u>	<u>-</u>
<u>\$ 1,706,865</u>	<u>\$ 263,677</u>	<u>\$ 91,115</u>	<u>\$ 61</u>	<u>\$ 5,250</u>	<u>\$ 16,170</u>	<u>\$ 124,973</u>	<u>\$ 3</u>	<u>\$ 5,066</u>	<u>\$ 45</u>

continued on next page

Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31, 2004

	Whatcom County Drug	Auditor's O & M	Emergency Management	Sumas Sub- Flood Control Zone District	Point Roberts Fuel Tax	Conservation Futures
Assets						
Cash and cash equivalents	\$ 1,085,401	\$ 542,133	\$ 59,253	\$ -	\$ 132,976	\$ 2,971,305
Taxes receivable	-	-	-	-	-	35,016
Accounts receivable	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Due from other governments	-	-	23,766	-	-	-
Total Assets	\$ 1,085,401	\$ 542,133	\$ 83,019	\$ -	\$ 132,976	\$ 3,006,321
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ 17,472	\$ 121,469	\$ 19,185	\$ -	\$ -	\$ 418
Due to other funds	25,500	-	1,646	-	-	-
Interfund loans payable	-	-	-	-	-	-
Due to other governments	-	-	428	-	-	-
Other accrued liabilities	-	-	14	-	-	-
Deferred revenue	-	-	-	-	-	35,016
Total liabilities	42,972	121,469	21,273	-	-	35,434
Fund balances						
Reserved for:						
Encumbrances	-	36,899	928	-	-	-
Petty cash	60,000	-	200	-	-	-
Unreserved, reported in:						
Special revenue funds	982,429	383,765	60,618	-	132,976	2,970,887
Total fund balance	1,042,429	420,664	61,746	-	132,976	2,970,887
Total liabilities & fund balance	\$ 1,085,401	\$ 542,133	\$ 83,019	\$ -	\$ 132,976	\$ 3,006,321

Combining Balance Sheet
 Non-Major Special Revenue Funds
 December 31, 2004



Lake Management District No. 1	Road Improvement Districts	Lynden/ Everson Sub-Zone	Sumas/ Nooksack/ Everson Sub-Zone	Acme/ Van Zandt Sub-Zone	Total Non Major Special Revenue Funds
\$ 16,169	\$ 157,006	\$ 216,563	\$ 419,871	\$ 49,085	\$ 9,329,445
-	-	-	-	-	60,597
-	-	-	-	-	210,919
-	2,071	1,169	6,737	2,476	12,453
-	-	-	-	-	111,407
-	-	-	-	-	458,119
<u>\$ 16,169</u>	<u>\$ 159,077</u>	<u>\$ 217,732</u>	<u>\$ 426,608</u>	<u>\$ 51,561</u>	<u>\$ 10,182,940</u>
\$ -	\$ 2,090	\$ -	\$ -	\$ -	\$ 217,654
-	-	-	-	-	29,820
-	-	-	-	-	170,000
-	-	-	-	-	1,421
-	-	-	-	-	399
-	2,071	1,169	6,737	2,476	184,457
-	4,161	1,169	6,737	2,476	603,751
-	-	-	-	-	155,419
-	-	-	-	-	70,200
16,169	154,916	216,563	419,871	49,085	9,353,570
16,169	154,916	216,563	419,871	49,085	9,579,189
<u>\$ 16,169</u>	<u>\$ 159,077</u>	<u>\$ 217,732</u>	<u>\$ 426,608</u>	<u>\$ 51,561</u>	<u>\$ 10,182,940</u>

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

Year Ended December 31, 2004

Page 1 of 4

	Election Reserve	Veteran's Relief	Tax Refund	Treasurer's O & M	Water Resources	Low-Income Housing	Park ORV
Revenues							
Taxes	\$ 368,092	\$ 149,604	\$ 2,731	\$ -	\$ -	\$ -	\$ -
Intergovernmental	261,405	5	-	-	-	-	-
Charges for service	306,185	-	-	154,877	-	341,943	-
Fines and forfeits	-	-	-	-	-	-	-
Miscellaneous	123	50	-	150	(5,350)	-	-
Total revenues	935,805	149,659	2,731	155,027	(5,350)	341,943	-
Expenditures							
Current:							
General government	1,079,158	-	-	36,948	-	-	-
Public Safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	95,391	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	110,543	-	-	-	14,000	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	78,291	-	-	-	2,332	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	1,157,449	110,543	-	36,948	97,723	14,000	-
Excess (deficiency) of revenues over expenditures	(221,644)	39,116	2,731	118,079	(103,073)	327,943	-
Other financing sources (uses)							
Sales of capital assets	14,161	5,756	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(56,169)	-	-	-
Total other financing sources (uses)	14,161	5,756	-	(56,169)	-	-	-
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	(207,483)	44,872	2,731	61,910	(103,073)	327,943	-
Fund balance as of January 1	422,429	134,621	26,179	143,926	598,346	583,190	-
Fund balance as of Dec. 31	\$ 214,946	\$ 179,493	\$ 28,910	\$ 205,836	\$ 495,273	\$ 911,133	\$ -

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 Year Ended December 31, 2004



Solid Waste	Convention Center	Victim/Witness Assistance	CERB	Emergency Contingency Fair	Drug Task Force	Community Development	Imminent Threat Grant	Sewer Fund
\$ -	\$ 145,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
403,564	-	12,041	-	-	-	-	-	-
818,550	-	75,519	-	-	-	-	-	-
-	-	24,586	-	-	-	-	-	-
2,253	-	-	-	-	-	-	-	-
<u>1,224,367</u>	<u>145,336</u>	<u>112,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	56,024	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
949,440	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	136,338	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	88,056	-	-	-	-	-
-	-	-	19,212	-	-	-	-	-
<u>949,440</u>	<u>136,338</u>	<u>56,024</u>	<u>107,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
274,927	8,998	56,122	(107,268)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	107,268	-	-	-	-	-
<u>(112,137)</u>	<u>-</u>	<u>(60,815)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
<u>(112,137)</u>	<u>-</u>	<u>(60,815)</u>	<u>107,268</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
162,790	8,998	(4,693)	-	-	-	(5,000)	-	-
<u>1,502,252</u>	<u>253,902</u>	<u>94,927</u>	<u>61</u>	<u>5,250</u>	<u>16,170</u>	<u>18,566</u>	<u>3</u>	<u>5,066</u>
<u>\$ 1,665,042</u>	<u>\$ 262,900</u>	<u>\$ 90,234</u>	<u>\$ 61</u>	<u>\$ 5,250</u>	<u>\$ 16,170</u>	<u>\$ 13,566</u>	<u>\$ 3</u>	<u>\$ 5,066</u>

continued on next page

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

Year Ended December 31, 2004

Page 3 of 4

	Emergency Communi- cations	Whatcom County Drug	Auditor's O & M	Emergency Management	Sumas Sub- Flood Control Zone Dist	Point Roberts Fuel Tax
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,278
Intergovernmental	-	-	88,492	279,636	-	-
Charges for service	-	-	74,661	-	-	-
Fines and forfeits	-	484,819	-	-	-	-
Miscellaneous	-	29,387	-	1,397	-	-
Total revenues	-	514,206	163,153	281,033	-	35,278
Expenditures						
Current:						
General government	-	-	211,356	-	-	-
Public Safety	-	135,484	-	400,497	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	19,399	136,737	7,645	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	154,883	348,093	408,142	-	-
Excess (deficiency) of revenues over expenditures	-	359,323	(184,940)	(127,109)	-	35,278
Other financing sources (uses)						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	103,301	-	-
Transfers out	-	(424,400)	(30,103)	-	-	-
Total other financing sources (uses)	-	(424,400)	(30,103)	103,301	-	-
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	-	(65,077)	(215,043)	(23,808)	-	35,278
Fund balance as of January 1	-	1,107,506	635,707	85,554	-	97,698
Fund balance as of Dec. 31	\$ -	\$ 1,042,429	\$ 420,664	\$ 61,746	\$ -	\$ 132,976

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Special Revenue Funds
 Year Ended December 31, 2004



Conservation Futures	Lake Management District No. 1	Road Improvement Districts	Lynden/ Everson Sub-Zone	Sumas/ Nooksack/ Everson Sub-Zone	Acme/ Van Zandt Sub-Zone	Total Non Major Special Revenue Funds
\$ 801,162	\$ -	\$ 26,553	\$ 23,884	\$ 69,786	\$ 17,400	\$ 1,639,826
240,026	-	-	-	-	-	1,285,169
-	-	-	-	-	-	1,771,735
-	-	-	-	-	-	509,405
269	-	1,049	-	6	-	29,334
<u>1,041,457</u>	<u>-</u>	<u>27,602</u>	<u>23,884</u>	<u>69,792</u>	<u>17,400</u>	<u>5,235,469</u>
-	-	-	-	-	-	1,383,486
-	-	-	-	-	-	535,981
-	3,419	-	-	2,307	-	1,050,557
-	-	24,955	-	-	-	24,955
40,825	-	-	-	-	-	165,368
-	-	-	-	-	-	136,338
977,988	-	-	-	-	-	1,222,392
-	-	-	-	-	-	88,056
-	-	-	-	-	-	19,212
<u>1,018,813</u>	<u>3,419</u>	<u>24,955</u>	<u>-</u>	<u>2,307</u>	<u>-</u>	<u>4,626,345</u>
<u>22,644</u>	<u>(3,419)</u>	<u>2,647</u>	<u>23,884</u>	<u>67,485</u>	<u>17,400</u>	<u>609,124</u>
30,819	-	-	-	-	-	50,736
-	-	-	-	-	-	210,569
-	-	(21,435)	-	-	-	(710,059)
<u>30,819</u>	<u>-</u>	<u>(21,435)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(448,754)</u>
53,463	(3,419)	(18,788)	23,884	67,485	17,400	160,370
2,917,424	19,588	173,704	192,679	352,386	31,685	9,418,819
<u>\$ 2,970,887</u>	<u>\$ 16,169</u>	<u>\$ 154,916</u>	<u>\$ 216,563</u>	<u>\$ 419,871</u>	<u>\$ 49,085</u>	<u>\$ 9,579,189</u>

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
Election Reserve

Year Ended December 31, 2004

(With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 360,000	\$ 368,092	\$ 8,092	\$ 369,685
Intergovernmental	643,500	261,405	(382,095)	16
Charges for Service	320,000	306,185	(13,815)	346,449
Miscellaneous	-	123	123	131
Total Revenues	1,323,500	935,805	(387,695)	716,281
Expenditures				
Current:				
General Government	1,115,095	1,079,158	35,937	601,249
Capital Outlay	462,123	78,291	383,832	5,953
Total Expenditures	1,577,218	1,157,449	419,769	607,202
Excess (Deficiency) of Revenues Over Expenditures	(253,718)	(221,644)	32,074	109,079
Other Financing Sources (Uses)				
Sales of Capital Assets	-	14,161	14,161	15,441
Operating Transfer In	135,000	-	(135,000)	-
Total Other Financing Sources (Uses)	135,000	14,161	(120,839)	15,441
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other	(118,718)	(207,483)	(88,765)	124,520
Fund Balance as of January 1	-	422,429	422,429	297,909
Fund Balance as of December 31	\$ (118,718)	\$ 214,946	\$ 333,664	\$ 422,429

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Veteran's Relief



Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)

	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 145,659	\$ 149,604	\$ 3,945	\$ 144,989
Intergovernmental	-	5	5	6
Miscellaneous	-	50	50	151
Total Revenues	<u>145,659</u>	<u>149,659</u>	<u>4,000</u>	<u>145,146</u>
Expenditures				
Current:				
Economic Environment	<u>169,659</u>	<u>110,543</u>	<u>59,116</u>	<u>145,754</u>
Total Expenditures	<u>169,659</u>	<u>110,543</u>	<u>59,116</u>	<u>145,754</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,000)</u>	<u>39,116</u>	<u>63,116</u>	<u>(608)</u>
Other Financing Sources (Uses)				
Sales of Capital Assets	<u>4,000</u>	<u>5,756</u>	<u>1,756</u>	<u>6,034</u>
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>5,756</u>	<u>1,756</u>	<u>6,034</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(20,000)</u>	<u>44,872</u>	<u>64,872</u>	<u>5,426</u>
Fund Balance as of January 1	<u>20,000</u>	<u>134,621</u>	<u>114,621</u>	<u>129,195</u>
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 179,493</u>	<u>\$ 179,493</u>	<u>\$ 134,621</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Treasurer's O & M
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for Service	\$ 218,693	\$ 154,877	\$ (63,816)	\$ 122,733
Miscellaneous	-	150	150	27
Total Revenues	<u>218,693</u>	<u>155,027</u>	<u>(63,666)</u>	<u>122,760</u>
Expenditures				
Current:				
General Government	159,394	36,948	122,446	37,202
Capital Outlay	2,049	-	2,049	-
Total Expenditures	<u>161,443</u>	<u>36,948</u>	<u>124,495</u>	<u>37,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>57,250</u>	<u>118,079</u>	<u>60,829</u>	<u>85,558</u>
Other Financing Sources (Uses)				
Operating Transfer Out	(35,000)	(56,169)	(21,169)	(59,159)
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(56,169)</u>	<u>(21,169)</u>	<u>(59,159)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>22,250</u>	<u>61,910</u>	<u>39,660</u>	<u>26,399</u>
Fund Balance as of January 1	-	143,926	143,926	117,527
Fund Balance as of December 31	<u>\$ 22,250</u>	<u>\$ 205,836</u>	<u>\$ 183,586</u>	<u>\$ 143,926</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Water Resources
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 191,858
Miscellaneous	-	(5,350)	(5,350)	-
Total Revenues	-	(5,350)	(5,350)	191,858
Expenditures				
Current:				
Physical Environment	728,820	95,391	633,429	2,464,352
Capital Outlay	-	2,332	(2,332)	3,924
Total Expenditures	728,820	97,723	631,097	2,468,276
Excess (Deficiency) of Revenues Over Expenditures	(728,820)	(103,073)	625,747	(2,276,418)
Other Financing Sources (Uses)				
Operating Transfer In	100,000	-	(100,000)	2,580,870
Operating Transfer Out	-	-	-	(263,197)
Total Other Financing Sources (Uses)	100,000	-	(100,000)	2,317,673
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(628,820)	(103,073)	525,747	41,255
Fund Balance as of January 1	888,947	598,346	(290,601)	557,091
Fund Balance as of December 31	\$ 260,127	\$ 495,273	\$ 235,146	\$ 598,346

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Low-Income Housing
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for service	\$ 300,000	\$ 341,943	\$ 41,943	\$ 403,418
Total Revenues	<u>300,000</u>	<u>341,943</u>	<u>41,943</u>	<u>403,418</u>
Expenditures				
Current:				
Economic Environment	300,000	14,000	286,000	-
Total Expenditures	<u>300,000</u>	<u>14,000</u>	<u>286,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	327,943	327,943	403,418
Fund Balance as of January 1	-	583,190	583,190	179,772
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 911,133</u>	<u>\$ 911,133</u>	<u>\$ 583,190</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Solid Waste

Year Ended December 31, 2004

(With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 280,100	\$ 403,564	\$ 123,464	\$ 195,050
Charges for Service	748,100	818,550	70,450	791,336
Miscellaneous	3,000	2,253	(747)	2,700
Total Revenues	1,031,200	1,224,367	193,167	989,086
Expenditures				
Current:				
Physical Environment	1,206,409	949,440	256,969	865,100
Total Expenditures	1,206,409	949,440	256,969	865,100
Excess (Deficiency) of Revenues Over Expenditures	(175,209)	274,927	450,136	123,986
Other Financing Sources (Uses)				
Operating Transfer Out	(113,293)	(112,137)	1,156	(111,136)
Total Other Financing Sources (Uses)	(113,293)	(112,137)	1,156	(111,136)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(288,502)	162,790	451,292	12,850
Fund Balance as of January 1	1,400,693	1,502,252	101,559	1,489,402
Fund Balance as of December 31	\$ 1,112,191	\$ 1,665,042	\$ 552,851	\$ 1,502,252

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Convention Center

Year Ended December 31, 2004

(With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 150,000	\$ 145,336	\$ (4,664)	\$ 162,021
Total Revenues	<u>150,000</u>	<u>145,336</u>	<u>(4,664)</u>	<u>162,021</u>
Expenditures				
Current:				
Culture & Recreation	136,500	136,338	162	138,000
Capital Outlay	14,000	-	14,000	-
Total Expenditures	<u>150,500</u>	<u>136,338</u>	<u>14,162</u>	<u>138,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(500)</u>	<u>8,998</u>	<u>9,498</u>	<u>24,021</u>
Fund Balance as of January 1	36,500	253,902	217,402	229,881
Fund Balance as of December 31	<u>\$ 36,000</u>	<u>\$ 262,900</u>	<u>\$ 226,900</u>	<u>\$ 253,902</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Victim/Witness Assistance
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ -	\$ 12,041	\$ 12,041	\$ -
Charges for Service	92,750	75,519	(17,231)	91,207
Fines & Forfeits	24,100	24,586	486	24,882
Total Revenues	116,850	112,146	(4,704)	116,089
Expenditures				
Current:				
General Government	56,349	56,024	325	51,932
Total Expenditures	56,349	56,024	325	51,932
Excess (Deficiency) of Revenues Over Expenditures	60,501	56,122	(4,379)	64,157
Other Financing Sources (Uses)				
Operating Transfer Out	(60,815)	(60,815)	-	(53,844)
Total Other Financing Sources (Uses)	(60,815)	(60,815)	-	(53,844)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(314)	(4,693)	(4,379)	10,313
Fund Balance as of January 1	-	94,927	94,927	84,614
Fund Balance as of December 31	\$ (314)	\$ 90,234	\$ 90,548	\$ 94,927

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

Year Ended December 31, 2004

(With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Principal	\$ 92,342	\$ 88,056	\$ 4,286	\$ 139,612
Interest	16,793	19,212	(2,419)	28,706
Total Expenditures	<u>109,135</u>	<u>107,268</u>	<u>1,867</u>	<u>168,318</u>
Excess (Deficiency) of Revenues Over Expenditures	(109,135)	(107,268)	1,867	(168,318)
Other Financing Sources (Uses)				
Operating Transfer In	109,135	107,268	(1,867)	168,318
Total Other Financing Sources (Uses)	<u>109,135</u>	<u>107,268</u>	<u>(1,867)</u>	<u>168,318</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	-	-	-	-
Fund Balance as of January 1	-	61	61	61
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 61</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Community Development
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



Other Financing Sources (Uses)

Operating Transfer Out

Total Other Financing Sources (Uses)

Excess (Deficiency) of Revenues & Other Financing
 Sources Over Expenditures & Other Uses

Fund Balance as of January 1

Fund Balance as of December 31

	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating Transfer Out	\$ (5,000)	\$ (5,000)	\$ -	\$ (5,000)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(5,000)	(5,000)	-	(5,000)
Fund Balance as of January 1	-	18,566	18,566	23,566
Fund Balance as of December 31	<u>\$ (5,000)</u>	<u>\$ 13,566</u>	<u>\$ 18,566</u>	<u>\$ 18,566</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Whatcom County Drug
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Charges for Service	\$ 5,900	\$ -	\$ (5,900)	\$ -
Fines & Forfeits	345,525	484,819	139,294	1,068,750
Miscellaneous	-	29,387	29,387	16,966
Total Revenues	<u>351,425</u>	<u>514,206</u>	<u>162,781</u>	<u>1,085,716</u>
Expenditures				
Current:				
Security of Persons & Property	185,000	135,484	49,516	157,337
Capital Outlay	100,000	19,399	80,601	63,757
Total Expenditures	<u>285,000</u>	<u>154,883</u>	<u>130,117</u>	<u>221,094</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>66,425</u>	<u>359,323</u>	<u>292,898</u>	<u>864,622</u>
Other Financing Sources (Uses)				
Operating Transfer Out	(424,400)	(424,400)	-	(414,331)
Total Other Financing Sources (Uses)	<u>(424,400)</u>	<u>(424,400)</u>	<u>-</u>	<u>(414,331)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(357,975)</u>	<u>(65,077)</u>	<u>292,898</u>	<u>450,291</u>
Fund Balance as of January 1	-	1,107,506	1,107,506	657,215
Fund Balance as of December 31	<u>\$ (357,975)</u>	<u>\$ 1,042,429</u>	<u>\$ 1,400,404</u>	<u>\$ 1,107,506</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Auditor's O & M
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 45,000	\$ 88,492	\$ 43,492	\$ 75,090
Charges for Service	60,200	74,661	14,461	91,690
Total Revenues	<u>105,200</u>	<u>163,153</u>	<u>57,953</u>	<u>166,780</u>
Expenditures				
Current:				
General Government	273,700	211,356	62,344	9,857
Capital Outlay	122,988	136,737	(13,749)	4,004
Total Expenditures	<u>396,688</u>	<u>348,093</u>	<u>48,595</u>	<u>13,861</u>
Excess (Deficiency) of Revenues Over Expenditures	(291,488)	(184,940)	106,548	152,919
Other Financing Sources (Uses)				
Operating Transfer Out	(37,864)	(30,103)	7,761	(19,171)
Total Other Financing Sources (Uses)	<u>(37,864)</u>	<u>(30,103)</u>	<u>7,761</u>	<u>(19,171)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(329,352)	(215,043)	114,309	133,748
Fund Balance as of January 1	153,929	635,707	481,778	501,959
Fund Balance as of December 31	<u>\$ (175,423)</u>	<u>\$ 420,664</u>	<u>\$ 596,087</u>	<u>\$ 635,707</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Emergency Management
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental	\$ 786,871	\$ 279,636	\$ (507,235)	\$ 187,944
Miscellaneous	7,639	1,397	(6,242)	3,975
Total Revenues	<u>794,510</u>	<u>281,033</u>	<u>(513,477)</u>	<u>191,919</u>
Expenditures				
Current:				
Public Safety	572,767	400,497	172,270	350,224
Capital Outlay	334,512	7,645	326,867	8,337
Total Expenditures	<u>907,279</u>	<u>408,142</u>	<u>499,137</u>	<u>358,561</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(112,769)</u>	<u>(127,109)</u>	<u>(14,340)</u>	<u>(166,642)</u>
Other Financing Sources (Uses)				
Operating Transfer In	103,301	103,301	-	102,970
Operating Transfer Out	(44,948)	-	44,948	-
Total Other Financing Sources (Uses)	<u>58,353</u>	<u>103,301</u>	<u>44,948</u>	<u>102,970</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(54,416)</u>	<u>(23,808)</u>	<u>30,608</u>	<u>(63,672)</u>
Fund Balance as of January 1	1,324	85,554	84,230	149,226
Fund Balance as of December 31	<u>\$ (53,092)</u>	<u>\$ 61,746</u>	<u>\$ 114,838</u>	<u>\$ 85,554</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Point Roberts Fuel Tax
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 20,000	\$ 35,278	\$ 15,278	\$ 27,147
Total Revenues	<u>20,000</u>	<u>35,278</u>	<u>15,278</u>	<u>27,147</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>20,000</u>	<u>35,278</u>	<u>15,278</u>	<u>27,147</u>
Fund Balance as of January 1	90,551	97,698	7,147	70,551
Fund Balance as of December 31	<u>\$ 110,551</u>	<u>\$ 132,976</u>	<u>\$ 22,425</u>	<u>\$ 97,698</u>

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
Conservation Futures

Year Ended December 31, 2004

(With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 788,279	\$ 801,162	\$ 12,883	\$ 781,767
Intergovernmental	240,050	240,026	(24)	33
Miscellaneous	200	269	69	276
Total Revenues	<u>1,028,529</u>	<u>1,041,457</u>	<u>12,928</u>	<u>782,076</u>
Expenditures				
Current:				
Economic Environment	27,500	40,825	(13,325)	24,616
Capital Outlay	944,350	977,988	(33,638)	-
Total Expenditures	<u>971,850</u>	<u>1,018,813</u>	<u>(46,963)</u>	<u>24,616</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>56,679</u>	<u>22,644</u>	<u>(34,035)</u>	<u>757,460</u>
Other Financing Sources (Uses)				
Sales of Capital Assets	20,000	30,819	10,819	32,575
Operating Transfer Out	(118,413)	-	118,413	-
Total Other Financing Sources (Uses)	<u>(98,413)</u>	<u>30,819</u>	<u>129,232</u>	<u>32,575</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(41,734)</u>	<u>53,463</u>	<u>95,197</u>	<u>790,035</u>
Fund Balance as of January 1	775,263	2,917,424	2,142,161	2,127,389
Fund Balance as of December 31	<u>\$ 733,529</u>	<u>\$ 2,970,887</u>	<u>\$ 2,237,358</u>	<u>\$ 2,917,424</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Lake Management District 1
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Physical Environment	\$ 6,000	\$ 3,419	\$ 2,581	\$ 4,493
Total Expenditures	<u>6,000</u>	<u>3,419</u>	<u>2,581</u>	<u>4,493</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,000)</u>	<u>(3,419)</u>	<u>2,581</u>	<u>(4,493)</u>
Fund Balance as of January 1	19,081	19,588	507	24,081
Fund Balance as of December 31	<u>\$ 13,081</u>	<u>\$ 16,169</u>	<u>\$ 3,088</u>	<u>\$ 19,588</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Road Improvement Districts
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 24,089	\$ 26,553	\$ 2,464	\$ 25,423
Miscellaneous	1,031	1,049	18	1,069
Total Revenues	<u>25,120</u>	<u>27,602</u>	<u>2,482</u>	<u>26,492</u>
Expenditures				
Current:				
Transportation	28,400	24,955	3,445	24,544
Total Expenditures	<u>28,400</u>	<u>24,955</u>	<u>3,445</u>	<u>24,544</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,280)	2,647	5,927	1,948
Other Financing Sources (Uses)				
Operating Transfer Out	(114,767)	(21,435)	93,332	(1,070)
Total Other Financing Sources (Uses)	<u>(114,767)</u>	<u>(21,435)</u>	<u>93,332</u>	<u>(1,070)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(118,047)	(18,788)	99,259	878
Fund Balance as of January 1	160,771	173,704	12,933	172,826
Fund Balance as of December 31	<u>\$ 42,724</u>	<u>\$ 154,916</u>	<u>\$ 112,192</u>	<u>\$ 173,704</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Lynden/Everson Sub-Zone
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 32,000	\$ 23,884	\$ (8,116)	\$ 33,078
Total Revenues	<u>32,000</u>	<u>23,884</u>	<u>(8,116)</u>	<u>33,078</u>
Expenditures				
Current:				
Physical Environment	58,000	-	58,000	990
Total Expenditures	<u>58,000</u>	<u>-</u>	<u>58,000</u>	<u>990</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,000)</u>	<u>23,884</u>	<u>49,884</u>	<u>32,088</u>
Fund Balance as of January 1	180,851	192,679	11,828	160,591
Fund Balance as of December 31	<u>\$ 154,851</u>	<u>\$ 216,563</u>	<u>\$ 61,712</u>	<u>\$ 192,679</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Sumas/Nooksack/Everson Sub-Zone
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 71,820	\$ 69,786	\$ (2,034)	\$ 74,581
Miscellaneous	-	6	6	-
Total Revenues	<u>71,820</u>	<u>69,792</u>	<u>(2,028)</u>	<u>74,581</u>
Expenditures				
Current:				
Physical Environment	117,250	2,307	114,943	9,367
Total Expenditures	<u>117,250</u>	<u>2,307</u>	<u>114,943</u>	<u>9,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,430)</u>	<u>67,485</u>	<u>112,915</u>	<u>65,214</u>
Fund Balance as of January 1	331,342	352,386	21,044	287,172
Fund Balance as of December 31	<u>\$ 285,912</u>	<u>\$ 419,871</u>	<u>\$ 133,959</u>	<u>\$ 352,386</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Acme/Van Zandt Sub-Zone
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 13,617	\$ 17,400	\$ 3,783	\$ 14,275
Total Revenues	<u>13,617</u>	<u>17,400</u>	<u>3,783</u>	<u>14,275</u>
Expenditures				
Current:				
Physical Environment	25,000	-	25,000	-
Total Expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,383)</u>	<u>17,400</u>	<u>28,783</u>	<u>14,275</u>
Fund Balance as of January 1	28,027	31,685	3,658	17,410
Fund Balance as of December 31	<u>\$ 16,644</u>	<u>\$ 49,085</u>	<u>\$ 32,441</u>	<u>\$ 31,685</u>

Combining Balance Sheet
 Non-Major Debt Service Funds
 December 31, 2004

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

Combining Balance Sheet
 Non-Major Debt Service Funds
 December 31, 2004



CRID No. 5 General Debt	CRID No. 9 General Debt	LRID No. 10 General Debt	1991 Ltd. Tax GO Bond	1993 Ltd. Tax GO Bond	1997 Ltd. Tax GO Bond	1998 Ltd. Tax GO Bond	2003 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
\$ 14,602	\$ 4,589	\$ 56,650	\$ 1,337	\$ 188	\$ 788	\$ 1,040	\$ 5,084	\$ 151,377
-	-	-	-	-	-	-	-	10
-	193,320	-	-	-	-	-	-	193,320
<u>\$ 14,602</u>	<u>\$ 197,909</u>	<u>\$ 56,650</u>	<u>\$ 1,337</u>	<u>\$ 188</u>	<u>\$ 788</u>	<u>\$ 1,040</u>	<u>\$ 5,084</u>	<u>\$ 344,707</u>
\$ -	\$ 193,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,330
-	193,320	-	-	-	-	-	-	193,330
14,602	4,589	56,650	1,337	188	788	1,040	5,084	151,377
14,602	4,589	56,650	1,337	188	788	1,040	5,084	151,377
<u>\$ 14,602</u>	<u>\$ 197,909</u>	<u>\$ 56,650</u>	<u>\$ 1,337</u>	<u>\$ 188</u>	<u>\$ 788</u>	<u>\$ 1,040</u>	<u>\$ 5,084</u>	<u>\$ 344,707</u>

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Non-Major Debt Service Funds
 Year Ended December 31, 2004

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

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Non-Major Debt Service Funds
 Year Ended December 31, 2004



CRID No. 5 General Debt	CRID No. 9 General Debt	LRID No. 10 General Debt	1991 Ltd. Tax GO Bond	1993 Ltd. Tax GO Bond	1997 Ltd. Tax GO Bond	1998 Ltd. Tax GO Bond	2003 Ltd. Tax GO Bond	Total Non Major Debt Service Funds
\$ -	\$ 85,963	\$ 8,696	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 94,662
-	85,963	8,696	-	3	-	-	-	94,662
-	-	-	-	-	795,000	135,000	340,000	1,270,000
-	-	-	-	-	396,869	118,901	87,719	603,489
-	-	-	-	-	1,191,869	253,901	427,719	1,873,489
-	85,963	8,696	-	3	(1,191,869)	(253,901)	(427,719)	(1,778,827)
-	20,387	-	-	-	1,192,565	254,598	428,418	1,895,968
-	(107,268)	-	-	-	-	-	-	(107,268)
-	(86,881)	-	-	-	1,192,565	254,598	428,418	1,788,700
-	(918)	8,696	-	3	696	697	699	9,873
14,602	5,507	47,954	1,337	185	92	343	4,385	141,504
\$ 14,602	\$ 4,589	\$ 56,650	\$ 1,337	\$ 188	\$ 788	\$ 1,040	\$ 5,084	\$ 151,377

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 C.R.I.D. No. 9 General Debt
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ 94,178	\$ 85,963	\$ (8,215)	\$ 56,948
Total Revenues	<u>94,178</u>	<u>85,963</u>	<u>(8,215)</u>	<u>56,948</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>94,178</u>	<u>85,963</u>	<u>(8,215)</u>	<u>56,948</u>
Other Financing Sources (Uses)				
Operating Transfer In	113,735	20,387	(93,348)	-
Operating Transfer Out	(109,135)	(107,268)	1,867	(168,318)
Total Other Financing Sources (Uses)	<u>4,600</u>	<u>(86,881)</u>	<u>(91,481)</u>	<u>(168,318)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>98,778</u>	<u>(918)</u>	<u>(99,696)</u>	<u>(111,370)</u>
Fund Balance as of January 1	-	5,507	5,507	116,877
Fund Balance as of December 31	<u>\$ 98,778</u>	<u>\$ 4,589</u>	<u>\$ (94,189)</u>	<u>\$ 5,507</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 L.R.I.D. No. 10 General Debt
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ 15,895	\$ 8,696	\$ (7,199)	\$ 3,147
Total Revenues	<u>15,895</u>	<u>8,696</u>	<u>(7,199)</u>	<u>3,147</u>
Expenditures				
Debt Service:				
Interest	1,000	-	1,000	-
Total Expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,895</u>	<u>8,696</u>	<u>(6,199)</u>	<u>3,147</u>
Fund Balance as of January 1	-	47,954	47,954	44,807
Fund Balance as of December 31	<u>\$ 14,895</u>	<u>\$ 56,650</u>	<u>\$ 41,755</u>	<u>\$ 47,954</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1993 Ltd. Tax General Obligation Bond
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ -	\$ 3	\$ 3	\$ -
Total Revenues	-	3	3	-
Expenditures				
Debt Service:				
Principal	-	-	-	325,000
Interest	1,000	-	1,000	126,244
Total Expenditures	1,000	-	1,000	451,244
Excess (Deficiency) of Revenues Over Expenditures	(1,000)	3	1,003	(451,244)
Other Financing Sources (Uses)				
Operating Transfer In		-	-	451,365
Total Other Financing Sources (Uses)	-	-	-	451,365
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(1,000)	3	1,003	121
Fund Balance as of January 1	-	185	185	64
Fund Balance as of December 31	\$ (1,000)	\$ 188	\$ 1,188	\$ 185

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1997 Ltd. Tax General Obligation Bond
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$ 795,000	\$ 795,000	\$ -	\$ 745,000
Interest	397,565	396,869	696	439,219
Total Expenditures	<u>1,192,565</u>	<u>1,191,869</u>	<u>696</u>	<u>1,184,219</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,192,565)	(1,191,869)	696	(1,184,219)
Other Financing Sources (Uses)				
Operating Transfer In	1,192,565	1,192,565	-	1,183,916
Total Other Financing Sources (Uses)	<u>1,192,565</u>	<u>1,192,565</u>	<u>-</u>	<u>1,183,916</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	-	696	696	(303)
Fund Balance as of January 1	-	92	92	395
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 788</u>	<u>\$ 788</u>	<u>\$ 92</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 1998 Ltd. Tax General Obligation Bond
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$ 135,000	\$ 135,000	\$ -	\$ 130,000
Interest	119,598	118,901	697	123,776
Total Expenditures	<u>254,598</u>	<u>253,901</u>	<u>697</u>	<u>253,776</u>
Excess (Deficiency) of Revenues Over Expenditures	(254,598)	(253,901)	697	(253,776)
Other Financing Sources (Uses)				
Operating Transfer In	254,598	254,598	-	254,073
Total Other Financing Sources (Uses)	<u>254,598</u>	<u>254,598</u>	<u>-</u>	<u>254,073</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	-	697	697	297
Fund Balance as of January 1	-	343	343	46
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 1,040</u>	<u>\$ 1,040</u>	<u>\$ 343</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 2003 Ltd. Tax General Obligation Bond
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Debt Service:				
Principal	\$ 340,000	\$ 340,000	\$ -	\$ -
Interest	88,418	87,719	699	43,859
Total Expenditures	<u>428,418</u>	<u>427,719</u>	<u>699</u>	<u>43,859</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(428,418)</u>	<u>(427,719)</u>	<u>699</u>	<u>(43,859)</u>
Other Financing Sources (Uses)				
Operating Transfer In	428,418	428,418	-	743,709
Proceeds of General Long-Term Debt	-	-	-	4,535
Payment to refunded debt escrow agent	-	-	-	(700,000)
Total Other Financing Sources (Uses)	<u>428,418</u>	<u>428,418</u>	<u>-</u>	<u>48,244</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>-</u>	<u>699</u>	<u>699</u>	<u>4,385</u>
Fund Balance as of January 1	-	4,385	4,385	-
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 5,084</u>	<u>\$ 5,084</u>	<u>\$ 4,385</u>

Combining Balance Sheet
 Non-Major Capital Project Funds
 December 31, 2004

	Real Estate Excise Tax II	1983 Sewer Construction	Real Estate Excise Tax I	Courthouse Construction	Road Improvement Dist. No. 10 Construction
Assets					
Cash and cash equivalents	\$ 1,547,372	\$ -	\$ 2,119,105	\$ 43	\$ -
Investments at cost	-	-	-	-	-
Interest receivable	-	-	-	-	-
Due from other governments	-	-	40,769	-	-
Total Assets	\$ 1,547,372	\$ -	\$ 2,159,874	\$ 43	\$ -
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 7,409	\$ -	\$ -	\$ -	\$ -
Revenue collected in advance	-	-	-	-	-
Total liabilities	7,409	-	-	-	-
Fund balances					
Reserved for:					
Encumbrances	144,989	-	-	-	-
Unreserved, reported in:					
Capital Projects	1,394,974	-	2,159,874	43	-
Total fund balance	1,539,963	-	2,159,874	43	-
Total liabilities and fund balance	\$ 1,547,372	\$ -	\$ 2,159,874	\$ 43	\$ -

Combining Balance Sheet
 Non-Major Capital Project Funds
 December 31, 2004



County Park Improvement	Civic Center Building Improvement	Total Non Major Capital Project Funds
\$ 3,909	\$ 32,211	\$ 3,702,640
33,441	-	33,441
62	-	62
-	-	40,769
<u>\$ 37,412</u>	<u>\$ 32,211</u>	<u>\$ 3,776,912</u>

\$ -	\$ -	\$ 7,409
51	-	51
<u>51</u>	<u>-</u>	<u>7,460</u>

-	-	144,989
37,361	32,211	3,624,463
<u>37,361</u>	<u>32,211</u>	<u>3,769,452</u>
<u>\$ 37,412</u>	<u>\$ 32,211</u>	<u>\$ 3,776,912</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Capital Project Funds
 Year Ended December 31, 2004

	Real Estate Excise Tax II	1983 Sewer Construction	Real Estate Excise Tax I	Courthouse Construction	Road Improvement District No. 10 Construction
Revenues					
Taxes	\$ 1,550,885	\$ -	\$ 1,880,283	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,550,885</u>	<u>-</u>	<u>1,880,283</u>	<u>-</u>	<u>-</u>
Expenditures					
Current:					
Physical environment	10,922	-	-	-	-
Capital outlay	-	-	875,817	-	-
Total expenditures	<u>10,922</u>	<u>-</u>	<u>875,817</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,539,963</u>	<u>-</u>	<u>1,004,466</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers out	-	-	(1,192,565)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,192,565)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>1,539,963</u>	<u>-</u>	<u>(188,099)</u>	<u>-</u>	<u>-</u>
Fund balance as of January 1	-	-	2,347,973	43	-
Fund balance as of December 31	<u>\$ 1,539,963</u>	<u>\$ -</u>	<u>\$ 2,159,874</u>	<u>\$ 43</u>	<u>\$ -</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Non-Major Capital Project Funds
 Year Ended December 31, 2004



County Park Improvement	Civic Center Building Improvement	Total Non Major Capital Project Funds
\$ -	\$ -	\$ 3,431,168
2,147	-	2,147
<u>2,147</u>	<u>-</u>	<u>3,433,315</u>
-	-	10,922
-	2,432	878,249
<u>-</u>	<u>2,432</u>	<u>889,171</u>
2,147	(2,432)	2,544,144
<u>-</u>	<u>-</u>	<u>(1,192,565)</u>
-	-	(1,192,565)
2,147	(2,432)	1,351,579
35,214	34,643	2,417,873
<u>\$ 37,361</u>	<u>\$ 32,211</u>	<u>\$ 3,769,452</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Real Estate Excise Tax II
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 164,354	\$ 1,550,885	\$ 1,386,531	\$ -
Total Revenues	<u>164,354</u>	<u>1,550,885</u>	<u>1,386,531</u>	<u>-</u>
Expenditures				
Current:				
Physical Environment	164,354	10,922	153,432	-
Total Expenditures	<u>164,354</u>	<u>10,922</u>	<u>153,432</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	1,539,963	1,539,963	-
Fund Balance as of January 1	-	-	-	-
Fund Balance as of December 31	<u>\$ -</u>	<u>\$ 1,539,963</u>	<u>\$ 1,539,963</u>	<u>\$ -</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Real Estate Excise Tax I
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Taxes	\$ 1,000,000	\$ 1,880,283	\$ 880,283	\$ 1,450,996
Miscellaneous	-	-	-	(15)
Total Revenues	<u>1,000,000</u>	<u>1,880,283</u>	<u>880,283</u>	<u>1,450,981</u>
Expenditures				
Current:				
Capital Outlay	889,000	875,817	13,183	-
Total Expenditures	<u>889,000</u>	<u>875,817</u>	<u>13,183</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>111,000</u>	<u>1,004,466</u>	<u>893,466</u>	<u>1,450,981</u>
Other Financing Sources (Uses)				
Operating Transfer Out	(1,192,565)	(1,192,565)	-	(993,173)
Total Other Financing Sources (Uses)	<u>(1,192,565)</u>	<u>(1,192,565)</u>	<u>-</u>	<u>(993,173)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(1,081,565)</u>	<u>(188,099)</u>	<u>893,466</u>	<u>457,808</u>
Fund Balance as of January 1	889,000	2,347,973	1,458,973	1,890,165
Fund Balance as of December 31	<u>\$ (192,565)</u>	<u>\$ 2,159,874</u>	<u>\$ 2,352,439</u>	<u>\$ 2,347,973</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 County Parks Improvement
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Miscellaneous	\$ 1,000	\$ 2,147	\$ 1,147	\$ 2,299
Total Revenues	<u>1,000</u>	<u>2,147</u>	<u>1,147</u>	<u>2,299</u>
Expenditures				
Current:				
Culture & Recreation	12,500	-	12,500	-
Capital Outlay	20,000	-	20,000	-
Total Expenditures	<u>32,500</u>	<u>-</u>	<u>32,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(31,500)</u>	<u>2,147</u>	<u>33,647</u>	<u>2,299</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	<u>(31,500)</u>	<u>2,147</u>	<u>33,647</u>	<u>2,299</u>
Fund Balance as of January 1	-	35,214	35,214	32,915
Fund Balance as of December 31	<u>\$ (31,500)</u>	<u>\$ 37,361</u>	<u>\$ 68,861</u>	<u>\$ 35,214</u>

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Budget and Actual (GAAP Basis)
 Civic Center Building Improvement
 Year Ended December 31, 2004
 (With comparative totals for December 31, 2003)



	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
Current:				
Capital Outlay	\$ 4,217	\$ 2,432	\$ 1,785	\$ 34,431
Total Expenditures	<u>4,217</u>	<u>2,432</u>	<u>1,785</u>	<u>34,431</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,217)	(2,432)	1,785	(34,431)
Other Financing Sources (Uses)				
Operating Transfer Out	-	-	-	(700,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(4,217)	(2,432)	1,785	(734,431)
Fund Balance as of January 1	-	34,643	34,643	769,074
Fund Balance as of December 31	<u>\$ (4,217)</u>	<u>\$ 32,211</u>	<u>\$ 36,428</u>	<u>\$ 34,643</u>

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Public Utilities Improvement
Year Ended December 31, 2004



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,025,000	\$ 2,025,000	\$ 2,192,088	\$ 167,088
Intergovernmental	-	-	50,000	50,000
Total revenues	<u>2,025,000</u>	<u>2,025,000</u>	<u>2,242,088</u>	<u>217,088</u>
Expenditures				
Current:				
General government	25,000	70,442	39,302	31,140
Public Safety	-	51,907	52,630	(723)
Capital outlay	823,100	1,410,803	343,939	1,066,864
Debt service:				
Principal	500,000	500,000	-	500,000
Total expenditures	<u>1,348,100</u>	<u>2,033,152</u>	<u>435,871</u>	<u>1,597,281</u>
Excess (deficiency) of revenues over expenditures	<u>676,900</u>	<u>(8,152)</u>	<u>1,806,217</u>	<u>1,814,369</u>
Excess (deficiency) of revenues & other financing sources over expenditures & other uses	<u>676,900</u>	<u>(8,152)</u>	<u>1,806,217</u>	<u>1,814,369</u>
Fund balance as of January 1	-	1,558,385	6,931,268	5,372,883
Fund balance as of December 31	<u>\$ 676,900</u>	<u>\$ 1,550,233</u>	<u>\$ 8,737,485</u>	<u>\$ 7,187,252</u>

	Equipment Rental	Whatcom County Supplemental Retirement	Administrative Services	Total
Assets				
Current Assets				
Cash & Equivalents	\$ 7,843,803	\$ 203,193	\$ 7,876,833	\$ 15,923,829
Investments At Cost	-	-	1,476,568	1,476,568
Accounts Receivable	6,006	-	3,046	9,052
Interest Receivable	-	-	1,729	1,729
Due From Other Funds	153,129	-	318,055	471,184
Due From Other Governments	1,374	-	72,170	73,544
Employee Advances	-	-	6	6
Inventory	654,604	-	14,282	668,886
Total Current Assets	8,658,916	203,193	9,762,689	18,624,798
Noncurrent Assets				
Land	755,331	-	-	755,331
Building & Structures (Net)	1,302,270	-	10,532	1,312,802
Capital Leases (Net)	-	-	329,431	329,431
Other Improvements (Net)	218,969	-	560	219,529
Machinery & Equipment (Net)	5,917,801	-	415,906	6,333,707
Total Noncurrent Assets	8,194,371	-	756,429	8,950,800
Total Assets	16,853,287	203,193	10,519,118	27,575,598
Liabilities				
Current Liabilities				
Accounts Payable	270,155	-	573,992	844,147
Claims Cost Payable	-	-	3,269,631	3,269,631
Due to Other Funds	117,790	-	3,500	121,290
Due to Other Governments	1,127	-	3,812	4,939
Other Accrued Liabilities	770	-	4,004	4,774
Total Current Liabilities	389,842	-	3,854,939	4,244,781
Noncurrent Liabilities				
Employee Leave Benefits	148,885	-	270,615	419,500
Other Long-Term Liabilities	-	-	421,561	421,561
Total Noncurrent Liabilities	148,885	-	692,176	841,061
Total Liabilities	538,727	-	4,547,115	5,085,842
Net Assets				
Invested in capital assets, net of related debt	8,194,371	-	756,429	8,950,800
Unrestricted	8,120,189	203,193	5,215,574	13,538,956
Total Net Assets	\$ 16,314,560	\$ 203,193	\$ 5,972,003	\$ 22,489,756

Combining Statement of Revenues, Expenses and
 Changes in Net Assets
 Internal Service Funds
 Year Ended December 31, 2004



	Equipment Rental	Whatcom County Supplemental Retirement	Administrative Services	Total
Operating Revenue				
Intergovernmental	\$ -	\$ -	\$ 163,480	\$ 163,480
Charges for Service	3,811,643	-	5,183,416	8,995,059
Rents and Parking	4,381,509	-	724,767	5,106,276
Fines & Forfeits	-	-	3,390	3,390
Insurance Premiums	11,094	-	5,685,187	5,696,281
Other Miscellaneous Revenues	434	-	14,628	15,062
Total Operating Revenues	8,204,680	-	11,774,868	19,979,548
General Operations	5,665,946	-	12,964,518	18,630,464
General Administration	556,091	-	-	556,091
Depreciation	1,130,980	-	374,846	1,505,826
Total Operating Expenses	7,353,017	-	13,339,364	20,692,381
Operating Income (Loss)	851,663	-	(1,564,496)	(712,833)
Non-Operating Revenues (Expenses)				
Gain (Loss) on Sale of Capital Assets	78,997	-	-	78,997
Interest Revenue	-	-	29,778	29,778
Interest Expense	-	-	(14,862)	(14,862)
Total Non-Operating Revenues (Expenses)	78,997	-	14,916	93,913
Income (loss) Before Contributions and Transfers	930,660	-	(1,549,580)	(618,920)
Capital Contributions	9,655	-	-	9,655
Transfers In	268,241	-	765,149	1,033,390
Transfers Out	-	-	(402,386)	(402,386)
Changes in net assets	1,208,556	-	(1,186,817)	21,739
Total net assets-beginning	15,106,004	203,193	7,158,820	22,468,017
Total net assets-ending	\$ 16,314,560	\$ 203,193	\$ 5,972,003	\$ 22,489,756

	Equipment Rental	Whatcom Co. Supplemental Retirement	Administrative Services	Total
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 8,107,430	\$ -	\$ 11,392,354	\$19,499,784
Cash Payments For Goods And Services	(4,841,319)	-	(8,521,228)	(13,362,547)
Cash Payments To Employees	(924,423)	-	(3,689,420)	(4,613,843)
Net Cash Provided by Operating Activities	2,341,688	-	(818,294)	1,523,394
Cash Flows From Non-Capital Financing Activities:				
Transfers In	-	-	765,149	765,149
Transfers Out	-	-	(402,386)	(402,386)
Net Cash Provided by Non-Capital Financing Activities:	-	-	362,763	362,763
Cash Flows From Capital Financing Activities:				
Interest Paid on Lease Purchase	-	-	(14,862)	(14,862)
Proceeds From Sale of Assets	190,214	-	-	190,214
Transfer In (Out)	268,242	-	-	268,242
Payments For Capital Assets	(1,513,381)	-	(457,163)	(1,970,544)
Net Cash Used by Capital Financing Activities:	(1,054,925)	-	(472,025)	(1,526,950)
Cash Flows From Investing Activities:				
Purchase of Investment Securities	-	-	(29,778)	(29,778)
Interest on investments	-	-	29,778	29,778
Total Cash Flows From Investing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,286,763	-	(927,556)	359,207
Balances - Beginning of the Year	6,557,040	203,193	8,804,389	15,564,622
Balances - End of the Year	\$ 7,843,803	\$ 203,193	\$ 7,876,833	\$15,923,829
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:				
Operating Income (Loss)	\$ 851,663	\$ -	\$ (1,564,496)	\$ (712,833)
Adjustments To Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	1,130,980	-	374,846	1,505,826
Change in Assets and Liabilities:				
Receivables	(97,250)	-	(382,514)	(479,764)
Inventories	222,744	-	6,708	229,452
Accounts and Other Payables	227,896	-	719,589	947,485
Accrued Expenses	5,655	-	27,573	33,228
Net Cash Provided By Operating Activities	\$ 2,341,688	\$ -	\$ (818,294)	\$ 1,523,394
Noncash Investing & Capital Financing Activities:				
Lease Purchases	\$ -	\$ -	\$ 148,296	\$ 148,296
Total Noncash Investing & Capital Financing Activities:	\$ -	\$ -	\$ 148,296	\$ 148,296

Combining Balance Sheet
 Agency Funds
 December 31, 2004

	Cemetery Districts	Drainage, Diking & Flood Cntr Districts	Park & Recreation Districts	Watershed Mngmt Project Joint Board	Rural Library	Northwest Regional Council
Assets						
Current Assets						
Cash & Equivalents	\$ 447,548	\$ 106,416	\$ 45,735	\$ 1,366,913	\$ 200,145	\$ 1,447,340
Deposits With Fiscal Agent	-	-	-	-	-	-
Investments At Cost	1,268,750	428,350	713,719	-	4,496,756	401,015
Accounts Receivable (Net)	-	-	-	-	-	-
Total Assets	\$ 1,716,298	\$ 534,766	\$ 759,454	\$ 1,366,913	\$ 4,696,901	\$ 1,848,355
Liabilities						
Current Liabilities						
Warrants Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	8,554	4,029	92	3,578	170,405	642,671
Matured Interest Payable	-	-	-	-	-	-
Other Accrued Liabilities	-	-	-	-	-	(25)
Revenue Collected in Advance	-	-	-	-	-	-
Custodial Accounts	1,707,744	530,737	759,362	1,363,335	4,526,496	1,205,709
Total Liabilities	\$ 1,716,298	\$ 534,766	\$ 759,454	\$ 1,366,913	\$ 4,696,901	\$ 1,848,355

Combining Balance Sheet
 Agency Funds
 December 31, 2004



Council of Government	Hospital Districts	Port	P. U. D. District	Whatcom Transit	School Districts	Bertrand Watershed	Fire Districts
\$ 23,620	\$ 176	\$ 77,139	\$ 138,037	\$ -	\$ 5,071,495	\$ 28,108	\$ 891,851
-	-	-	-	-	35,000	-	-
342,864	-	-	2,677,107	22,352,723	37,414,633	-	9,288,223
-	-	-	-	-	-	-	-
<u>\$ 366,484</u>	<u>\$ 176</u>	<u>\$ 77,139</u>	<u>\$ 2,815,144</u>	<u>\$ 22,352,723</u>	<u>\$ 42,521,128</u>	<u>\$ 28,108</u>	<u>\$ 10,180,074</u>
\$ -	\$ -	\$ 25	\$ -	\$ -	\$ 4,191,140	\$ -	\$ -
232	-	-	159,343	-	-	27,776	189,640
-	-	-	-	-	35,000	-	-
-	-	-	-	-	23,271	-	295
-	-	-	-	-	-	-	-
366,252	176	77,114	2,655,801	22,352,723	38,271,717	332	9,990,139
<u>\$ 366,484</u>	<u>\$ 176</u>	<u>\$ 77,139</u>	<u>\$ 2,815,144</u>	<u>\$ 22,352,723</u>	<u>\$ 42,521,128</u>	<u>\$ 28,108</u>	<u>\$ 10,180,074</u>

Combining Balance Sheet
 Agency Funds
 December 31, 2004

	Water Districts	Treasurer's Suspense	Inmate Trust Fund	Claims Fund	Salary Fund	Total
Assets						
Current Assets						
Cash & Equivalents	\$ 709,136	\$ 5,422,310	\$ 41,727	\$ 1,617,482	\$ 1,680	\$ 17,636,858
Deposits With Fiscal Agent	-	-	-	-	-	35,000
Investments At Cost	8,752,389	-	-	-	-	88,136,529
Accounts Receivable (Net)	-	4,904	-	-	-	4,904
Total Assets	\$ 9,461,525	\$ 5,427,214	\$ 41,727	\$ 1,617,482	\$ 1,680	\$ 105,813,291
Liabilities						
Current Liabilities						
Warrants Payable	\$ -	\$ -	\$ -	\$ 1,617,482	\$ -	\$ 5,808,647
Accounts Payable	186,325	-	(245,593)	-	-	1,147,052
Matured Interest Payable	-	-	-	-	-	35,000
Other Accrued Liabilities	(560)	-	287,320	-	-	310,301
Revenue Collected in Advance	-	218,876	-	-	-	218,876
Custodial Accounts	9,275,760	5,208,338	-	-	1,680	98,293,415
Total Liabilities	\$ 9,461,525	\$ 5,427,214	\$ 41,727	\$ 1,617,482	\$ 1,680	\$ 105,813,291

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Cemetery Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 789,445	\$ 1,073,072	\$ 1,414,969	\$ 447,548
Investments At Cost	973,705	307,141	12,096	1,268,750
Total Assets	\$ 1,763,150	\$ 1,380,213	\$ 1,427,065	\$ 1,716,298
Liabilities				
Accounts Payable	\$ 22,889	\$ 484,695	\$ 499,030	\$ 8,554
Other Accrued Liabilities	2,360	303,965	306,325	-
Custodial Accounts	1,737,901	-	30,157	1,707,744
Total Liabilities	\$ 1,763,150	\$ 788,660	\$ 835,512	\$ 1,716,298

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Drainage, Diking & Flood Control Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 112,885	\$ 428,386	\$ 434,855	\$ 106,416
Investments At Cost	551,162	23,095	145,907	428,350
Total Assets	\$ 664,047	\$ 451,481	\$ 580,762	\$ 534,766
Liabilities				
Accounts Payable	\$ 14,360	\$ 218,833	\$ 229,164	\$ 4,029
Custodial Accounts	649,687	-	118,950	530,737
Total Liabilities	\$ 664,047	\$ 218,833	\$ 348,114	\$ 534,766

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Park & Recreation Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 47,457	\$ 313,307	\$ 315,029	\$ 45,735
Investments At Cost	722,097	17,128	25,506	713,719
Total Assets	\$ 769,554	\$ 330,435	\$ 340,535	\$ 759,454
Liabilities				
Current Liabilities				
Accounts Payable	\$ -	\$ 68,808	\$ 68,716	\$ 92
Other Accrued Liabilities	81	6,019	6,100	-
Custodial Accounts	769,473	-	10,111	759,362
Total Liabilities	\$ 769,554	\$ 74,827	\$ 84,927	\$ 759,454

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Watershed Mgmt Project Joint Board
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 1,612,409	\$ 84,212	\$ 329,708	\$ 1,366,913
Total Assets	\$ 1,612,409	\$ 84,212	\$ 329,708	\$ 1,366,913
Liabilities				
Accounts Payable	\$ 15,412	\$ 303,660	\$ 315,494	\$ 3,578
Custodial Accounts	1,596,997	-	233,662	1,363,335
Total Liabilities	\$ 1,612,409	\$ 303,660	\$ 549,156	\$ 1,366,913

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Rural Library
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 24,614	\$ 12,673,347	\$ 12,497,816	\$ 200,145
Investments At Cost	4,611,671	3,137,041	3,251,956	4,496,756
Total Assets	\$ 4,636,285	\$ 15,810,388	\$ 15,749,772	\$ 4,696,901
Liabilities				
Accounts Payable	\$ 217,468	\$ 2,255,458	\$ 2,302,521	\$ 170,405
Other Accrued Liabilities	7,303	3,563,989	3,571,292	-
Custodial Accounts	4,411,514	114,982	-	4,526,496
Total Liabilities	\$ 4,636,285	\$ 5,934,429	\$ 5,873,813	\$ 4,696,901

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Northwest Regional Council
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 872,195	\$ 22,537,543	\$ 21,962,398	\$ 1,447,340
Investments At Cost	392,628	8,864	477	401,015
Total Assets	\$ 1,264,823	\$ 22,546,407	\$ 21,962,875	\$ 1,848,355
Liabilities				
Accounts Payable	\$ 557,325	\$ 9,959,397	\$ 9,874,051	\$ 642,671
Other Accrued Liabilities	3,211	3,812,048	3,815,284	(25)
Custodial Accounts	704,287	501,422	-	1,205,709
Total Liabilities	\$ 1,264,823	\$ 14,272,867	\$ 13,689,335	\$ 1,848,355

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Council of Governments
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 12,197	\$ 6,891,099	\$ 6,879,676	\$ 23,620
Investments At Cost	254,512	1,704,716	1,616,364	342,864
Total Assets	\$ 266,709	\$ 8,595,815	\$ 8,496,040	\$ 366,484
Liabilities				
Accounts Payable	\$ 86,735	\$ 2,213,705	\$ 2,300,208	\$ 232
Other Accrued Liabilities	316	764,429	764,745	-
Custodial Accounts	179,658	186,594	-	366,252
Total Liabilities	\$ 266,709	\$ 3,164,728	\$ 3,064,953	\$ 366,484

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Hospital Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 247	\$ 21,946	\$ 22,017	\$ 176
Total Assets	\$ 247	\$ 21,946	\$ 22,017	\$ 176
Liabilities				
Custodial Accounts	\$ 247	\$ -	\$ 71	\$ 176
Total Liabilities	\$ 247	\$ -	\$ 71	\$ 176

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Port
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 93,923	\$ 5,289,468	\$ 5,306,252	\$ 77,139
Total Assets	\$ 93,923	\$ 5,289,468	\$ 5,306,252	\$ 77,139
Liabilities				
Current Liabilities				
Warrants Payable	\$ 25	\$ -	\$ -	\$ 25
Custodial Accounts	93,898	-	16,784	77,114
Total Liabilities	\$ 93,923	\$ -	\$ 16,784	\$ 77,139

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 P.U.D. District
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 33,620	\$ 55,084,653	\$ 54,980,236	\$ 138,037
Investments At Cost	593,970	17,263,431	15,180,294	2,677,107
Total Assets	\$ 627,590	\$ 72,348,084	\$ 70,160,530	\$ 2,815,144
Liabilities				
Current Liabilities				
Accounts Payable	\$ 25,329	\$ 5,459,364	\$ 5,325,350	\$ 159,343
Other Accrued Liabilities	3,427	1,335,977	1,339,404	-
Custodial Accounts	598,834	2,056,967	-	2,655,801
Total Liabilities	\$ 627,590	\$ 8,852,308	\$ 6,664,754	\$ 2,815,144

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Whatcom Transit
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ -	\$ 30,936,813	\$ 30,936,813	\$ -
Investments At Cost	19,051,571	17,017,321	13,716,169	22,352,723
Total Assets	\$ 19,051,571	\$ 47,954,134	\$ 44,652,982	\$ 22,352,723
Liabilities				
Custodial Accounts	\$ 19,051,571	\$ 3,301,152	\$ -	\$ 22,352,723
Total Liabilities	\$ 19,051,571	\$ 3,301,152	\$ -	\$ 22,352,723

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 School Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 6,139,493	\$ 268,781,536	\$ 269,849,534	\$ 5,071,495
Deposits With Fiscal Agent	25,000	19,983,779	19,973,779	35,000
Investments At Cost	39,151,397	49,803,715	51,540,479	37,414,633
Total Assets	\$ 45,315,890	\$ 338,569,030	\$ 341,363,792	\$ 42,521,128
Liabilities				
Current Liabilities				
Warrants Payable	\$ 5,351,488	\$ 105,805,570	\$ 106,965,918	\$ 4,191,140
Matured Long-Term Debt	25,000	12,626,052	12,651,052	-
Matured Interest Payable	-	7,644,889	7,609,889	35,000
Other Accrued Liabilities	23,271	-	-	23,271
Custodial Accounts	39,916,131	-	1,644,414	38,271,717
Total Liabilities	\$ 45,315,890	\$ 126,076,511	\$ 128,871,273	\$ 42,521,128

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Bertrand Watershed
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ -	\$ 38,212	\$ 10,104	\$ 28,108
Total Assets	\$ -	\$ 38,212	\$ 10,104	\$ 28,108
Liabilities				
Current Liabilities				
Accounts Payable	\$ -	\$ 35,109	\$ 7,333	\$ 27,776
Custodial Accounts	-	332	-	332
Total Liabilities	\$ -	\$ 35,441	\$ 7,333	\$ 28,108

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Fire Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 995,855	\$ 29,518,944	\$ 29,622,948	\$ 891,851
Investments At Cost	6,886,231	7,655,019	5,253,027	9,288,223
Total Assets	\$ 7,882,086	\$ 37,173,963	\$ 34,875,975	\$ 10,180,074
Liabilities				
Current Liabilities				
Accounts Payable	\$ 301,797	\$ 6,441,194	\$ 6,553,351	\$ 189,640
Other Accrued Liabilities	16,645	4,110,191	4,126,541	295
Custodial Accounts	7,563,644	2,426,495	-	9,990,139
Total Liabilities	\$ 7,882,086	\$ 12,977,880	\$ 10,679,892	\$ 10,180,074

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Water Districts
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 1,201,425	\$ 20,803,507	\$ 21,295,796	\$ 709,136
Investments At Cost	7,621,821	3,831,686	2,701,118	8,752,389
Total Assets	\$ 8,823,246	\$ 24,635,193	\$ 23,996,914	\$ 9,461,525
Liabilities				
Current Liabilities				
Accounts Payable	\$ 208,232	\$ 5,169,245	\$ 5,191,152	\$ 186,325
Other Accrued Liabilities	9,065	1,880,200	1,889,825	(560)
Custodial Accounts	8,605,949	669,811	-	9,275,760
Total Liabilities	\$ 8,823,246	\$ 7,719,256	\$ 7,080,977	\$ 9,461,525

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Treasurer's Suspense
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 4,326,804	\$ 116,006,064	\$ 114,910,558	\$ 5,422,310
Investments At Cost	-	500,000	500,000	-
Accounts Receivable (Net)	(1,943)	7,954,230	7,947,383	4,904
Total Assets	\$ 4,324,861	\$ 124,460,294	\$ 123,357,941	\$ 5,427,214
Liabilities				
Revenue Collected in Advance	\$ 246,811	\$ 293,974	\$ 321,909	\$ 218,876
Custodial Accounts	4,078,050	1,130,288	-	5,208,338
Total Liabilities	\$ 4,324,861	\$ 1,424,262	\$ 321,909	\$ 5,427,214

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Inmate Trust Fund
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 33,259	\$ 402,195	\$ 393,727	\$ 41,727
Total Assets	\$ 33,259	\$ 402,195	\$ 393,727	\$ 41,727
Liabilities				
Accounts Payable	\$ (98,212)	\$ 366,566	\$ 513,947	\$ (245,593)
Other Accrued Liabilities	131,471	404,804	248,955	287,320
Total Liabilities	\$ 33,259	\$ 771,370	\$ 762,902	\$ 41,727

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Claims Fund
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 1,828,416	\$ 280,914,594	\$281,125,528	\$ 1,617,482
Total Assets	<u>\$ 1,828,416</u>	<u>\$ 280,914,594</u>	<u>\$281,125,528</u>	<u>\$ 1,617,482</u>
Liabilities				
Warrants Payable	\$ 1,828,416	\$ 84,738,274	\$ 84,949,208	\$ 1,617,482
Total Liabilities	<u>\$ 1,828,416</u>	<u>\$ 84,738,274</u>	<u>\$ 84,949,208</u>	<u>\$ 1,617,482</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Salary Fund
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Cash & Equivalents	\$ 1,680	\$ -	\$ -	\$ 1,680
Total Assets	<u>\$ 1,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680</u>
Liabilities				
Custodial Accounts	\$ 1,680	\$ -	\$ -	\$ 1,680
Total Liabilities	<u>\$ 1,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Total Agency Funds
 For the Year Ended December 31, 2004



	Balance January 1	Additions	Deletions	Balance December 31
Assets				
Current Assets				
Cash & Equivalents	\$ 18,125,924	\$ 851,798,898	\$ 852,287,964	\$ 17,636,858
Deposits With Fiscal Agent	25,000	19,983,779	19,973,779	35,000
Investments At Cost	80,810,765	101,269,157	93,943,393	88,136,529
Accounts Receivable (Net)	(1,943)	7,954,230	7,947,383	4,904
Total Assets	\$ 98,959,746	\$ 981,006,064	\$ 974,152,519	\$ 105,813,291
Liabilities				
Current Liabilities				
Warrants Payable	\$ 7,179,929	\$ 190,543,844	\$ 191,915,126	\$ 5,808,647
Accounts Payable	1,351,335	32,976,034	33,180,317	1,147,052
Matured Long-Term Debt	25,000	12,626,052	12,651,052	-
Matured Interest Payable	-	7,644,889	7,609,889	35,000
Other Accrued Liabilities	197,150	16,181,622	16,068,471	310,301
Revenue Collected in Advance	246,811	293,974	321,909	218,876
Custodial Accounts	89,959,521	10,388,043	2,054,149	98,293,415
Total Liabilities	\$ 98,959,746	\$ 270,654,458	\$ 263,800,913	\$ 105,813,291

Schedule of Expenditures - Budget and Actual
 General Fund by Department
 Year Ended December 31, 2004



	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Expenditures				
Assessor	\$ 1,919,078	\$ 1,919,078	\$ 1,883,558	\$ 35,520
Auditor	957,238	957,238	924,111	33,127
County Council	702,416	702,416	670,970	31,446
County Executive	422,453	422,453	413,389	9,064
Planning & Development Services	3,710,698	4,620,685	4,226,263	394,422
Treasurer	1,247,283	1,312,908	1,136,729	176,179
Sheriff	8,888,498	9,761,764	9,721,589	40,175
Jail	7,045,986	7,496,033	7,426,716	69,317
District Court	1,331,884	1,331,884	1,313,772	18,112
District Court Probation	1,197,443	1,197,443	1,127,402	70,041
Hearing Examiner	156,518	156,518	138,985	17,533
Juvenile	3,565,668	3,609,916	3,467,891	142,025
Prosecuting Attorney	3,790,016	3,798,332	3,764,610	33,722
Public Defender	2,218,950	2,282,608	2,252,938	29,670
Superior Court	3,646,709	3,867,224	3,760,163	107,061
Cooperative Extension	409,140	409,140	386,544	22,596
Non-Departmental	5,327,075	5,502,141	4,919,826	582,315
Park	3,132,026	3,250,616	3,179,504	71,112
Public Health	9,740,340	9,772,412	8,869,515	902,897
Total expenditures	\$ 59,409,419	\$ 62,370,809	\$ 59,584,475	\$ 2,786,334

