

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Year Ended December 31, 2006**

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

### **Financial Highlights**

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

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

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

### **Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

### Government-Wide Financial Analysis

The following table reflects a condensed Statement of Net Assets.

*Table MDA1 - Net Assets*

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

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

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

outstanding. Whatcom County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Whatcom County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

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

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

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

**Table MDA2 - Changes in Net Assets**

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

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

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

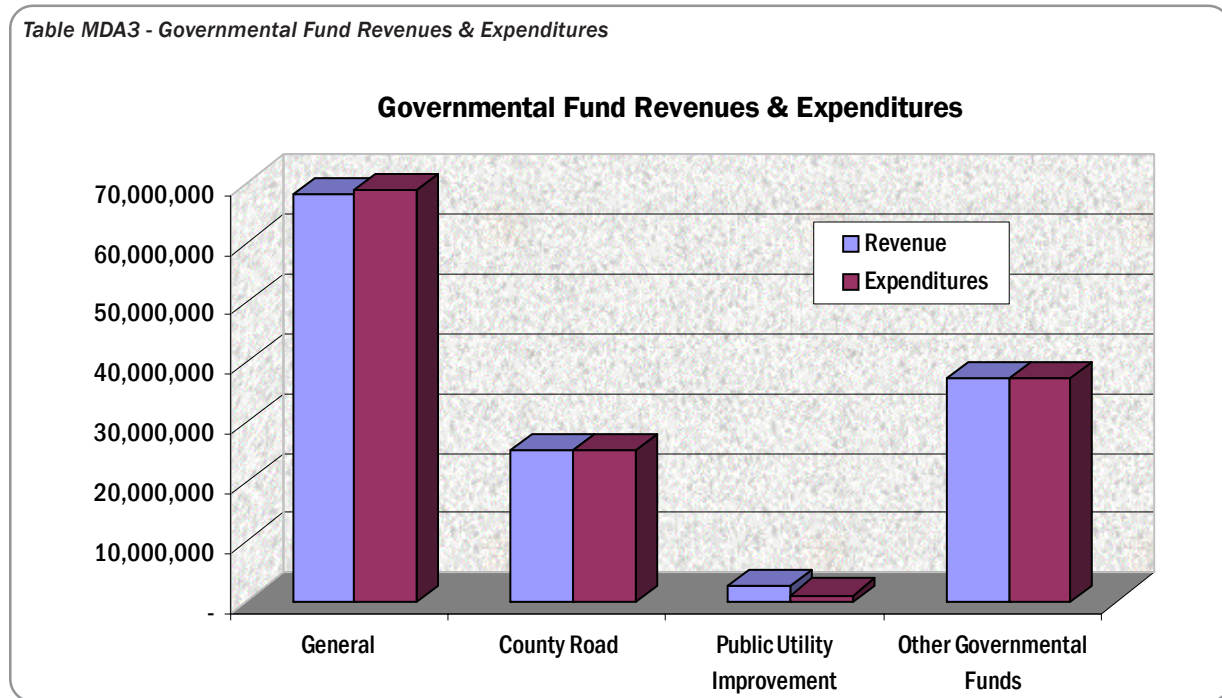
- Retail sales tax collections are \$4.8 million greater than last year, due to strong building activity and additional tax from the construction on the Williams Pipeline and work at the British Petroleum refinery.
- Interest Income is \$1,613,931, or 54 percent, higher than 2005 due to rising interest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

### **Financial Analysis of the County's Funds**

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

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

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



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

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

## General Fund Budgetary Highlights

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

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

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

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

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

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

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

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

**Capital Assets**

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

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

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

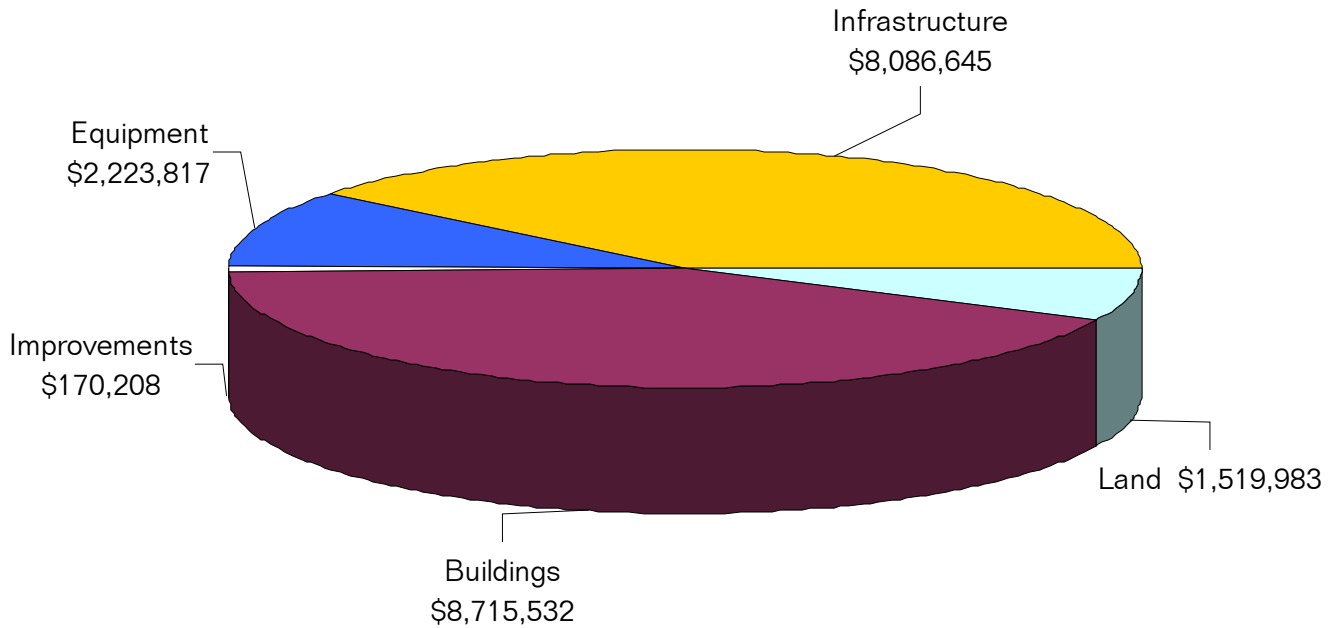
*Table MDA5 - Capital Assets*

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

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

*Table MDA6 - Change in Capital Assets*

**Change in Capital Assets**



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

### Debt Administration

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

### Economic Factors and Next Year's Budgets and Rates

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

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

### Contacting the County's Financial Management

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

*Table MDA7 - Outstanding Debt*

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

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

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

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

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

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

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

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

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



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

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

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



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

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

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



Net change in fund balances-total governmental funds	\$ 648,805
<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 (\$19,607,354) exceeded depreciation expense (\$8,311,709) in the current period.</p>	11,295,645
<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>	1,630,463
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	150,449
<p>In the statement of activities, certain operating expenses-compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.</p>	41,381
<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>1,487,667</u>
Change in net assets of governmental activities	<u><u>\$ 15,254,410</u></u>

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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



## NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **A. Reporting Entity**

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

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

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

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

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

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

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

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

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

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

## PROPRIETARY FUND FINANCIAL STATEMENTS

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

The County reports the following non-major proprietary funds:

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

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

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

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

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

## FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

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

### **C. Budgetary Information**

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

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

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

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

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

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

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

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

#### **D. Assets, Liabilities and Equities**

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

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

**Temporary Investments:** See Note 3.

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

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

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

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

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

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

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

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

*Table FN1 - Capital Assets & Depreciation*

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

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

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

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

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

**Long-Term Debt** - See Note 8.

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

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

## NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

## NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

Table FN2 - Investment Maturities

**Investments and Maturities (In Years)**

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

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

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

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

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

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

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

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

**NOTE 4 - PROPERTY TAXES**

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

**Property Tax Calendar**

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

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

The tax collection record for Whatcom County is as follows:

*Table FN4 - Tax Collection Record*

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

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

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

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

3. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit, with the exception of port districts, public utility districts, and new state school construction.

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

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

## NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

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

*Table FN5 - Capital Assets Activity*

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

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

*Table FN6 - Depreciation Expense*

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

## NOTE 6 - PENSION PLANS

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

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

#### Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Membership in the system includes: elected officials, state employees, employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for

state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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

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

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire will full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,181 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

*Table FN7 - PERS Membership*

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

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

### Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee’s age. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

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

*Table FN8 - PERS Contribution Rates*

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
Employer*	3.69%	3.69%	3.69%**
Employee	6.00%	3.50%***	

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

\*\*Plan 3 defined benefit portion only.

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

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

*Table FN9 - County Contribution to PERS*

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

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

#### **Plan Description**

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003 being an exception. In addition, effective July 24, 2006, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. LEOFF defined benefits are financed from a combination of investment earnings, employer contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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

*Table FN10 - LEOFF Plan 1 Benefit Calculation*

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

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

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

There are 376 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

*Table FN11 - LEOFF Membership*

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

### **Funding Policy**

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature has the ability, by means of a special funding arrangement, to appropriate money from the state General Fund to supplement the current service liability and fund the prior service costs of Plans 1 and 2 in accordance with the requirements of the Pension Funding Council. However, this special

funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The County's covered payroll for the year ended December 31, 2006 was \$5,377,379. The County's total current year payroll for all employees was \$49,516,418.

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

*Table FN12 - LEOFF Contribution Rates*

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

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

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

*Table FN13 - County Contribution to LEOFF*

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

## **Public Safety Employees' Retirement System (PSERS) Plans 2**

### **Plan Description**

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

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

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

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

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

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

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

Plan 2 retirement benefits are vested after an employee completes five years of eligible service and attains the age of 65. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

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

### **Funding Policy**

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

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

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

**Table FN14 - PSERS Required Contribution Rates**

	<b>PSERS Plan 2</b>
Employer*	6.76%
Employee	6.57%

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

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

**Table FN15 - County Contribution to PSERS**

	<b>PSERS Plan 2</b>
2006	\$10,162

## NOTE 7 - RISK MANAGEMENT

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

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

*Table FN16 - Claims Liability Balance Changes*

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

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

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

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

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

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

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

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

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

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

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

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

*Table FN17 - Washington Counties Risk Pool*

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

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

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

### **General Obligation Bonds**

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

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

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

### **Special Assessment Debt for Road Improvements**

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

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

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

*Table FN18 - GO Bonds*

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

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

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

## Changes In Long-Term Debt

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

Table FN19 - Changes in Long-Term Debt

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

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

### Compensated Absences

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

**Capital Leases**

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

*Table FN20 - Capital Lease Assets*

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

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

*Table FN21 - Future Minimum Lease Obligations*

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

### Debt Limitations

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

*Table FN22 - Long-Term Debt Capacity*

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

### NOTE 9 – CONTINGENCIES

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

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

### NOTE 10 - COMMITMENTS

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

## NOTE 11 - INTERFUND BALANCES AND TRANSFERS

### Interfund Balances

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

Table FN23 - Due To / From Other Funds

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

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

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

Table FN24 - Interfund Loans Receivable / Payable

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

## Interfund Transfers

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

Table FN25 - Interfund Transfers

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

## NOTE 12 - JOINT VENTURES

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

## NOTE 13 – POSTRETIREMENT HEALTH CARE BENEFITS

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

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

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

## NOTE 14 – POSTCLOSURE CARE COST

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

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

## NOTE 15 - OTHER DISCLOSURES

### **Fund Changes**

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



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



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

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

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



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

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

**A. Budgetary Basis**

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

**B. Material Violations**

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



## NON-MAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Debt Service Funds**

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

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

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

## **Capital Project Funds**

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

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

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

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

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

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

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

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

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

## **NON-MAJOR PROPRIETARY FUNDS**

### **Internal Service Funds**

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

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

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

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

### **Enterprise Funds**

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

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

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

## FIDUCIARY FUNDS

### **Investment Trust Funds**

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

### **Agency Funds**

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

Combining Balance Sheet  
Non-Major Governmental Funds

December 31, 2006



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

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



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

Combining Balance Sheet  
 Non-Major Special Revenue Funds

December 31, 2006

Page 1 of 4

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

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

continued on next page

Combining Balance Sheet  
 Non-Major Special Revenue Funds

December 31, 2006

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

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

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

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

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



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

continued on next page

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

Year Ended December 31, 2006

Page 3 of 4

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

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

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

Schedule of Revenues, Expenditures and Changes in Fund

Balance

Budget and Actual (GAAP Basis)

Election Reserve

Year Ended December 31, 2006

(With comparative totals for December 31, 2005)



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

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



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

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



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

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



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

Schedule of Revenues, Expenditures and Changes in Fund

Balance

Budget and Actual (GAAP Basis)

Whatcom County Jail

Year Ended December 31, 2006

(With comparative totals for December 31, 2005)



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

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



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

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



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

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



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

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



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

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



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

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



Year Ended December 31, 2006

(With comparative totals for December 31, 2005)

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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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



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

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

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

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

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

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

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

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



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

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



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

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



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

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



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

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



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



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

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

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

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

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

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

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

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

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



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

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



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

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



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

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



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

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

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



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

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

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

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



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

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

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

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



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

Combining Balance Sheet  
 Agency Funds  
 December 31, 2006

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

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

continued on next page

Combining Balance Sheet  
 Agency Funds  
 December 31, 2006

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

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



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

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



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

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



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

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



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

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



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

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



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

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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

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



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

\*Includes transfers out.

