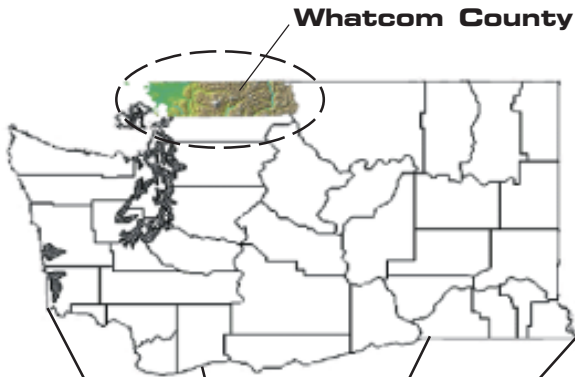


About Whatcom County



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



Whatcom County History

Long before it was discovered by Europeans, Whatcom County was home to Northwest Coast Indians: the Lummi, Nooksack, Samish and Semiahmoo. The area was claimed by the Spanish in 1775 and later by Russia, England and the United States. Bellingham Bay was named by Captain George Vancouver of the British Navy during his expedition into the waters of Puget Sound in 1792. Fur trappers and traders were the first non-Indian residents to settle the area and Hudson's Bay Company set up shop in 1825.

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

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



The County of Whatcom was created by territorial legislature on March 9, 1854.

brought over 75,000 people through Whatcom County.

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

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

About the Area

Topography

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

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

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

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

Climate

Temperature Range	
Winter	29 to 51 degrees
Spring	34 to 67 degrees
Summer	50 to 72 degrees
Fall	35 to 58 degrees
Annual Precipitation	36.17 inches
Annual Snowfall	8.60 inches

Demographic Characteristics

Population (2002 estimated)	
Whatcom County	172,200
Bellingham	69,260
Blaine	3,975
Everson	2,015
Ferndale	8,925
Lynden	9,380
Nooksack	920
Sumas	1,007
Population Density (2002 estimated)	
persons per square mile	81.24



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

About the Area continued

Demographic Characteristics continued

Median age	35 to 39 years old
Median household income	\$41,300
Standard housing cost (3 bedroom /1800 sf)	\$151,800
Average mo. apartment rent (2 bedroom, unfurnished)	\$588
Cost of Living Index (Standard)	
Housing	140%
Transportation	99.40%
Utilities	62%
Service/Misc.	108.90%
Consumables	103.80%
Total Index vs U.S. average	113.65
Reported Index Crimes	
Arson	28
Robberies	73
Rapes	81
Homicides	5
Aggravated Assaults	213
Motor Vehicle Thefts	395
Burlary	1,525
Theft	5,395
Health Care	
Hospitals	1
Physicians	270
Citizen to Physician Ratio	555.6/1

Economy/Employment

Unemployment Rate 5.9%

Top Ten Employers

Western Washington University	1,842
St. Joseph Hospital	1,800
Bellingham School District	1,244
City of Bellingham	808
Haggen, Inc.	807
Whatcom County	801
Ferndale School District	742
Intalco Aluminum Corporation	689
Brown & Cole, Inc.	620
Voicestream	563

Taxation

There is no state income tax in Washington State.

State Sales Tax	6.5%
Local Sales Tax	1.1 to 1.7%
Total Sales Tax	7.6 to 8.2%

Higher Education

Whatcom Community College - Part of the state's community college system, serving over 5,000 students per quarter.

Bellingham Technical College - One of five technical colleges in Washington State, serving approximately 4,300 students.

Western Washington University - One of six state-funded, four-year institutions in Washington State, serving approximately 12,000 students.

Whatcom County Government



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

Photograph by Tore Oftness

Home Rule Governs Whatcom County

There are thirty-nine counties in Washington. By virtue of its “Home Rule Charter” adopted in 1978, Whatcom County is one of only five counties in the state that have a “county constitution.” This constitution or “charter” gives control of county affairs to the people of the county rather than the state legislature. As a charter county, there are two primary factors that distinguish us from non-charter counties. First, there is a separation between legislative and administrative functions. This is accomplished through an elected

nonpartisan seven-member, part-time county council (legislative) and a full-time elected county executive (administrative). The second factor is the right of initiative and referendum provided to county citizens by the charter. The county charter defines duties and responsibilities of the branches, elected officials and departments.

You can obtain a copy of the Whatcom County Home Rule Charter from the Whatcom County Executive’s Office or the Whatcom County Council Office.

Strategic Planning

Whatcom County government launched a strategic planning program in 1997. Section 1.51 of the county charter mandates that the executive and legislative branches “engage in long-term strategic planning to establish organizational structure, priorities and performance measurement.” In Whatcom County, “strategic planning” is an ongoing process. Strategic planning goals for 2002 include the following policies:

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

In 1998, strategic planning produced the following vision and mission statements.

Whatcom County’s Vision Statement

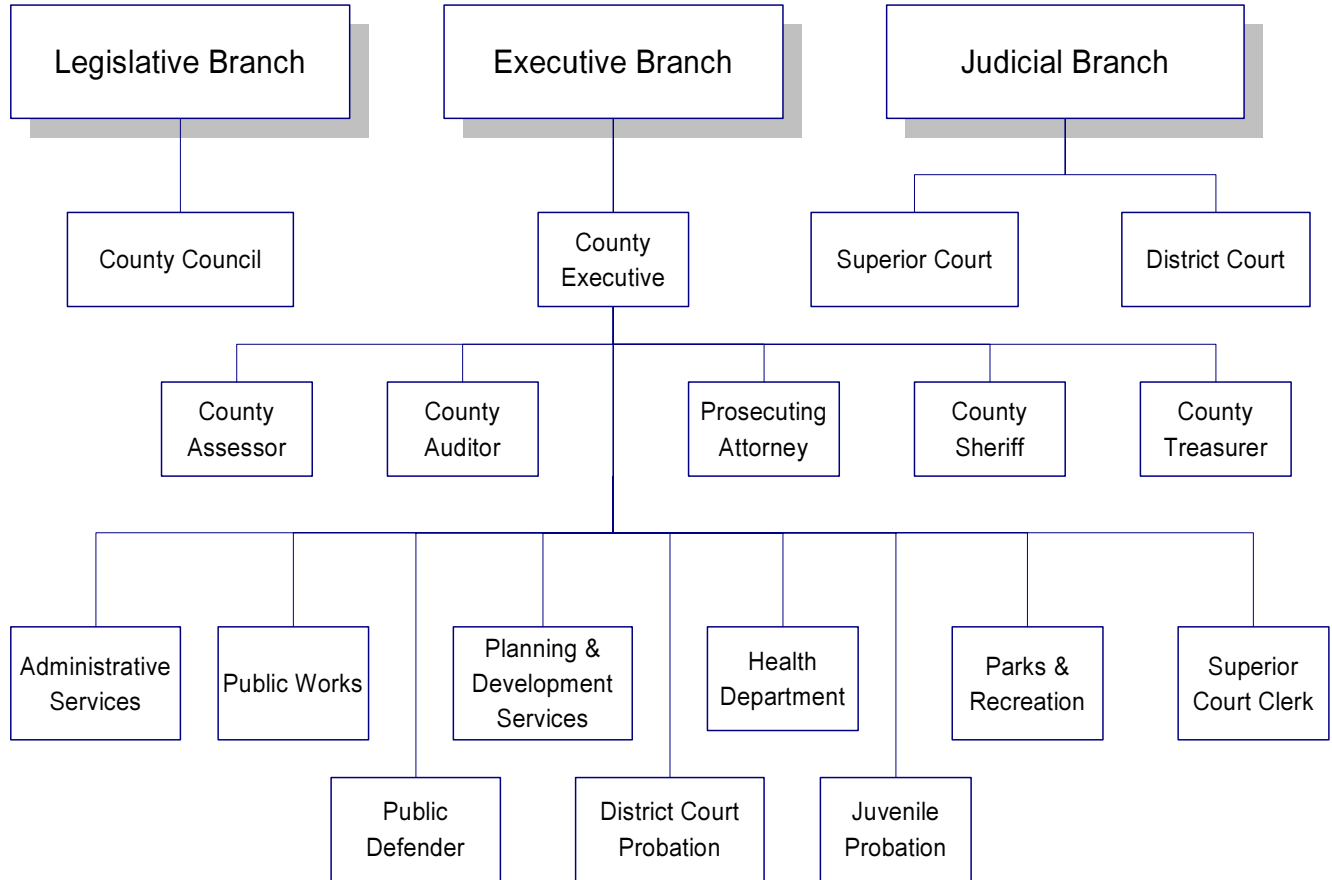
Whatcom County is envisioned as a place where people are able to enjoy an abundant, safe and healthy life. It is a place rich in natural beauty and renewable resources that provide plentiful recreation, life style and economic opportunities. A vibrant economy and diverse community resources provide family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

Whatcom County’s Mission Statement

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

Whatcom County Government

Organizational Structure



Whatcom County Government Departments

County government provides an enormous variety of services to its citizens. There are eighteen county departments that provide or support the delivery of these services. For a listing or “inventory” of county services, refer to Appendix E - Inventory of Services, located at the back of this document. The following is a brief description of each county department.

Administrative Services

Administrative Services is an internal service department that provides a variety of support services, such as custodial service, accounts payable, payroll, employee benefits and computer support to county departments and agencies. Divisions are Facilities Management, Finance, Human Resources and Information Services.

Assessor

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

Auditor

An elected official, the County Auditor provides voter registration, conducts elections, records land documents, issues marriage licenses, motor vehicle and vessel licenses. This office also performs an internal audit function for the organization.

Cooperative Extension

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

County Council

The legislative branch of Whatcom County government, the County Council comprises seven elected part-time council members. The council meets regularly on every other Tuesday evening and enacts ordinances and resolutions, sets the county budgets, creates policies and hears appeals. Check the library, newspaper or the council office for schedules and agendas.

District Court

With two elected judges and one appointed commissioner, District Court processes Sheriff, State Patrol, some City of Bellingham, Department of Fisheries, State Park and WWU traffic citations. It also handles small claims, civil claims, name changes and protection orders (as referred by Superior Court).

District Court Probation

This department provides adult probation services for offenders charged with misdemeanors in the District Court and some municipal courts that contract with the county. This office does not supervise offenders convicted of felonies in the Superior Court (these are handled by the state probation office).

Whatcom County Government Departments continued

Executive

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

Health Department

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

Juvenile Court Administration

Through the Juvenile Court, Detention Center and a number of special programs, this department provides services to assist young offenders with personal and/or environmental problems which get them into trouble with law. The Juvenile Detention Facility is located on the 6th floor of the courthouse. (Visiting hours are limited. Call for schedule.)

Parks and Recreation

Whatcom County Parks and Recreation operates eight senior centers and seven developed parks, including a rifle range, a cultural arts program, outdoor recreation program and services as a tourist information center.

Planning and Development Services

Divisions and their services are: Building Services (construction permits of all kinds, life safety code enforcement, plan check/inspection, burn permits, fire safety inspections); Land Use Services (pre-construction zoning, shorelines, SEPA, land use, critical areas, subdivisions, land use code enforcement); Planning Services (long range planning, comprehensive plans, growth management, water resources).

Prosecuting Attorney

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

Public Defender

The Public Defender's Office provides constitutionally mandated indigent legal defense for: felony, misdemeanor and probation violation charges against adults and juveniles in Whatcom County Superior and District Courts; parents in juvenile dependency matters; involuntary mental and alcohol commitments.

Whatcom County Government Departments continued

Public Works Department

The largest of Whatcom County departments, Public Works' primary objective is to maintain the integrity of the Whatcom County road system in an efficient, cost effective manner that provides safe travel for the public. This is accomplished through the work of several divisions:

Engineering, Equipment Rental and Replacement and Maintenance and Operations. Public Works provides year-round ferry service to Lummi Island, as well as solid waste management and noxious weed control for the county.

Sheriff

An elected official, the County Sheriff is responsible for law enforcement in the unincorporated areas of Whatcom County. The sheriff also has several county-wide responsibilities (serving both the cities and unincorporated areas), including operating the county jail and coordinating professional and volunteer search & rescue efforts. The Sheriff's Emergency Management Division provides community education in disaster mitigation and preparedness, and plans for and coordinates disaster response and recovery efforts.

Superior Court and County Clerk

Whatcom County's three Superior Court judges, three full time and two part time court commissioners hear all cases involving: adult felonies, all juvenile offenses, divorce, child custody, support matters, probate, guardianships, adoptions, property claims in excess of \$35,000, paternity actions, mental incompetency, abused or neglected children. The Court Clerk is custodian of all court records and accounts. This office also provides family law facilitation services, mandatory arbitration, public defender applications, domestic violence and anti-

harassment protection orders.

Treasurer

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

Creating the County Budget

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

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

Whatcom County's financial budgeting process begins in March of each year with a county-wide strategic planning retreat. The County Executive, members of the County Council, elected and appointed department heads participate in strategic planning to define the county's future financial, operational and service goals.

Following the strategic planning retreat, the County Council convenes a "budget retreat" (usually held in May) where members formulate objectives for the coming year. With input from the County Executive, staff and department managers, the council creates written "budget

development guidelines." These guidelines are an essential part of the administration's "budget instructions," released to all departments in mid-July.

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

The Executive and financial staff then develop a proposed budget. As required by the county charter, the administration delivers copies of an "Executive's Recommended Budget" to all members of the County Council and the County Auditor in mid-October.

The County Council's finance committee holds hearings and work sessions to discuss the Executive's proposed budget with the administration and department directors in November. The committee evaluates the budget and makes recommendations and revisions, then forwards these to the full council for a public hearing. The council adopts a final budget through passage of an ordinance. This ordinance establishes both appropriation limits and permanent staffing levels for the upcoming year. The administration publishes the completed budget document in January.

Facilities Capital Planning

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

Creating the County Budget continued

Annual Budget Timeline

Whatcom County's annual budget is prepared according to the following schedule:

Mid March	Strategic Planning
May / June	Budget Planning (Retreat)
July 15	Release of Budget Instructions
August 16	Dept budget requests due
Mid-Aug thru Mid-Sept	Dept Heads meet with Executive
October 17	Executive's Budget delivered to Council
Oct 17 thru Nov 12	Council Finance Committee Hearings
November 12	Council adopts budget
January 31	Final Budget Document Publication

Budget Document Serves Several Purposes

The budget document provides a summary of the financial plan for county operations for the fiscal year beginning January 1, 2003 and ending December 31, 2003. This document shows revenue sources and how they will be spent. It also contains goals, objectives, and performance or activity measures of departments and programs. Additionally, the budget document serves as a reference guide for the county's financial policies, fund structure, organizational structure and contains a directory of county services (see Appendix E - "Inventory of Services").

Amending the Budget During the Year

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

The Executive's office and Administrative

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

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

Continuing Appropriations into the Following Year

Generally, budget appropriations lapse at the end of the year. Some circumstances may make it necessary to carry over appropriations into the new year. Continued appropriation is accomplished through departmental request and administrative approval. Departments have until mid-January to request continuation of the prior year's appropriation on certain expenditures. The Executive reviews and makes a determination on qualifying requests.

Reporting Quarterly Financial Information

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

Financial Management Policies

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

Annual Budget Preparation

A complete annual budget will be prepared for all funds and capital budget expended by the county.

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

Budget Document

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

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

Budget Copies

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

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

Service Levels

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

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

Financial Management Policies continued

Capital, Plant and Equipment Maintenance or Replacement

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

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

Budgetary Practices

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

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

Onetime Revenues

The county will give highest priority in the use of onetime revenues to the funding of capital assets or other onetime expenditures.

Utilizing onetime revenues to fund ongoing expenditures results in incurring annual expenditure obligations which may be unfunded in future years. Using onetime revenues to fund capital assets or other nonrecurring expenditures better enables future administrations and councils to cope with the financial problems when these revenue sources are discontinued, since these types of expenditures can more easily be eliminated.

Budgetary Control System

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

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

Appropriation Authority

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

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

Quarterly Financial Reports

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

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

Financial Management Policies continued

Position Control

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

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

Position Vacancies

Appropriation authority for any budgeted personnel position that becomes vacant during the year shall continue unless the council by motion identifies the position as one in need of review. The executive shall report to the council once each month on those positions wherein an upcoming vacancy is anticipated or has occurred. No appropriated funds may be expended for regular staffing except for those positions specifically identified in the budget ordinance.

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

Transfers Between Funds

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

This is pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.

Rainy Day Reserve Fund

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

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

This is pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.

Financial Management Policies continued

Interfund Transfers

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

This is pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.

State Surcharges on Fines

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

This is pursuant to the RCW 46.63.110(3).

Senior Services Programs

Any monies appropriated for senior services programs within the Parks and Recreation Fund budget may not be transferred to any other activity or program.

This is pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.

Veteran's Relief Fund

The administrators of the Veteran's Relief Fund shall be allotted no more than 8.33% of the total non-capital appropriations each month during the year. Any unencumbered appropriation authority of less than the 8.33% allotment may be carried forward and expended in subsequent months.

This is pursuant to the Home Rule Charter Sections 6.41 - Budget Control and 6.60 - Consideration and Adoption of the Budget.

Bids on Construction Work

Except as the County Council may specifically authorize by exception, all construction work funded for which the estimated cost is over \$25,000 shall be bid out to private contractors.

This is pursuant to the Whatcom County Code Chapter 3.08, and applicable state laws.

Continuing Appropriations

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

This is pursuant to the Whatcom County Code, Chapter 3.02.050 Budgeting – Continuing Appropriations.

Financial Management Policies continued

Ferry Funding

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

Service Productivity - Unexpended Appropriation Incentive

This policy defines savings as unspent appropriations, department or division level, which managers have not committed for future years. Committed appropriations include encumbrances, unspent lease purchase and any planned reappropriations. The policy further requires that the savings result from increased productivity in service delivery. Finance staff will determine the department and division annual savings after completing the annual financial report. The following criteria guide the use of carry-over savings and appropriations:

- The County Executive will review and may approve requests for use of savings.
- The source of savings was achieved by increased productivity, rather than decreased services.
- Departments and divisions will use savings for the improvement of future service delivery.
- County Council must approve requests for the use of savings with an appropriation ordinance.
- Annual general fund revenue collections must be equal to or greater than the projected budget revenue.

The eligible productivity savings will be separately accounted for in a general fund designated reserve account. The eligible productivity savings held in this reserve are separately accounted for by the department or division that generated the savings. Requests for the use of accumulated savings from prior year(s) held in this reserve can be made at any time during the year.

This policy provides incentives for general fund managers to improve planning and delivery of services. General fund managers need a means by which to save unspent annual appropriations that result from increases in productivity. Without an incentive policy, managers tend to spend savings on short term needs rather than long-range service improvement. This policy creates incentives to more closely examine spending decisions and to consider program related savings before requesting additional general fund resources.

Prudent cost-effective service delivery requires long range planning of both costs and resources necessary to provide the service. This policy provides a framework within which managers can develop strategic plans rather than short term, line item cost approaches. Allowing managers to save and use resources from increased productivity emphasizes responsibility and accountability for efficient service delivery. It further allows more flexibility for general fund managers, similar to the management conditions of enterprise funds.

Basis of Accounting and Budgeting

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

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

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

Under the modified accrual basis, revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include intergovernmental revenues and interest. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include ad valorem taxes, licenses, permits and fines and forfeitures.

Expenditures are recognized in the accounting period in which a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt,

which are recognized when due. Encumbrances are recognized during the year, but outstanding encumbrances at the end of the year do not constitute expenditures and are either charged to an appropriation in the following year or the contractual commitment is cancelled.

Whatcom County Fund Structure

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

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

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

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

General Fund

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

Special Revenue Funds

Special Revenue Funds are established in Whatcom County pursuant to state statutes or local ordinances in order to segregate resources which are designated to be used for specified purposes. Both revenues and expenditures are budgeted in compliance with procedures established in Article 6 of the Whatcom County Home Rule Charter. The modified accrual basis of accounting is applied. Following is a list of all special revenue funds included in this budget:

County Road

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

Election Reserve

A fund to finance elections and election equipment.

Solid Waste Management

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

Veterans' Relief

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

Whatcom County Fund Structure continued

Whatcom Co. Convention Center

A fund used to promote tourism and overnight visits.

Victim Witness Assistance

A fund established to administer victim witness programs. The fund is financed by 20% of court ordered fines on domestic assault cases.

Community Economic Revitalization Board (CERB)

A fund to finance and account for loan proceeds from the State CERB Fund and repayment of the loan.

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.

County Drug Fund

Money from asset seizures in drug cases is placed into this fund by court order and are being 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 the county auditor. Expenditures from this fund shall be used for installation and maintenance of an improved system for copying, reserving, and indexing documents recorded in the county.

Whatcom Co. Emergency Management

A fund created to carry out federal and state mandated programs to prepare the community (emergency services' systems and

the public) to respond to emergency disasters beyond the capacity of regular emergency services.

Flood Control Zone District

A fund created through the Flood Control Zone District and the River Improvement Fund to implement and oversee the river improvement program and flood hazard management program for the county.

Lynden / Everson Sub Zone

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

Sumas / Nooksack / Everson Sub Zone

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

Acme / Van Zandt Sub Zone

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

Point Roberts Transportation Benefit District

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

Conservation Futures

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

Whatcom County Fund Structure continued

Lake Management District No. 1

A fund formed in January 1992 by Lake Samish residents who were assessed to establish a Department of Ecology-mandated summertime flow augmentation program for Friday Creek in exchange for receiving conditional water right permits to withdraw water from Lake Samish for domestic use. Also included was an assessment to clear accumulated beaver dams, logs, and debris from Friday Creek, between Lake Samish and the Nulle Road bridge, to mitigate flood hazards.

County Road Improvement District #1

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

County Road Improvement District #2

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

County Road Improvement District Guaranty

A fund to account for the deposit of the 5% outstanding bond liability of R.I.D. #4, R.I.D. #5, and R.I.D. #10.

County Road Improvement District #7

Assessment fund to account for operation and maintenance of the Emerald Lake Lighting District.

Water Resources Fund

A fund established to administer and coordinate water resource related activities in the county.

Low Income Housing Projects

Beginning in 2002, a fund was created to collect an additional \$10 recording fee (per

document) that provides funding for local low income housing projects.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, assessment debt, interest and related costs. The county appropriates current year expenditures and anticipated revenue. The modified accrual basis of accounting is applied.

1977 Limited Fairground G.O. Bond

A fund to account for redemption of bonds which were issued for providing capital improvements to the fairgrounds.

1991 Limited Tax G.O. Bond

A fund to account for redemption of bonds which were issued for the purpose of providing funds for the construction of the addition to the County Courthouse.

1993 Limited Tax G.O. Bond

A fund to account for redemption of bonds which were issued for the purpose of providing funds for the construction of the addition to the County Courthouse.

1997 Limited Tax G.O. & Refunding Bond

A fund to account for the redemption of bonds which were issued to pay off an interfund loan for the courthouse remodel and refinance the majority of the 1991 bond issue.

L.R.I.D. #9 General Debt

This debt is for loans obtained to provide infrastructure in the Cordata area. Each property owner pays an assessment on an amortized schedule that in turn pays the CERB loans.

Whatcom County Fund Structure continued

L.R.I.D. General Debt

These bonds were issued to provide infrastructure in the Cordata area. Each property owner pays an assessment on an amortized schedule which in turn pays the bonds.

1998 Limited Tax G.O. Bond Fund

A fund to account for the redemption of bonds that were issued to pay off an interfund loan for purchasing the civic center building.

Capital Projects Funds

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

1983 Sewer Construction

A fund to account for acquisition, construction and installation of sewage facilities in the Northwest Annex area.

Real Estate Excise Tax (REET)

A fund to account for an excise tax on each sale of real property, imposed on the unincorporated areas of the county.

County Parks Improvement Fund

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

Public Utilities Improvement Fund

A fund to account for sales or use tax, pursuant to RCW 82.14.370.

Enterprise Funds

Enterprise funds are used to account for operations that provide goods or services to the general public and are supported primarily through user charges or where the governing body has decided that periodic determination of net income is needed.

Whatcom County Investment Pool

A fund to account for the operations of the Whatcom County Investment Pool.

Internal Service Funds

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

Equipment Rental and Revolving

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

Administrative Services Fund

A fund to provide county departments and activities with internal administrative services.

Whatcom County Supplemental Retirement Fund

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