

Table of Contents

Introductory Section

Letter of Transmittal	1
Elected Officials	8
Organization Chart	9

Financial Section

Independent Auditor’s Opinion	11
-------------------------------------	----

Management Discussion & Analysis	13
--	----

Basic Financial Statements	23
----------------------------------	----

Statement of Net Assets	23
Statement of Activities	24
Balance Sheet, Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Statement of Revenues, Expenditures, and Changes in Fund Balance, Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Assets, Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets, Proprietary Funds	30
Statement of Cash Flows, Proprietary Funds	31
Statement of Fiduciary Net Assets, Fiduciary Funds	32
Statement of Changes in Fiduciary Net Assets, Fiduciary Funds	33

Notes to the Financial Statements	35
Note 1 - Summary of Significant Accounting Policies	37
Note 2 - Stewardship, Compliance, and Accountability	43
Note 3 - Deposits and Investments	43
Note 4 - Property Taxes	47
Note 5 - Capital Assets and Depreciation	49
Note 6 - Pension Plans	50
Note 7 - Risk Management	58
Note 8 - Long-Term Debt and Capital Leases	61
Note 9 - Contingencies	65
Note 10 - Commitments	65
Note 11 - Interfund Balances and Transfers	66
Note 12 - Joint Ventures	67
Note 13 - Other Postemployment Benefit (OPEB) Plans	67
Note 14 - Postclosure Care Cost	70
Note 15 - Other Disclosures	70

Required Supplemental Information	71
General Fund	71
Road Fund	72
Notes to Budgetary Comparison Schedule	73
LEOFF I Retiree Medical Benefits	74

Supplemental Information	75
Non-Major Funds Definitions	75
Governmental Funds	80
Combining Balance Sheet - Non-Major Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds	81
Special Revenue Funds	82
Combining Balance Sheet - Non-Major Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds	88
Election Reserve	94
Veterans' Relief	95
Treasurer's O & M	96
Water Resources	97
Whatcom County Jail	98
Low-Income Housing	99
Homeless Housing	100
Countywide Emergency Medical Services	101
Whatcom County Trial Court Improvement	102
Solid Waste	103
Convention Center	104
Victim/Witness Assistance	105

Community Development	106
Whatcom County Drug	107
Auditor's O & M	108
Emergency Management	109
Flood Control Zone District	110
Point Roberts Fuel Tax	111
Conservation Futures	112
Road Improvement Districts	113
Lynden/Everson Sub-Zone	114
Sumas/Nooksack/Everson Sub-Zone	115
Acme/Van Zandt Sub-Zone	116
Samish Watershed Sub-Zone	117
Debt Service Funds	118
Combining Balance Sheet - Non-Major Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds	120
1997 Ltd. Tax General Obligation Bond	122
1998 Ltd. Tax General Obligation Bond	123
2003 Ltd. Tax General Obligation Bond	124
Capital Project Funds	126
Combining Balance Sheet - Non-Major Funds	126
Combining Statement of Revenues, Expenditures & Changes in Fund Balance - Non-Major Funds	128
Real Estate Excise Tax I	130
County Park Improvement	131
East Whatcom Regional Resource Center Construction	132
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds	133
Real Estate Excise Tax II	133
Public Utilities Improvement	134
Internal Service Funds	135
Combining Statement of Net Assets - Internal Service Funds	135
Combining Statement of Revenues, Expenses & Changes in Net Assets - Internal Service Funds	136
Combining Statement of Cash Flows - Internal Service Funds	137
Enterprise Funds	138
Combining Statement of Net Assets - Non-Major Enterprise Funds	138
Combining Statement of Revenues, Expenses and Changes in Net Assets - Non-Major Enterprise Funds	139
Combining Statement of Cash Flows - Non-Major Enterprise Funds	140
Investment Trust Funds	141
Combining Statement of Net Assets - Investment Trust Funds	141
Combining Statement of Changes in Net Assets - Investment Trust Funds	142
Agency Funds	144
Combining Balance Sheet	144
Combining Statement of Changes in Assets and Liabilities	
Cemetery Districts	147
Drainage Diking & Flood Control Districts	148
Park & Recreation Districts	149
Watershed Mgmt Project Joint Board	150
Rural Library	151

Northwest Regional Council	152
Council of Governments	153
Hospital Districts	154
Port	155
P.U.D. District	156
Whatcom Transit	157
School Districts	158
Watershed Districts	159
Fire Districts	160
Water Districts	161
Treasurer's Suspense	162
Inmate Trust Fund	163
Claims Fund	164
Salary Fund	165
Total Agency Funds	166
General Fund Schedule of Expenditures - Budget and Actual	167

Statistical Section

169

Table 1 - Net Assets by Component	172
Table 2 - Changes in Net Assets	174
Table 3 - Fund Balances, Governmental Funds	178
Table 4 - Changes in Fund Balances, Governmental Funds	180
Table 5 - Assessed Value of Taxable Property	182
Table 6 - Direct & Overlapping Property Tax Rates	184
Table 7 - Principal Property Tax Payers	186
Table 8 - Property Tax Levies & Collections	187
Table 9 - Ratio of Outstanding Debt by Type	188
Table 10 - Ratio of General Bonded Debt Outstanding	189
Table 11 - Direct & Overlapping Governmental Activities Debt	190
Table 12 - Legal Debt Margin Information	192
Table 13 - Pledged Revenue Coverage	194
Table 14 - Demographic & Economic Statistics	195
Table 15 - Principal Employers	196
Table 16 - Full-Time Equivalent County Government Employees by Function/Program	197
Table 17 - Operating Indicators by Function/Program	198
Table 18 - Capital Asset Statistics by Function/Program	200