

# Skagit County Washington

## Popular Annual Financial Report

**For Fiscal Year  
Ended December  
31, 2014**

Skagit County is a very special place to live, with beautiful and diverse communities and extraordinary natural resources. Skagit County Government proudly serves the people, businesses, communities and organizations in this special place, guided by these principles:

- We will partner with our customers, based on mutual respect and trust, to protect and plan for the health, safety, and welfare of current and future citizens.
- We will assist our customers, based on fairness and justice, to understand and comply with the intent of Federal and State regulations as well as our own.
- We will support and honor our employees in their efforts to be progressive and innovative in improving the efficiency and quality of services to our customers.

**OUR MISSION** is to be recognized as a premier county in Washington State for providing professional leadership, operational excellence, timely assistance, and maximum efficiency in service delivery to our customers.



# Message from the County Auditor



Dear Residents of Skagit County,

I am proud to present you with the County's Popular Annual financial report (PAFR) for the fiscal year ended December 31, 2014.

Inside this publication, we provide you with details of how the County's revenue is generated, where the dollars are spent, and how the local economy impacts Skagit County's overall financial status. Above all, our goal is to provide you an opportunity to better understand the many financial aspects that affect your local government.

Information in this report is derived from the 2014 Skagit County Comprehensive Annual Financial Report (CAFR). Our 2013 CAFR received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. This award represents the highest award in governmental financial reporting. We continue to participate in the program, and have submitted the 2014 financials for review.

Because the PAFR is created to provide you with a summary of the financial activity of Skagit County in an easily understandable format, it is not presented in conformity with GAAP. Readers desiring more detailed information in conformity with GAAP are encouraged to read our CAFR.

We hope you find this report both informative and helpful.

Thank you,

Jeanne Youngquist  
Auditor



# About Skagit County



Skagit County is named after the Skagit Indian Tribe. It was formed out of Whatcom County (just north of us) on November 28, 1883. The County nestles between the majestic Cascade Mountains to the east, fans out into a fertile river delta and is bordered on the west by the scenic and famed San Juan Islands. It has a total area of 1,920 square miles, of which 185 square miles is water. 156,085 acres are devoted to parkland, and 364,582 acres are designated National Forest Land. The County is also home to approximately 100,000 acres of productive and valuable farmland. Agriculture remains the number one industry producing upwards of 90 crops. In addition to fruits and vegetables, Skagit produces more tulip, daffodil, and iris bulbs than any other county in the United States. Organic acreage is on the increase, with more than 5,820 acres of certified organic land in production.



# Skagit County Government



## County Commissioners



Ron Wesen,  
District 1



Ken Dahlstedt,  
District 2



Sharon Dillon,  
District 3

## Elected Officials



Assessor  
Don Monks



Auditor Jeanne  
Youngquist



Sheriff  
Will Reichardt



Clerk  
Nancy Scott



Prosecuting  
Attorney Rich  
Weyrich



Treasurer Katie  
Jungquist



Coroner  
Daniel Dempsey

## Judicial Elected Officials



John Meyer  
Superior Court



Michael Rickert  
Superior Court



Susan Cook  
Superior Court



Dave Needy  
Superior Court



David Svaren  
District Court

Picture not  
available

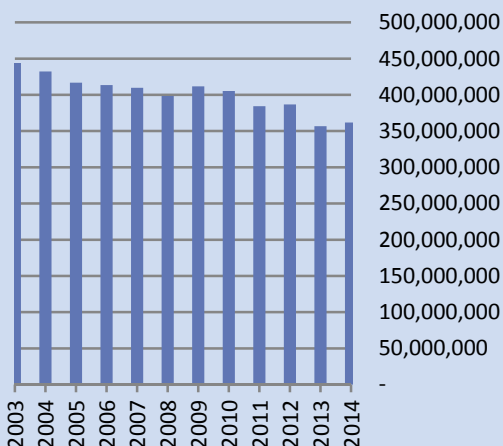
William Gilbert  
District Court

\* More information regarding elected officials and their duties are on page 16

# Government-Wide Statement of Net Assets

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 51,316,891	\$ 60,060,764	\$ 111,377,655
Investments	16,213,858	-	16,213,858
Accounts Receivables, Net	3,543,314	752,881	4,296,195
Due from Other Governments	7,512,351	1,871,274	9,383,625
Internal Balances	710,191	(710,191)	-
Inventories and Prepayments	5,075,967	200.00	5,076,167
Notes Receivable	6,935,000	-	6,935,000
Restricted Assets:			
Restricted for Debt Service:			
Cash/Cash Equivalents	30,152	-	30,152
Investments	1,128,657	-	1,128,657
Non Depreciated Capital Assets	172,771,573	816,556	173,588,129
Capital Assets, Net	115,417,375	14,750,359	130,167,734
Construction in Progress	792,459	8,074,074	8,866,533
<b>Total Assets</b>	<b>381,447,788</b>	<b>85,615,917</b>	<b>467,063,705</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 4,330,817	\$ 1,593,396	\$ 5,924,213
Other Liabilities	2,634,359	310,623	2,944,982
Due to Other Governments	326,509	-	326,509
Long Term Liabilities	-	-	-
Due within One Year	3,750,788	812,433	4,563,221
Due in More than One Year	20,059,935	71,456,924	91,516,859
<b>Total Liabilities</b>	<b>31,102,408</b>	<b>74,173,376</b>	<b>105,275,784</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related De	291,628,047	14,405,733	306,033,780
Restricted for:			
General Government	5,186,599		5,186,599
Public Safety	4,038,350		4,038,350
Physical Environment	3,954,162		3,954,162
Transportation	2,138,937		2,138,937
Economic Environment	7,248,484		7,248,484
Health & Human Services	6,400,905		6,400,905
Culture & Recreation	293,965		293,965
Debt Service	1,157,309		1,157,309
Unrestricted	28,256,073	(2,963,191)	25,292,882
<b>Total Net Position</b>	<b>350,302,831</b>	<b>11,442,542</b>	<b>361,745,373</b>

**Total Net Position Over Time**



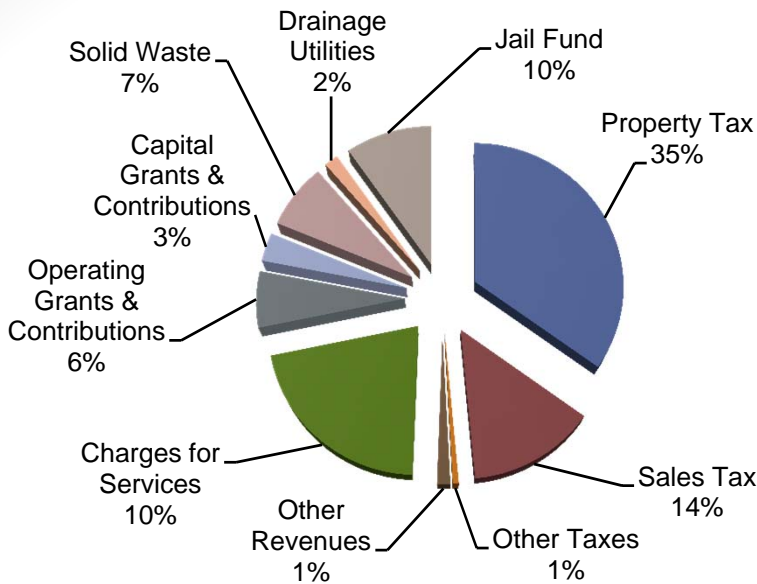
*The statement of net assets presents information on the County's assets (what we own) and liabilities (what we owe), with the difference between the two reported as net position. Measuring net position is one way to evaluate the County's financial condition. Over time, increases and decreases to net position may serve as an indicator as to the County's financial health. Assets exceeded liabilities by \$361.7 million in 2014. Of the excess, \$203 million reflects investments in capital assets (land, buildings, improvement, infrastructure, equipment less any debt incurred to acquire the assets). Restricted net position reflect resources that are subject to restrictions and cannot be used for general government obligations to citizens and creditors. Unrestricted net position may be used to meet general government obligations.*

# Government-Wide Statement of Activities

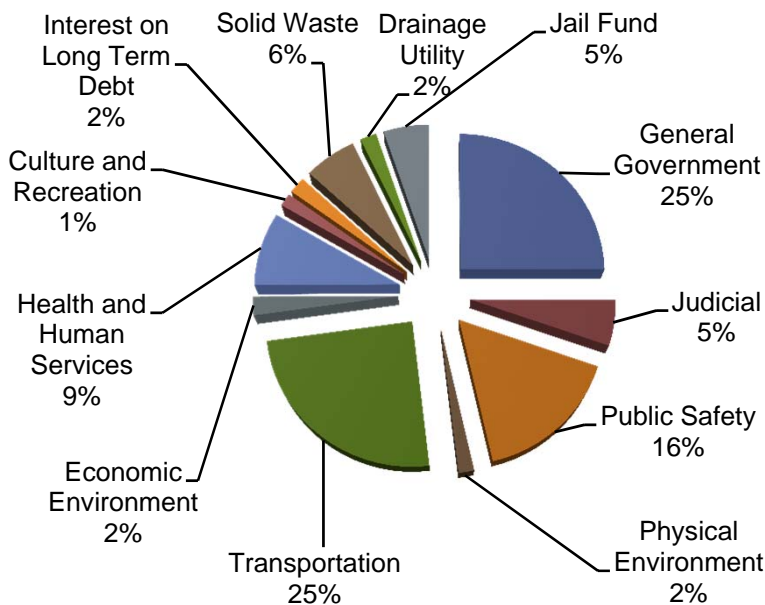
	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>Revenues</b>			
Taxes	\$ 62,720,019	\$ -	\$ 62,720,019
Charges for Services	27,039,213	22,798,505	49,837,718
Operating Grants & Contributions	8,098,345	1,044,605	9,142,950
Capital Grants & Contributions	4,097,331	0	4,097,331
Interest & Investment Earnings	1,559,578	(406,062)	1,153,516
Gain/Loss of Sale of Capital Assets		0	-
Transfers	(50,845)	50,845	-
<b>Total Revenues</b>	<b>103,463,641</b>	<b>23,487,893</b>	<b>126,951,534</b>
<b>Expenditures</b>			
	0	-	-
General Government	33,434,058		33,434,058
Judicial	6,993,755		6,993,755
Public Safety	21,504,017		21,504,017
Physical Environment	2,241,397		2,241,397
Transportation	32,912,501		32,912,501
Economic Environment	2,836,294		2,836,294
Health & Human Services	11,366,884		11,366,884
Culture & Recreation	2,010,042	0	2,010,042
Interest on Long Term Debt	2,572,433		2,572,433
Enterprise Fund Expenses		17,505,783	17,505,783
<b>Total Expenses</b>	<b>115,871,381</b>	<b>17,505,783</b>	<b>133,377,164</b>
Special Item - Gain on Sale of Assets	1,446,039	-	1,446,039
Net Position January 1	360,532,657	4,299,905	364,832,562
Prior Period Adjustment	731,875	1,160,528	1,892,403
<b>Net Position December 31</b>	<b>\$ 350,302,831</b>	<b>\$ 11,442,543</b>	<b>\$ 361,745,374</b>

*The statement of activities presents information showing how the County's net position changed during 2014. It provides a detailed account of revenues (sources of income) and expenses (uses of money) for County operations. In 2014 our expenses exceeded our revenues by \$4.98 million, down from a \$2.7 decrease in net position from 2013. For information on revenue and expense trends, see the following pages. Business-type activities rely to a significant extent on charges for services. They include Solid Waste, Drainage Utilities, and the Jail Fund.*

## Revenues By Source



## Expense by Function



### MONIES IN

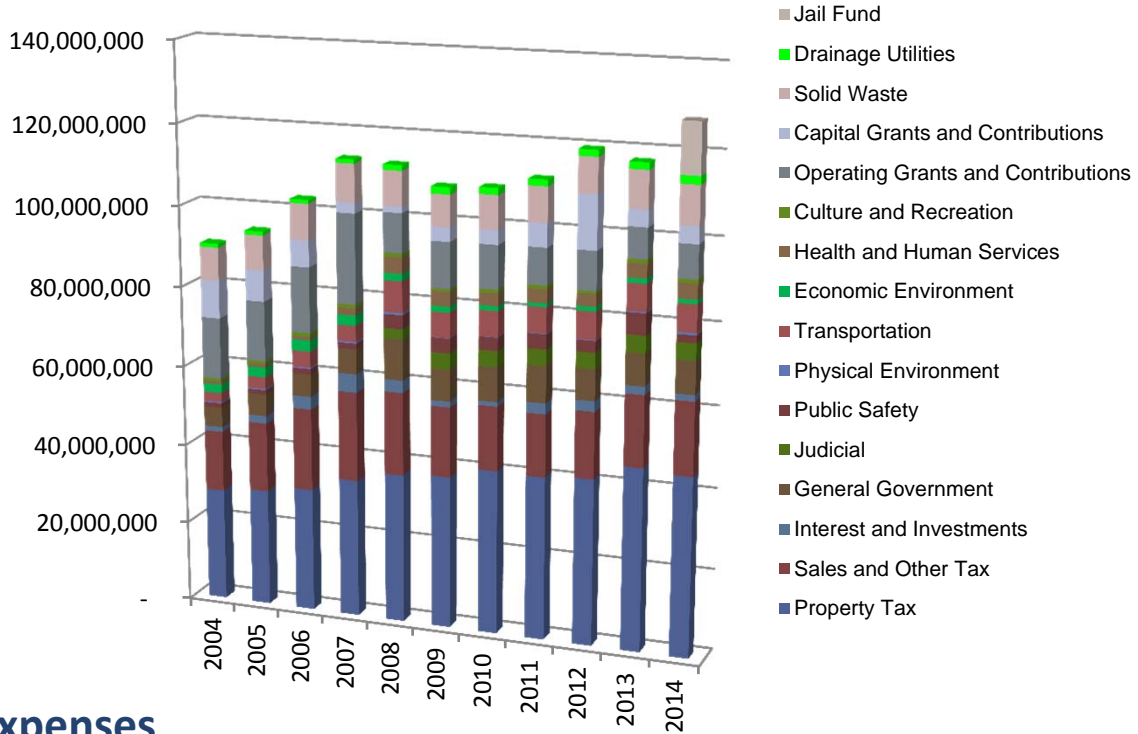
As a government entity, the County uses fund accounting, or self-balancing sets of accounts segregated for specific activities. Governmental funds are used to account for tax-supported activities and the County receives the funding it needs in order to provide services to the community from a variety of sources. This graph depicts the significance each source of revenue has to the County's overall fiscal health. Property tax makes up of the majority of the revenues, with Charges for Services coming in second. Charges for services are resources from various County departments and agencies for fees paid to them by the public, such as court costs and fees for recording deeds and transferring property.

### MONIES OUT

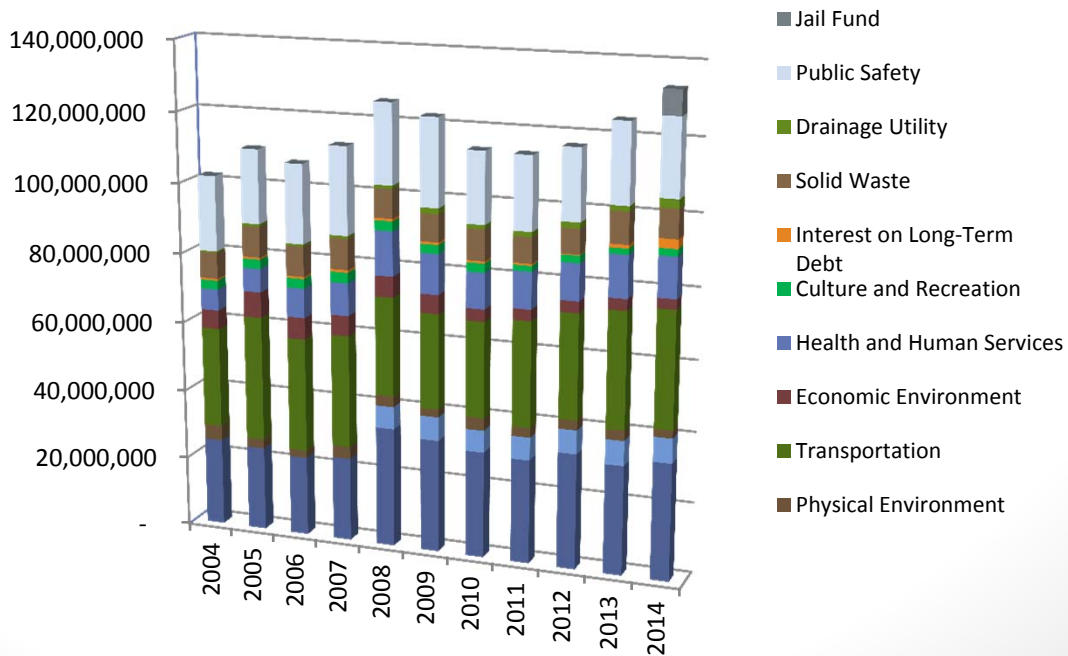
General Government consists of the largest portion of expenses for the County, followed closely by transportation. General Government expenses consist of legislative and executive expenses. Transportation consists of expenses related to public works and are incurred for infrastructure (roads and bridges within the County). Public Safety consists of the Sherriff's department, probation, Prosecuting Attorney, and public safety costs. Judicial costs are those costs related to the court system: Superior and District Court, as well as the County Clerk. Health and Human Services include costs associated with the Health Department as well as veteran's services, mental health, substance abuse and community services. Economic environment expenses include planning and development services, housing and promotion of tourism. Physical environment includes expenses for conservation and the preservation of the environment.

# Revenue and Expense Trends

## Revenues



## Expenses



Note: The Jail fund was created in 2014.

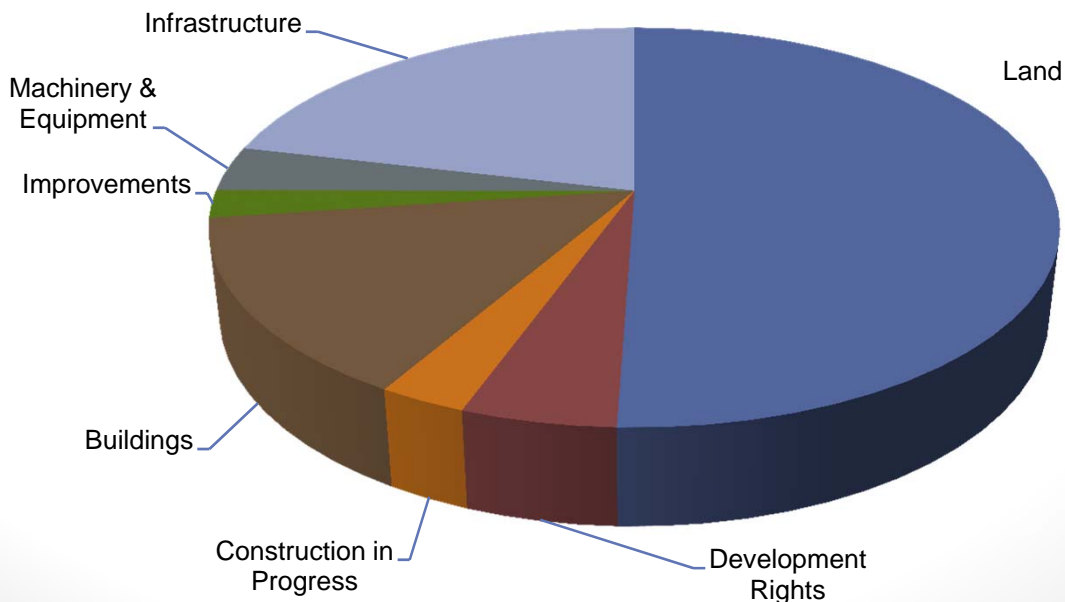


# Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2014 was \$312.3 million (net of depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, parks and park improvements, equipment, and infrastructure (bridges and roads). There were no major additions to our assets in 2014, the main reason for the decrease of \$6 million was depreciation.

	General Activities		Business Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	157,213,966	156,695,250	816,556	816,556	158,030,522	157,511,806
Development Rights	15,557,605	15,557,606			15,557,605	15,557,606
Construction in Progress	792,459	4,707,081	8,074,074	833,302	8,866,533	5,540,383
Buildings	36,548,105	36,139,338	8,616,505	8,857,580	45,164,610	44,996,918
Improvements	1,957,319	1,930,148	4,978,729	5,051,521	6,936,048	6,981,669
Machinery & Equipment	10,245,007	10,217,477	1,155,126	1,252,611	11,400,133	11,470,088
Infrastructure	66,666,944	76,649,908			66,666,944	76,649,908
<b>Total Capital Assets</b>	<b>288,981,405</b>	<b>301,896,808</b>	<b>23,640,990</b>	<b>16,811,570</b>	<b>312,622,395</b>	<b>318,708,378</b>

## 2014 Capital Assets by Type

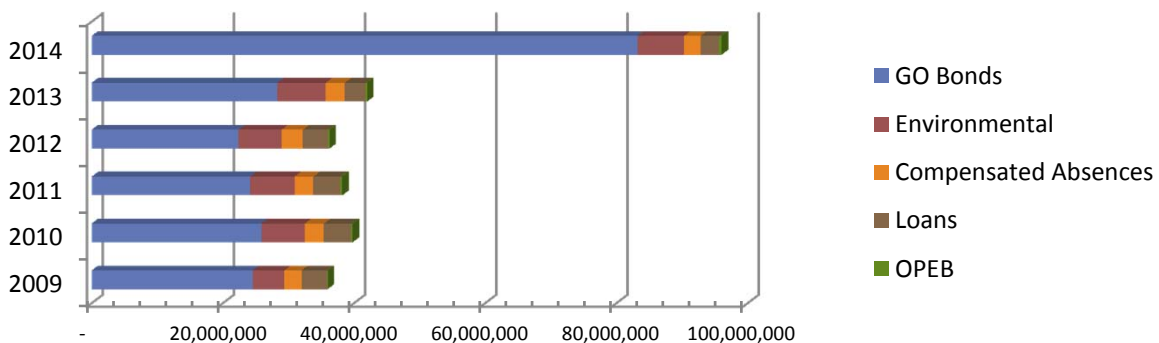


# Long Term Debts

The County's long term debt for its governmental and business-type activities as of December 31, 2014 was \$96 million (current portion \$4.6 million). The long term liabilities for the County consist of general obligation bonds, loans, compensated absences, environmental liabilities, as well as other post-employment benefit liabilities. In 2014, the County issued bonds for the new jail facility.

	General Activites		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	18,197,643	18,649,936	65,050,585	9,700,905	83,248,228	28,350,841
Loans Payable	2,802,126	3,153,698			2,802,126	3,153,698
Compensated Absences	2,278,427	2,830,899	229,932	93,830	2,508,359	2,924,729
OPEB Liability	413,104	240,522	-	-	413,104	240,522
Post Closure Landfill Costs			3,043,592	3,169,663	3,043,592	3,169,663
Environmental Liabilities	119,424	122,111	3,945,248	4,066,669	4,064,672	4,188,780
<b>Total Capital Assets</b>	<b>23,810,724</b>	<b>24,997,166</b>	<b>72,269,357</b>	<b>17,031,067</b>	<b>96,080,081</b>	<b>42,028,233</b>

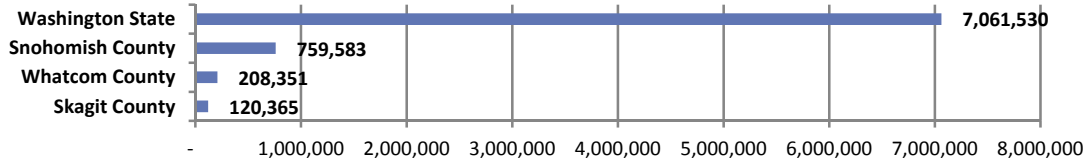
## Long Term Debt by Type



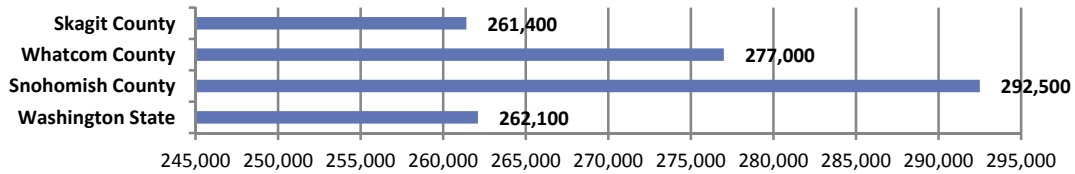
GO Bonds are general obligation bonds issued to finance capital assets for the County. The large increase in GO Bonds in 2014 was due to the bond issue for the new jail. Environmental liabilities consist of post closure costs and pollution remediation obligations for landfills and the road shop. Compensated absences represent what the County would have to pay its employees if the doors were shut on December 31, 2014. Loans consist mostly of water quality loans for septic repairs. OPEB is other post employment benefits for our LEOFF (Law Enforcement Officers and Fire Fighter's Retirement System) 1 plan.

# Economic and Demographic Information

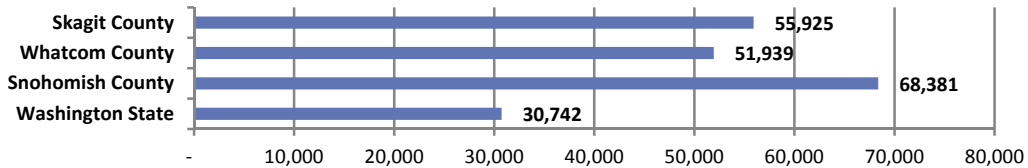
## Population



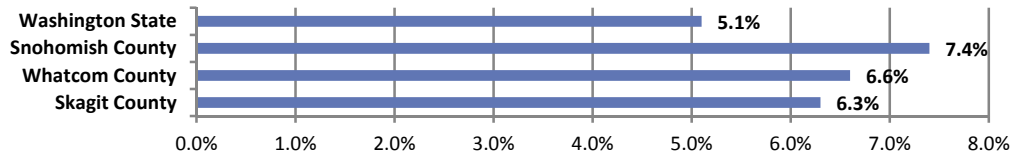
## Median Value of Owner-Occupied Housing Units



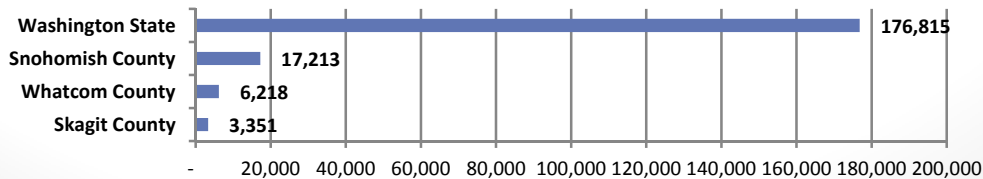
## Median Household Income



## Unemployment Rate

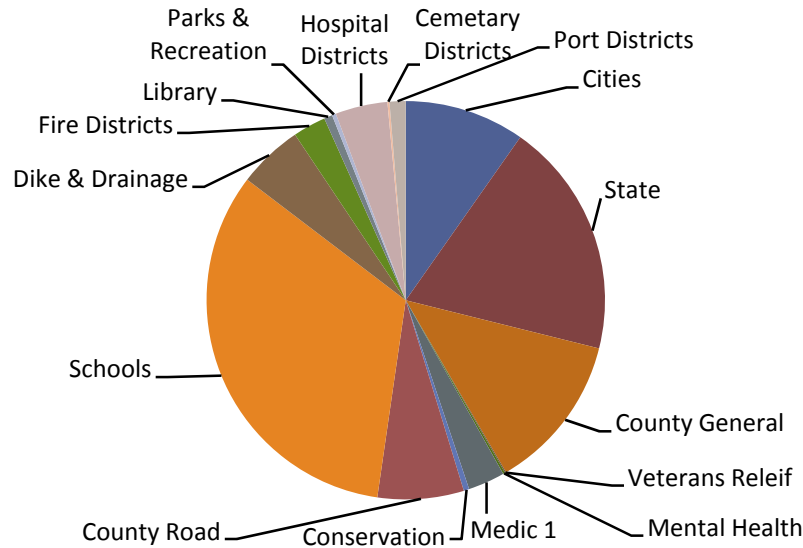


## Private nonfarm Businesses



# Assessed Taxes

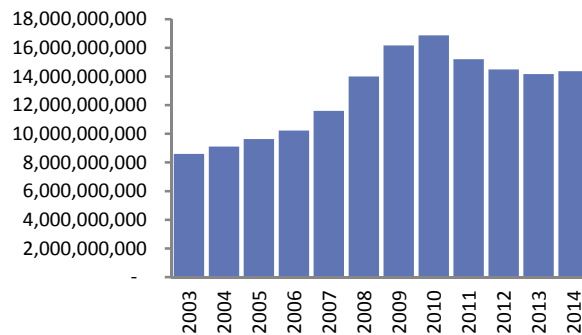
## Assessed Taxes 2014



### Property Tax Assessed in 2014

		% of Total
Cities	\$ 17,565,206	9.74%
State	34,534,675	19.15%
County General	22,899,609	12.70%
Veterans Relieif	161,662	0.09%
Mental Health	323,339	0.18%
Medic 1	5,383,153	2.99%
Conservation	803,530	0.45%
County Road	12,600,414	6.99%
Schools	59,613,469	33.06%
Dike & Drainage	9,493,733	5.27%
Fire Districts	4,826,848	2.68%
Library	1,204,656	0.67%
Parks & Recreation	592,275	0.33%
Hospital Districts	7,631,646	4.23%
Cemetary Districts	302,941	0.17%
Port Districts	2,365,140	1.31%
<b>TOTAL</b>	<b>180,302,296</b>	

## Total Assessed Value 10 year trend

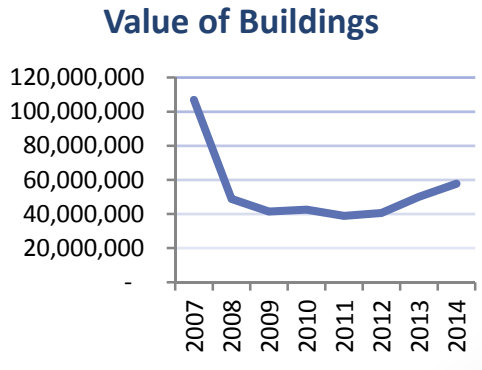
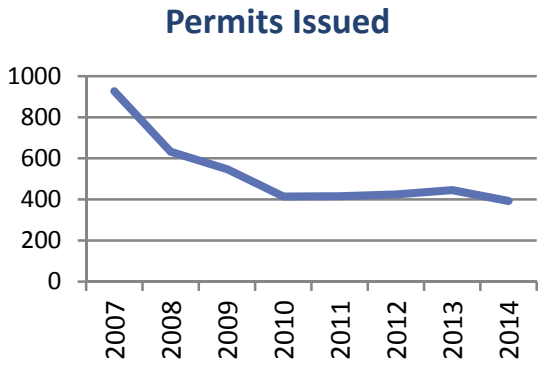


The majority of assessed property tax in Skagit County is distributed to the school districts, with the second largest percentage to the state. The County's portion of the total assessed taxes is 12.70%. Property tax consists of 35% of total County revenues. The remaining 65% of the County's revenues are derived from charges for services, grant revenues, sales and use tax, and other taxes. Please refer to the revenue graph on page 7.

# Service Operating Indicators

	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>						
Commissioned Employees	62	58	46	44	50	52
Civilian and limited Commissic	58	53	53	59	55	56
Average daily jail population	275	243	196	226	247.7	235
Police patrol units, vehicle	62	54	49	71	55	56
Police patrol units, boats	4	4	5	5	5	4
<b>Fire Protection</b>						
Number of Districts	18	18	18	18	18	18
Paid firefighters	66	65	65	65	65	65
Volunteer firefighters	550	585	568	561	559	572
<b>Building Permits</b>						
Permits Issued	547	414	416	424	445	392
Value of buildings	\$ 41,441,249	\$ 42,538,000	\$ 38,893,281	\$ 40,588,568	\$ 50,051,285	\$ 57,696,373
<b>General Elections</b>						
Registered voters	68,119	68,936	68,996	72,966	74,075	75774
Votes cast	36,160	48,960	38,256	56,262	35,847	40825
Percentage voting	53%	71%	59%	83%	53%	61%
<b>Miles of Road</b>						
Paved Roads	758	761	757	760	761	761
Unpaved Roads	41	41	39	41	40	40

The current global economic recession's local impact is clearly evident in the number of new building permits issued and the value of those issued, as demonstrated by the graphs below. We show a slight decrease in 2014 on the number of permits issued and an increase assessed value of buildings in the County.



# Elected Officials – Offices and Duties

\*\*All elected officials are elected to four year terms. Current official's terms expire in December 2014, with the exception of Superior Court judges – they expire in 2016.

## **Assessor (360) 336-9370**

All real and personal property in this state is subject to property tax based on 100 percent of its fair market value unless a specific exemption is provided by law. The Assessor's office is charged with determining the values of all real property and taxable personal property for the purpose of equitable distribution of tax liabilities to the taxpayers in the various districts within the County.

## **Auditor (360) 336-9420**

The auditor's office is a diverse department with several responsibilities and consists of four departments: Accounting, Elections, Licensing, and Recording. Accounting is responsible for the County's annual financial statements as well as payroll and accounts payable. Accounting also provides accounting services to various junior districts. Elections runs all election duties within the county. Licensing consists of vehicle/vessel licensing as well as overseeing the various licensing subagents within the County. Recording of official documents also issues marriage licenses.

## **Clerk (360) 336-9440**

The County Clerk is an executive branch position in the County and is the administrative and financial officer of Superior Court. Duties include preserving all documents presented in a Superior Court cause of action. The Clerk also collects statutory fees, fines, victim restitution and trust funds are disbursed upon court order.

## **Coroner (360) 336-9431**

The Coroner has the responsibility of determining the Cause and Manor of Death of all persons who pass within the jurisdictional boundaries of Skagit County. The Coroner is also charged with determining if a case is a jurisdictional death that would require a more thorough and in-depth investigation.

## **Prosecuting Attorney (360) 336-9460**

The office consists of three divisions: Criminal, Civil, and Family Support Division. The Prosecuting Attorney determines whether criminal charges should be filed, defends the County in suits filed against it, and handles matters referred by the Division of Child Support.

## **Sheriff (360) 336-9450**

The Sheriff's department is committed to the safety of the citizens and visitors to Skagit County. The department consists of patrol, investigations, corrections, administration and records.

## **Treasurer (360) 336-9350**

The Treasurer services all taxing and assessment districts within the County, which includes hospitals, schools, ports, fire, library, sewer, cemetery, as well as others. The department bills and collects all real and personal property taxes for the County and the junior districts.

## **Superior Court (360) 336-9320**

Superior court handles the following cases: felony criminal, civil, dissolution and custody, juvenile court proceedings, paternity cases/adoption matters, probates, and mental commitment proceedings.

## **District Court (360) 336-9319**

District Court handles the following cases: misdemeanors, gross misdemeanors, civil claims to \$75,000, small claims to \$5,000, protection orders, name change petitions, dangerous dog hearings, vehicle impound hearings.

# Skagit County Departments

## **Board of Equalization**

Established by state constitution and laws, governed by the department of Revenue, this entity was established specifically for appealing Assessor's valuation of property values. **(360) 366-9334**

## **Boundary Review Board**

Established by state statutes to provide local independent review of certain actions proposed by cities, towns and special purpose districts. Most common actions to come before the Board are annexations. **(360) 336-9384**

## **Budget and Finance**

Administers and maintains the financial system for the County. Researches, develops and reviews funding sources. Facilitates the Board of County Commissioners in developing the Annual Budget. **(360) 336-9300**

## **Emergency Management**

Provides organization and coordination of resources to minimize loss of life and to protect property and the environment in the event of natural, human-caused, or technological emergencies or disasters affecting Skagit County. **(360) 428-3250**

## **Facilities Management**

Provides a safe physical working environment for the administration of County government through preventative, daily and emergency maintenance. Also provides real property management through acquisition or sale or lease of County properties. **(360) 419-3481**

## **Fairgrounds**

Provides support for the Skagit County Fair. **(360) 336-9453**

## **Farmland Legacy**

Purchases agricultural easements on Skagit farmland, works to support policies, programs, and plans that enhance the protection of farmland. Funding comes from the conservation tax and is often leveraged with federal and state grants and private donations. **(360) 428-3250**

## **Fire Marshal**

Provides the following services: Investigation of fire/arson scenes. Reviews building plans and inspects commercial construction as per fire codes. Regulates outdoor burning, and implements and maintains other programs. The Fire Marshal is a division of the Department of Emergency Management. **(360) 428-3250**

## **GIS / Mapping Services**

Centralized service center that provides mapping and GIS service to meet the business needs of our partners, customers, and clients within Skagit County and the communities we serve. This includes providing support and maintenance in the areas of data conversion, cartography, remote sensing, computer graphics and visualization, Global Positioning Systems (GPS), database design, software development, address system maintenance, and 911-database maintenance. **(360) 336-9368**

## **Public Health and Community Services**

Public Health is the science of protecting and improving the health of communities through education, promotion of healthy lifestyles, and research for disease and injury prevention. Public health professionals analyze the effect on health of genetics, personal choice and the environment in order to develop programs that protect the health of your family and community. Overall, public health is concerned with protecting the health of entire populations. These populations can be as small as a local neighborhood, or as big as an entire county. Administers various community services activities including Mental Health Program, Meals on Wheels, Senior Centers, Senior Nutrition Program, Developmental Disabilities, and Substance Abuse Treatment and Prevention. **(360) 336-9380**

### **Hearing Examiner**

The Office of Land Use Hearings provides Skagit County with Hearing Examiners to conduct public hearings and make written decisions regarding land use applications and appeals as provided in the Skagit County Code. Hearings are scheduled through the Department of Planning and Development Services. **(360) 336-9334**

### **Historical Museum**

The family friendly Skagit County Historical Museum is located at the top of the hill in La Conner. **(360) 466-3365**

### **Human Resources**

Human Resources department administers workforce management. **(360) 336-9433**

### **Information Services**

Centralized service center providing technical direction and support, data communications management, network design and management, software development, system analysis and design, among other services. **(360) 336-9465**

### **Jail**

The mission of the Skagit County Sheriff's Office Corrections Division is to provide Skagit County with a jail which follows current high professional standards, allowing inmates quality human existence while awaiting trial or serving a sentence deemed appropriate by our court system. **(360) 336-9448**

### **Noxious Weeds**

Noxious Weeds are non-native plants introduced into Washington State. They spread quickly and can be difficult to control. They invade our croplands, rangeland, forests, prairies, rivers, lakes, wetlands, and estuaries causing both ecological and economical damage that affects us all. The mission is to serve as responsible stewards of Skagit County by protecting and preserving the land and resources from the damaging effects of noxious weeds. **(360) 336-9430**

### **Parks and Recreation**

Parks and Recreation department was established to improve, operate and maintain parks, playgrounds and other recreation facilities within the County. We have over 2,300 acres of parklands, including 26 parks and 40 miles of trails. **(360) 336-9414**

### **Planning and Development**

The Planning and Development department is charged with the physical development and service of land within Skagit county, including sustainable land development and conservation, building permit review, and growth management. **(360) 336-9410**

### **Public Works**

The Public Works department operates the Guemes Island Ferry and infrastructure needs in Skagit County. Public Works has several divisions including Engineering, natural resources, operations, and a solid waste division. **(360) 336-9400**

### **Records Management**

Records Management provides a number of services to other divisions of Skagit County, including records management administration, inactive records storage, Public Records Act compliance, centralized postage and mailing services as well as centralized office supply purchasing. **(360) 336-9404**

### **Risk Management**

Centralized service center providing direction and support for risk management within the county. The Risk Management program establishes a coordinated program for the processing, adjudication and determination of claim and litigation against the County, its elected officials, officers, and employees. **(360) 336-9424**



**Skagit21 Television**

Provides video of Board of County Commissioners meetings, as well as other public meetings.  
**(360) 336-9300**

**Upriver Services**

Provides government services in Concrete, Washington. **(360) 853-7009**

