

# Popular Annual Financial Report Skagit County, Washington

For Fiscal Year Ended December 31, 2010

Understanding Skagit County Government

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# Message from the County Auditor



Dear Residents of Skagit County,

I am proud to present you with the County's first Popular Annual financial report (PAFR) for the fiscal year ended December 31, 2010.

This report is designed to provide information in a more informative, easily read format. For more in depth information, please refer to our Comprehensive Annual Financial Report (CAFR) found on our website at:

<http://inside.skagit.local/AuditorAccounting/Documents/CAFR%202010.pdf>

Although this report is largely based on the County's 2010 CAFR, this report is not prepared in accordance with generally accepted accounting principles (GAAP). The County's discretely presented component units are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted.

We hope you find this report both informative and helpful.

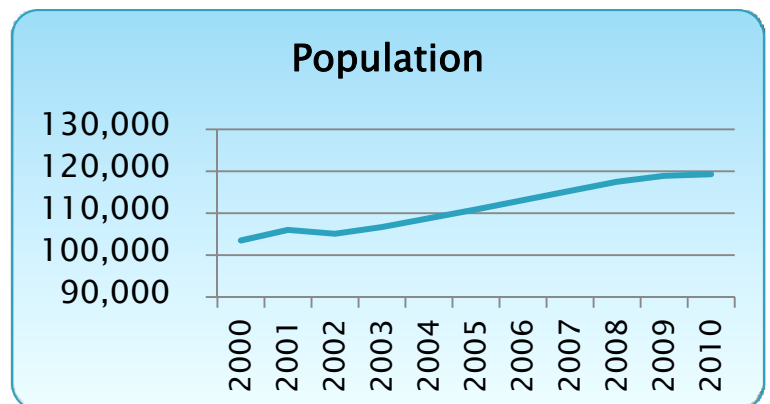
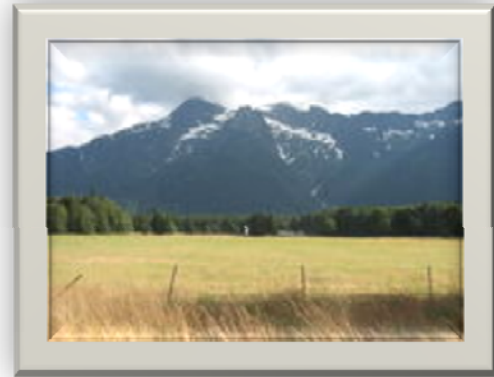
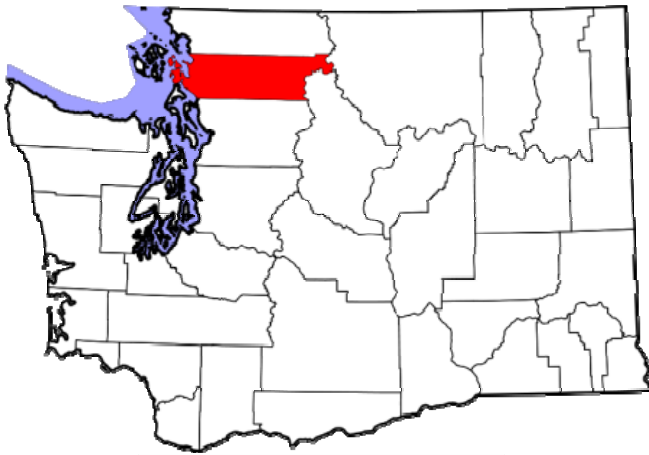
Thank you,

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 with a value of \$13,339,494 – the highest in Western Washington.



# Skagit County Government

The Board of County Commissioners is the County's legislative authority. The Commissioners serve as the chief administrators for several important County operations and have some quasi-judicial duties as well. The Commissioners are responsible for adopting, amending, and repealing all County ordinances (essentially the laws of the County). The County Commissioners' levy taxes to operate the County and adopt a balanced budget for each calendar year.

## County Commissioners



**Ron Wesen,  
District 1**

Includes Anacortes and Fidalgo Island, LaConner, Bayview, Bow, Edison, and north to the Whatcom County Line.



**Ken Dahlstedt,  
District 2**

Includes Mount Vernon, Conway, and south to the Snohomish County Line



**Sharon Dillon,  
District 3**

Includes Burlington, Sedro-Woolley, and all of eastern Skagit County; it is the largest geographic district

**County Administrator:  
Tim Holloran**

### Departments:

Board of Equalization  
Boundary Review Board  
Budget and Finance  
Community Services  
Emergency Management  
Facilities Management  
Fairgrounds  
Farmland Legacy  
Fire marshal  
GIS / Mapping Services  
Health Department  
Hearing Examiner  
Historical Museum  
Human Resources  
Information Services  
Jail  
Noxious Weeds  
Parks and Recreation  
Planning and Development  
Public Works  
Records Management  
Risk Management  
Skagit21 Television  
Upriver Services

# Elected Officials



## **Assessor, Don Munks**

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, Jeanne Youngquist**

Washington State Auditors embrace a wide range of services to the public, including Elections, Recording of official documents, Vehicle/Vessel Licensing, and Accounting.



## **County Clerk, Nancy Scott**

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, Daniel Dempsey RN, D-ABMDI**

The Coroner has the responsibility of determining the Cause and Manner 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.

# Elected Officials



## Prosecuting Attorney, Rich Weyrich

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, Will Reichardt

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, Katie Jungquist

The Treasurer serves 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.

# Elected Officials – Superior Courts

## Superior Court Judges



### John Meyer, Department 1

John Meyer was first sworn in as a Skagit County Superior Court Judge in January 1997. Prior to that, he sat as a Skagit County District Court Judge. He is active in judicial and legal education, lecturing regularly to professional and community groups in the legal system. Judge Meyer was recognized by the Washington State Association for Justice as its 2009 Judge of the Year.



### Michael Rickert, Department 2

Judge Michael Rickert was elected Skagit County Prosecutor in 1986 and took office in 1987. In 1992 he was then elected to the position of Superior Court Judge and took office in 1993.



### Susan Cook, Department 3

Judge Susan Cook attended the University of Washington School of Law, graduating with highest honors after serving on the editorial staff of Washington Law Review and the Moot Court Honor Board. She has served as a Skagit County Superior Court judge since 1996. Judge Cook frequently contributes to legal publications and lectures on topics pertaining to the law.



### Dave Needy, Department 4

Judge Dave Needy was appointed as the 4<sup>th</sup> Skagit County Superior Court Judge in January 2006. Prior to that time, he served as the Court Commissioner since January of 1997. Dave also served as Skagit County Prosecuting Attorney in 1993 until his appointment to the bench.

### Superior Court handles the Following Cases:

- Felony Criminal
- Civil
- Dissolution and Custody
- Juvenile Court Proceedings
- Paternity Cases/Adoption Matters
- Probates
- Mental Commitment Proceedings





# Elected Officials – District Courts

## District Court Judges

Picture  
Unavailable

### Warren M Gilbert, Position 1

Warren Gilbert serves as a District Court Judge.



### David A Svaren, Position 2

Judge Svaren has served as a District Court Judge since 1999. He has been Presiding Judge of Skagit County district court for nine of those years. Judge Svaren has taught on the faculty of the Washington Judicial College for eight years in the areas of Civil Law and DUI. Currently, Judge Svaren is Vice President of the Washington District and Municipal Court Judges Association.



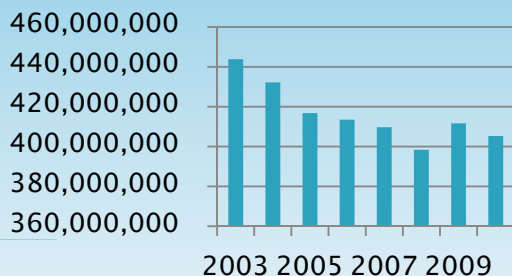
### District Court handles the Following Cases:

- Misdemeanors
- Gross Misdemeanors
- Civil Claims to \$75,000
- Small Claims to \$5,000
- Protection Orders
- Name Change Petitions
- Dangerous Dog Hearings
- Vehicle Impound Hearings

# Government-Wide Statement of Net Assets

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 35,237,535	\$ -	\$ 35,237,535
Investments	14,731,936	-	14,731,936
Accounts Receivables, Net	4,323,952	0	4,323,952
Due from Other Governments	6,022,222	0	6,022,222
Internal Balances	326,209	0	326,209
Inventories and Prepayments	5,239,540	14,292,885	19,532,425
Deferred Charges	317,619	1,025,944	1,343,563
Restricted Assets:			-
Restricted for Debt Service:			-
Cash/Cash Equivalents	15,796	-	15,796
Investments	1,491,538	-	1,491,538
Non Depreciated Capital Asset	167,112,946	793,060	167,906,006
Capital Assets, Net	201,159,634	4,436,933	205,596,567
Construction in Progress	651,253	888,608	1,539,861
<b>Total Assets</b>	<b>436,630,180</b>	<b>21,437,430</b>	<b>458,067,610</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 6,269,953	\$ 515,153	\$ 6,785,106
Other Liabilities	5,045,406	88,304	5,133,710
Due to Other Governments	396,094	326,209	722,303
Long Term Liabilities	0	0	-
Due within One Year	1,096,702	1,090,000	2,186,702
Due in More than One Year	20,089,977	17,840,964	37,930,941
<b>Total Liabilities</b>	<b>32,898,132</b>	<b>19,860,630</b>	<b>52,758,762</b>
<b>Net Assets</b>			<b>-</b>
Invested in Capital Assets, Net	359,956,151	3,843,894	363,800,045
Restricted for:	0	-	-
General Government	4,972,211		4,972,211
Public Safety	846,268		846,268
Physical Environment	1,622,687		1,622,687
Transportation	8,458,394		8,458,394
Economic Environment	4,276,027		4,276,027
Health & Human Services	5,506,069		5,506,069
Culture & Recreation	355,823	0	355,823
Debt Service	1,504,334		1,504,334
Unrestricted	16,234,084	(2,267,094)	13,966,990
<b>Total Net Assets</b>	<b>403,732,048</b>	<b>1,576,800</b>	<b>405,308,848</b>

## Total Net Assets 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 assets. Measuring net assets is one way to evaluate the County's financial condition. Over time, increases and decreases to net assets may serve as an indicator as to the County's financial health. Assets exceeded liabilities by \$403.7 million in 2010. Of the excess, \$360 million reflects investments in capital assets (land, buildings, improvement, infrastructure, equipment less any debt incurred to acquire the assets). Restricted net assets reflect resources that are subject to restrictions and cannot be used for general government obligations to citizens and creditors. Unrestricted net assets may be used to meet general government obligations.

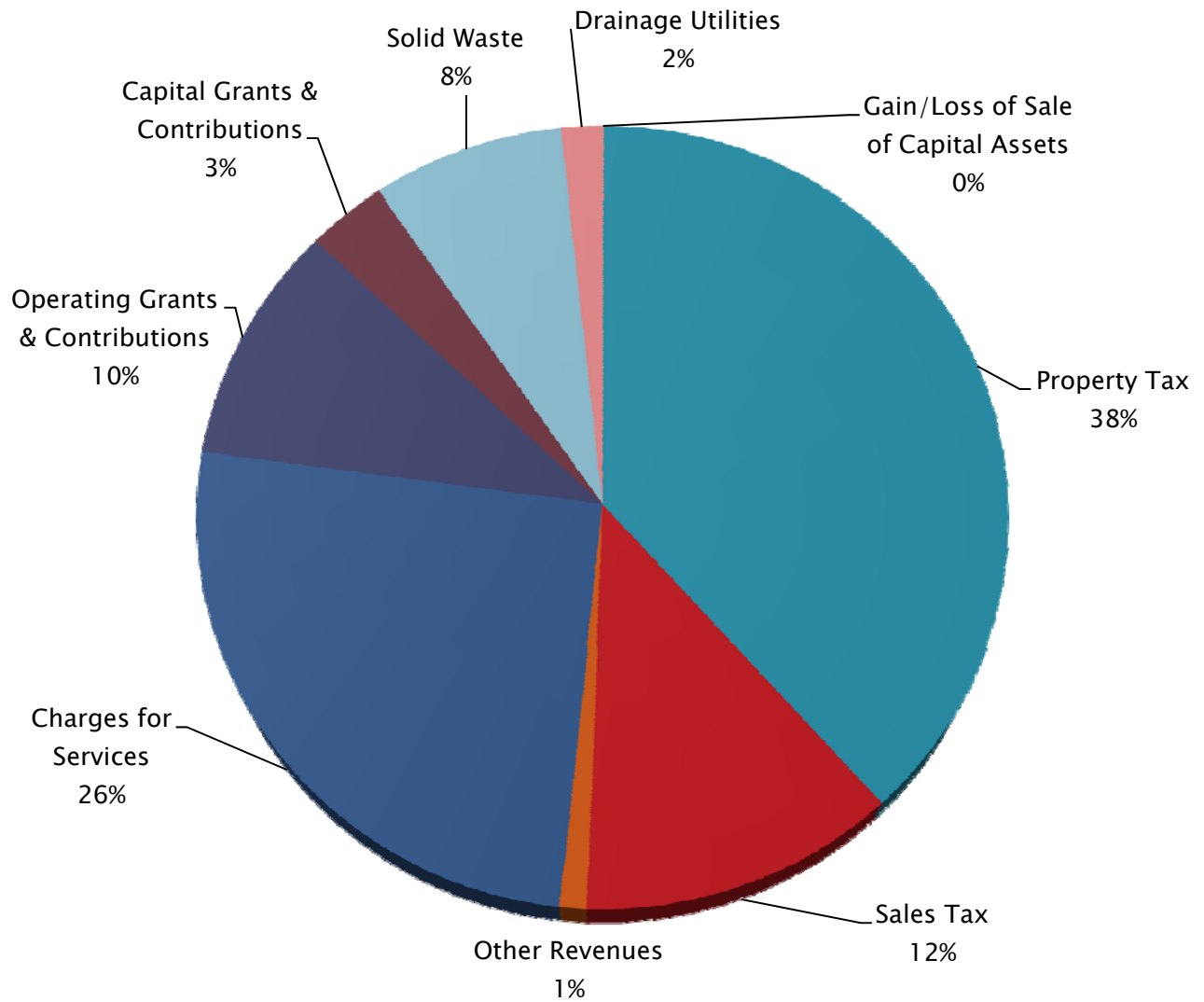
# Government–Wide Statement of Activities

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>Revenues</b>			
Taxes	\$ 56,778,379	\$ -	\$ 56,778,379
Charges for Servicees	27,138,407	9,924,247	\$ 37,062,654
Operating Grants & Contributions	10,628,645	303,245	\$ 10,931,890
Capital Grants & Contributions	3,471,716	0	\$ 3,471,716
Interest & Investment Earnings	1,104,621	21,111	\$ 1,125,732
Gain/Loss of Sale of Capital Assets	14,837	0	\$ 14,837
Transfers	(84,008)	84,008	\$ -
<b>Total Revenues</b>	<b>99,052,597</b>	<b>10,332,611</b>	<b>109,385,208</b>
<b>Expenditures</b>	<b>0</b>	<b>-</b>	<b>-</b>
General Government	30,411,707		30,411,707
Judicial	6,281,910		6,281,910
Public Safety	20,015,584		20,015,584
Physical Environment	3,560,748		3,560,748
Transportation	27,144,427		27,144,427
Economic Environment	3,467,987		3,467,987
Health & Hunman Services	10,134,616		10,134,616
Culture & Recreation	2,566,016	0	2,566,016
Interest on Long Term Debt	559,293		559,293
Enterprise Fund Expenses		9,946,685	9,946,685
<b>Total Expenses</b>	<b>104,142,288</b>	<b>9,946,685</b>	<b>114,088,973</b>
Net Assets January 1	408,706,793	2,885,562	411,592,355
Prior Period Adjustment	114,946	(1,694,688)	(1,579,742)
<b>Net Assets December 31</b>	<b>403,732,048</b>	<b>1,576,800</b>	<b>405,308,848</b>

*The statement of activities presents information showing how the County's net assets changed during 2010. It provides a detailed account of revenues (sources of income) and expenses (uses of money) for County operations. In 2010, our Expenses exceeded our revenues by \$4.7 million. 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 and Drainage Utilities.*

# Revenues by Source

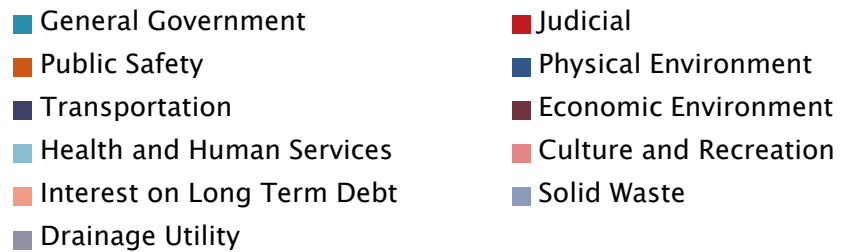
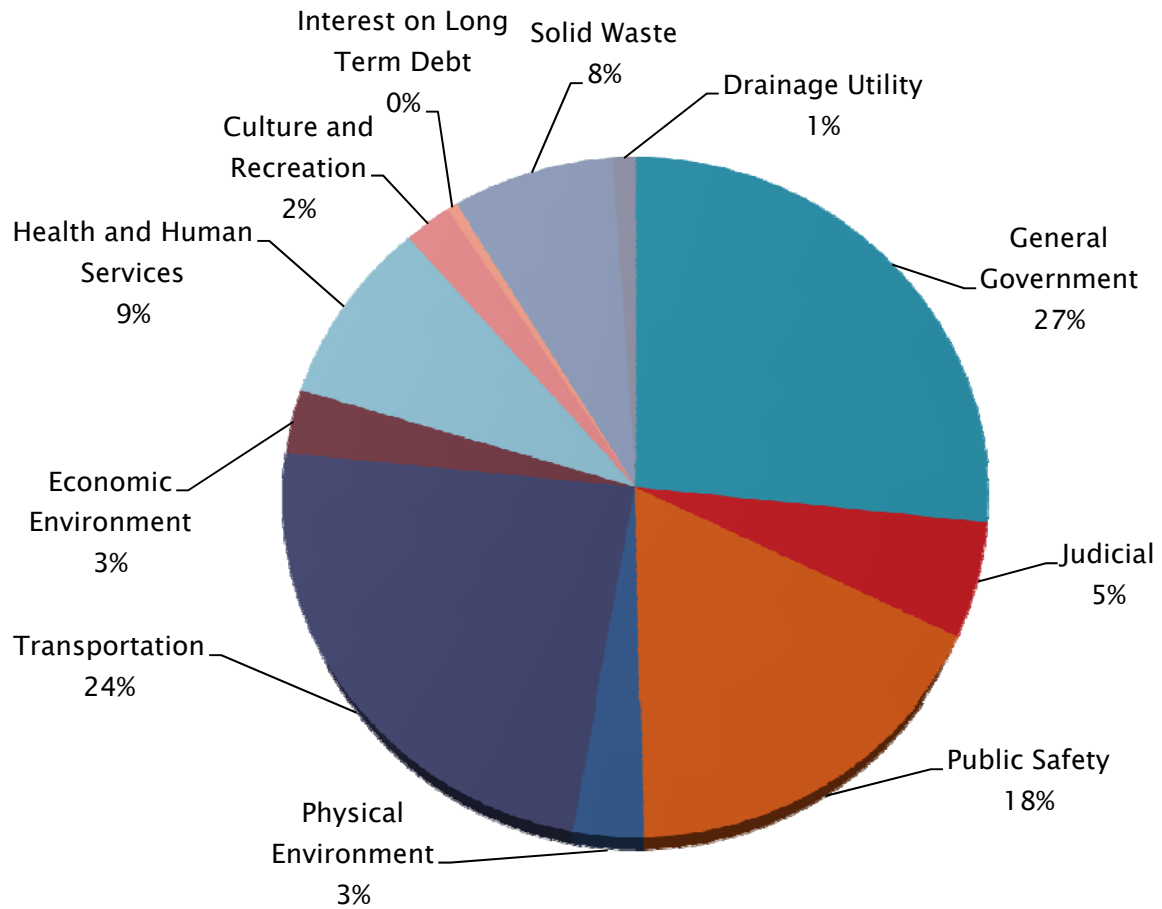
## Revenues



- Property Tax
- Other Revenues
- Operating Grants & Contributions
- Solid Waste
- Gain/Loss of Sale of Capital Assets
- Sales Tax
- Charges for Services
- Capital Grants & Contributions
- Drainage Utilities

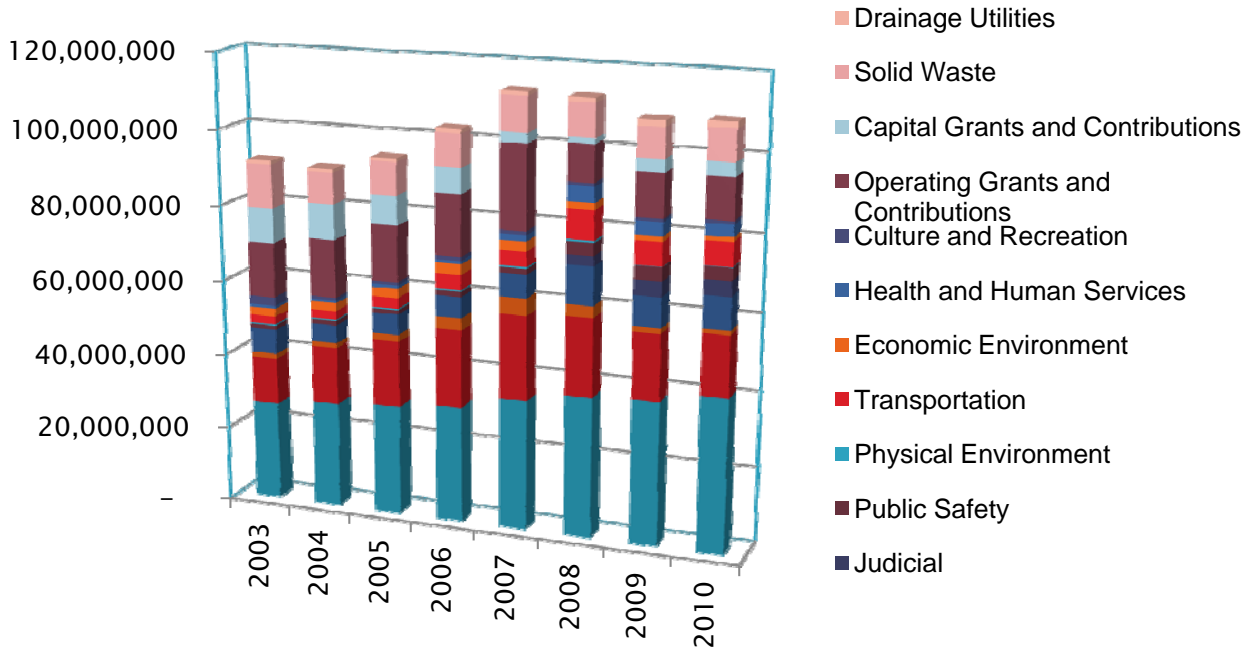
# Expenses by Function 2010

## Expenses

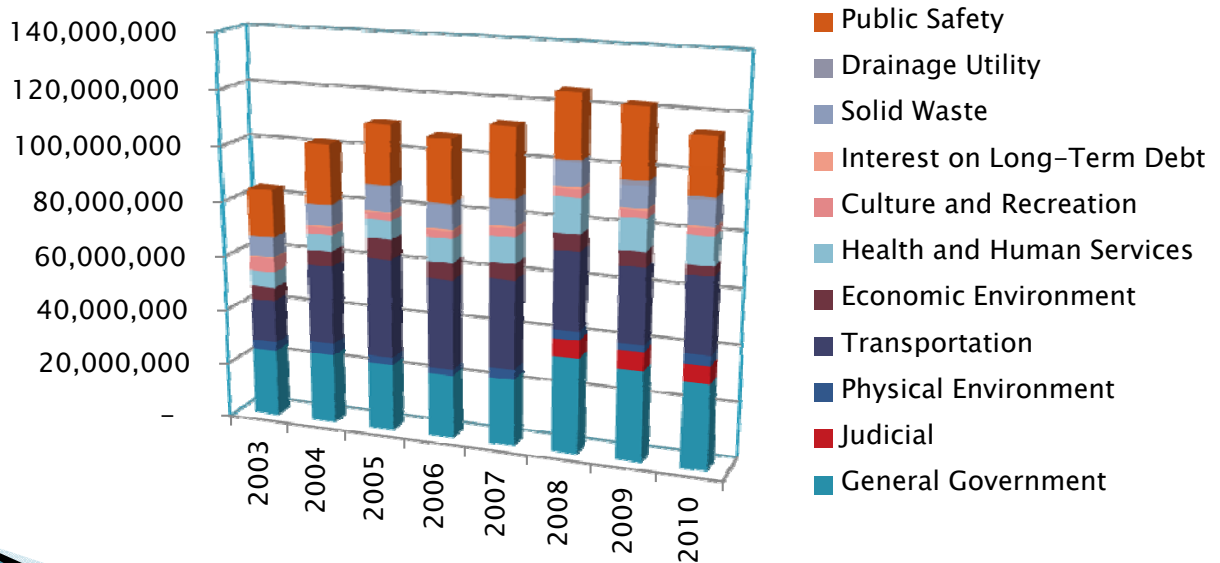


# Revenue and Expense Trends

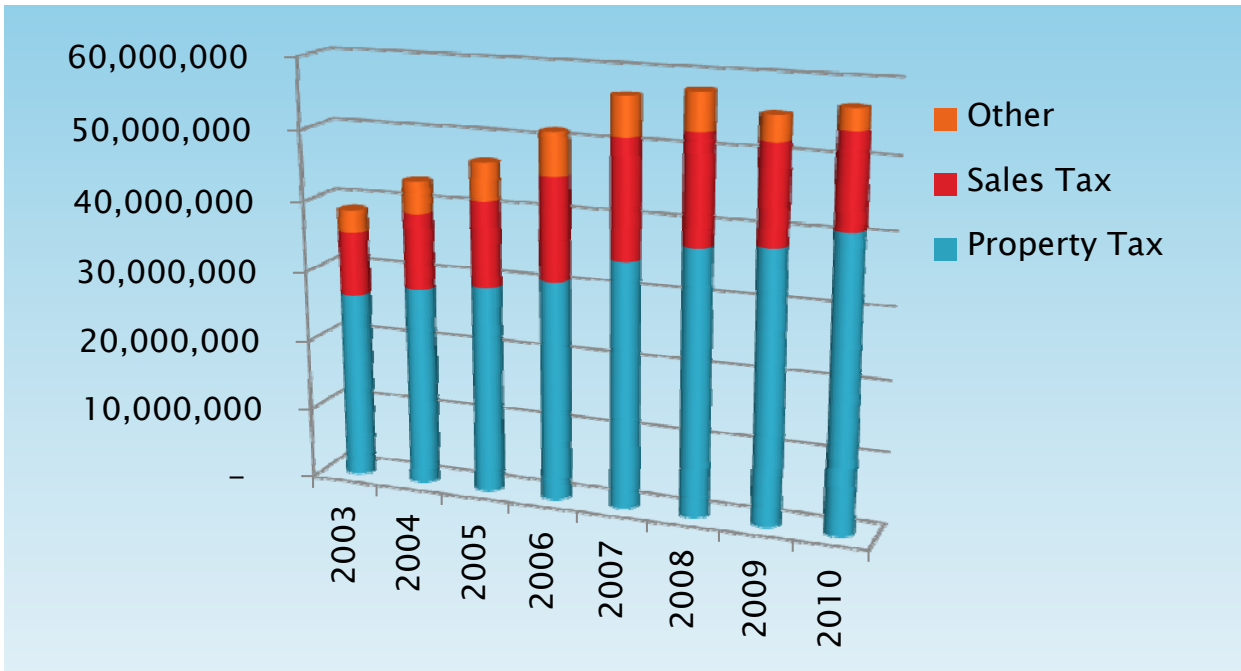
## Revenues



## Expenses



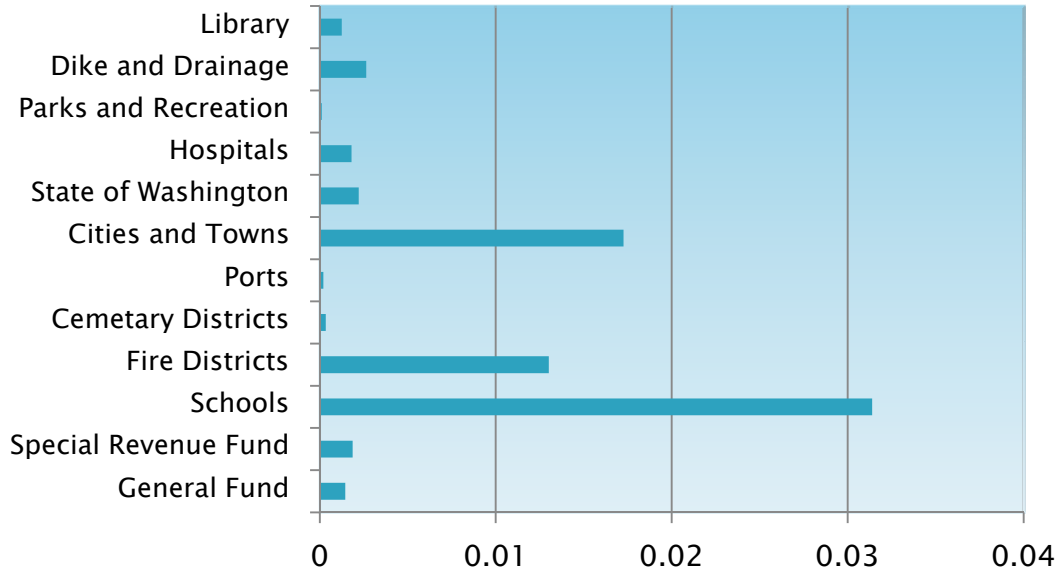
# Tax Revenue Trends



Many people are unaware of how sales and income taxes differ from property tax. Sales tax and income tax are rate based taxation systems, whereas property tax is a budget based taxation system. Property taxes are created by the various taxing jurisdictions through their budgeting process and by voters when they pass tax issues. A widely held misconception is that high taxes are the fault of local government. The reality is that the largest single source of property tax increase has been our state legislature and the tax shifts caused by property tax exemptions they have approved. If an exemption is given from sales or income taxes, no tax is collected. In contrast, when an exemption from property tax is provided to a single taxpayer, the same amount of tax is collected. Other taxpayers must pay a higher portion. This is called a tax shift.

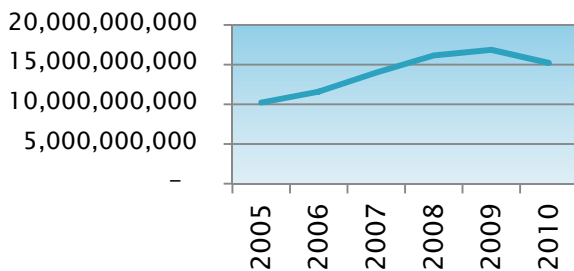
# Property Tax Distribution

## Tax Rates



\* Tax rates above are combined for each government type.

## Assessed Property Value



Tax Rates Per \$1,000 Assessed Value			
General Fund	1.45	Cities and Towns	17.26
Special Revenue Fund	1.87	State of WA	2.21
Schools	31.39	Hospitals	1.8
Fire Districts	13.01	Parks & Recreation	0.11
Cemetary Districts	0.34	Dike & Drainage	2.637
Ports	0.2	Library	1.25

### 2011 Total Taxable Value Assessed by County Assessor

Value of All Real Property	\$ 14,123,251,945
Value of All Personal Property	710,708,124
<b>Total</b>	<b>14,833,960,069</b>

### Assessed by Washington State Department of Revenue

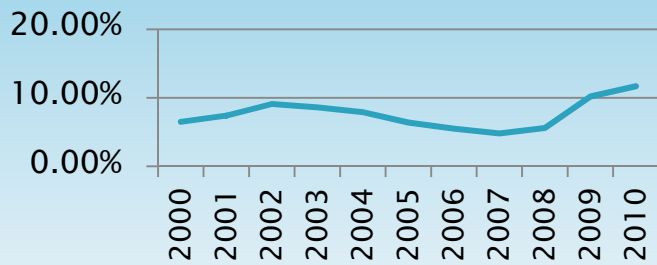
Value of Public Utilities	376,511,712
<b>Total Value of All Taxable Property</b>	<b>\$ 15,210,471,781</b>



# Economic Overview

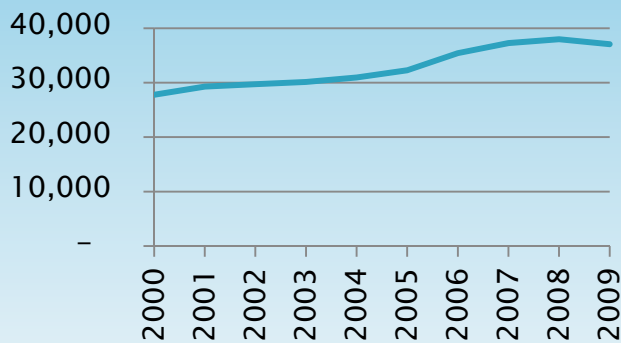
Skagit County's economic base includes agriculture, food processing, lumber and wood products, oil refining, tourism, and marine industries. Included within the marine related industries are fishing, fish processing, ship and boat building and repair. Exports within the agricultural area have continued to be strong. As is the case throughout the nation, Skagit County's local economy has been directly impacted by the current global recession. The County has demonstrated its commitment to maintaining a strong general fund balance. In 2009, the County implemented 5 non-paid closure days which resulted in an approximate savings to the General Fund of \$600,000. In 2010, they were increased to 12 days, resulting in an additional savings of \$1,440,000. As is demonstrated by the graph below, full time equivalent County employees have decreased since the recession began in 2008. The County will continue to face challenges in meeting growing demands for services and employee related costs in an environment of limited revenues. The County is focused on improving efficiencies and effectiveness via innovative solutions that lead to providing the essential infrastructure and services provided for its citizens. More information regarding those services is on the next page.

### Unemployment Rate

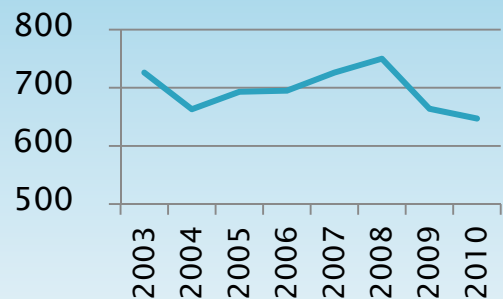


**As unemployment rose and revenues decreased due to the economic environment, the County responded with reduced staff and furlough days.**

### Per Capita Income



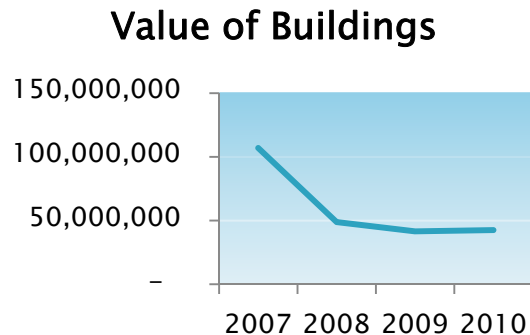
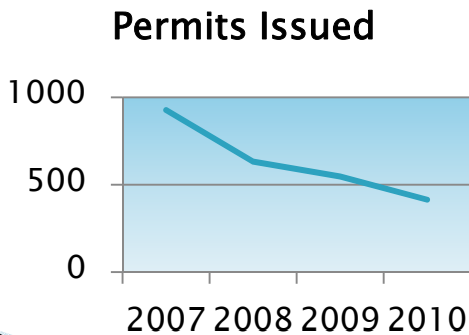
### Full Time Equivalent County Employees



# Service Operating Indicators

	2007	2008	2009	2010
<b>Public Safety</b>				
Commissioned Employees	59	61	62	58
Civilian and limited Commission	56	57	58	53
Average daily jail population	240	241	275	243
Police patrol units, vehicle	60	61	62	54
Police patrol units, boats	3	3	4	4
<b>Fire Protection</b>				
Number of Districts	17	17	18	18
Paid firefighters	65	67	66	65
Volunteer firefighters	515	509	550	585
<b>Building Permits</b>				
Permits Issued	927	632	547	414
Value of buildings	\$ 106,903,097	\$ 48,838,303	\$ 41,441,249	\$ 42,538,000
<b>General Elections</b>				
Registered voters	63,604	69,335	68,119	68,936
Votes cast	33,455	56,632	36,160	48,960
Percentage voting	53%	82%	53%	71%
<b>Miles of Road</b>				
Paved Roads	757	756	758	761
Unpaved Roads	38	41	41	41

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.



# In-depth Look at Skagit County's Departments

## ▶ **Board of Equalization**

- Established by state constitution and laws, governed by the department of Revenue, this entity was established specifically for appeals for Assessor's valuation of property values.

## ▶ **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.

## ▶ **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.

## ▶ **Community Services**

- Administers various community services activities including Mental Health Program, Meals on Wheels, Senior Centers, Senior Nutrition Program, Development Disabilities, and Substance Abuse Treatment and Prevention.

## ▶ **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.

## ▶ **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.

## ▶ **Fairgrounds**

- Provides support for the Skagit County Fair.

## ▶ **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.

## ▶ **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.



# In-depth Look at Skagit County's Departments

## ▶ 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.

## ▶ Public Health

- 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 the protecting the health of entire populations. These populations can be as small as a local neighborhood, or as big as an entire county.

## ▶ 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.

## ▶ Historical Museum

- The family friendly Skagit County Historical Museum is located at the top of the hill in LaConner.

## ▶ Human Resources

- Human Resources department administers workforce management.

## ▶ 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.

## ▶ Jail

- The mission of the Skagit County Sheriff's Office of Correction Division Jail 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.



# In-depth Look at Skagit County's Departments

## ▶ 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.

## ▶ 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.

## ▶ 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.

## ▶ 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.

## ▶ 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.

## ▶ 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.

## ▶ Skagit21 Television

- Provides video of Board of County Commissioners meetings, as well as other public meetings.

## ▶ Upriver Services

- Provides government services in Concrete, Washington.

