



**2012
Second
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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July 31, 2012

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



Executive Summary

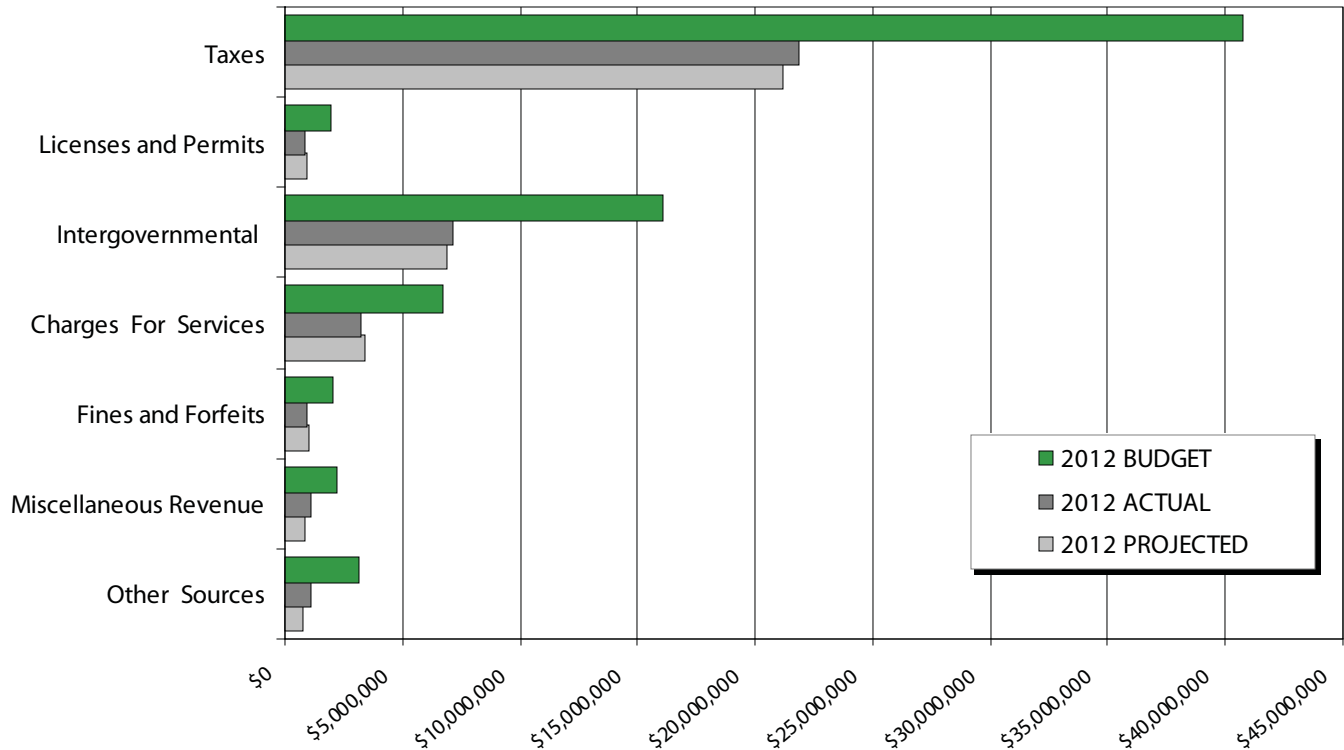
The following information presents Whatcom County's second quarter 2012 financial report. At the end of the second quarter of 2012 General Fund revenues are \$1.1 million greater than second quarter projections and \$1.7 million greater than second quarter 2011 amounts. Several accounts are exceeding budget including the Federal Payment in Lieu of Taxes payment, property taxes and related interest and penalties, liquor profits and state timber sales. Expenditures are 44.74% of the annual budget, which is consistent with prior years.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Revenue - Budget vs. Actual



	2012 Budget Adopted	2012 Budget Supp'ls	2012 Budget Amended	Actual as of 6/30/2012	% Collected To Date	Projected as of 6/30/2012
Taxes	40,766,599	0	40,766,599	21,851,336	53.60%	21,178,625
Licenses and Permits	2,276,427	(288,877)	1,987,550	851,648	42.85%	969,379
Intergovernmental	15,063,424	1,016,403	16,079,827	7,140,100	44.40%	6,900,491
Charges For Services	6,559,391	119,628	6,679,019	3,228,919	48.34%	3,442,334
Fines and Forfeits	2,028,741	(28,247)	2,000,494	975,918	48.78%	1,012,319
Miscellaneous Revenue	3,030,666	(852,939)	2,177,727	1,118,140	51.34%	846,501
Other Sources	2,852,178	295,340	3,147,518	1,066,114	33.87%	760,948
Total Revenue	72,577,426	261,308	72,838,734	36,232,175	49.74%	35,110,597

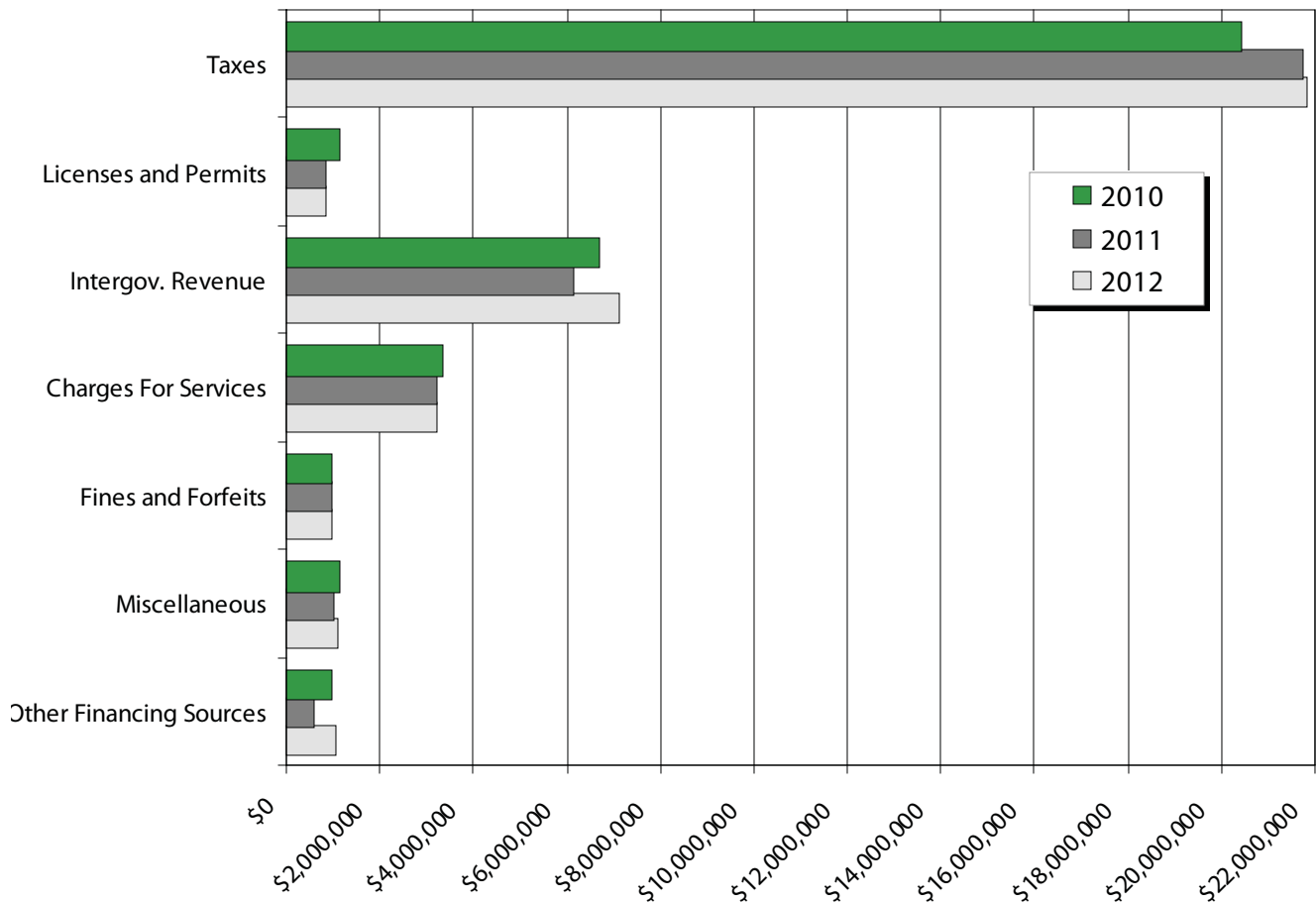
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Revenue to Date - Compared to Prior Years



	2010	2011	2012
Taxes	20,411,232	21,758,389	21,851,336
Licenses and Permits	1,127,736	826,981	851,648
Intergov. Revenue	6,716,851	6,158,102	7,140,100
Charges For Services	3,366,511	3,208,486	3,228,919
Fines and Forfeits	968,181	972,187	975,918
Miscellaneous	1,140,339	999,059	1,118,140
Other Financing Sources	956,914	587,378	1,066,114
Total Revenue	34,687,764	34,510,582	36,232,175

See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Revenue Notes

Taxes

Property tax and retail sales tax make up 95% of Whatcom County's tax revenue budget.

Tax revenues are \$92,949 more than second quarter 2011 amounts. Current year sales tax collections are up \$402,366, or 7.4%, as compared to collections from last year. Current year property tax collections increased \$277,064, or 2%, over second quarter 2011. Delinquent tax, interest, and penalty collections are down \$636,466, or 26.3%, under prior year amounts. However, these accounts are still greater than budgeted amounts and historical averages as mortgage companies and banks continue to focus on ensuring their clients are current on their taxes.

Licenses & Permits

Building permits account for 52.5% of "Licenses & Permits" budgets. Health Department, marriage and fire control licenses and permits account for the remaining 47.5%.

License and Permit Fees are \$24,666 more than amounts collected during second quarter 2011. Building-related permit fees are up modest amounts and restaurant and food handling fees are down modest amounts as compared to second quarter 2011 levels.

Intergovernmental Revenue

"Intergovernmental Revenue" comes from a variety of sources including grant revenue, state entitlements and payment for intergovernmental services rendered.

The revenues collected as of quarter end were 44% of budget and amounts are \$981,995 more than second quarter 2011. Increases are due to various factors including receipt of \$362,000 of Child Support Enforcement grant revenues in 2012 compared to no similar receipts in 2011, increased Federal Payment In Lieu of Taxes receipts of \$108,000 more than last year, reinstatement of state I-695 backfill funding to the Health Dept. of \$60,000, and various grant billings and entitlements received in a more timely manner than 2011.

Charges for Services

"Charges for Services" include document recording fees (Auditor), motor vehicle license fees (Auditor), plan check fees (Planning & Development Services), adult probation fees (District Court Probation), immunizations (Health Department) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Overall, Charges for Services increased \$20,439 over second quarter 2011. Moderate increases are being experienced in court related, patrol deputy off-duty overtime reimbursements, Auditor, Health Department and Parks fees. Building-related review fees have declined \$120,697, or 14.4%, under 2011 amounts.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Revenue Notes, continued

Fines and Forfeits

"Fines and Forfeits" consist principally of traffic infraction revenue and criminal traffic misdemeanor penalties, which include driving while intoxicated penalties. It also includes bail/bond forfeitures, code enforcement fines, public defense recoupment and other miscellaneous criminal costs and penalties.

Fines and Forfeits revenues are virtually unchanged as compared to second quarter 2011 revenues with a \$3,734 increase.

Miscellaneous

"Miscellaneous" revenues are made up of interest earnings, rents, contributions, refunds, and various small, otherwise unclassified, amounts.

Miscellaneous revenues increased \$119,084, or 11.9%, from second quarter 2011; however, this increase is attributable to an unusual one time payment. Whatcom County received a \$212,861 refund of expenditures related to an Energy Efficiency Community Block Grant. This money has been added to the 2012 budget and will be expended by year end. If you eliminate the impact of this one time payment, Miscellaneous Revenues are down approximately \$94,000 due to lower Interest earnings. Interest earnings are \$106,998, or 22.2%, below 2011.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (14%) and 86% from transfers from other Whatcom County funds.

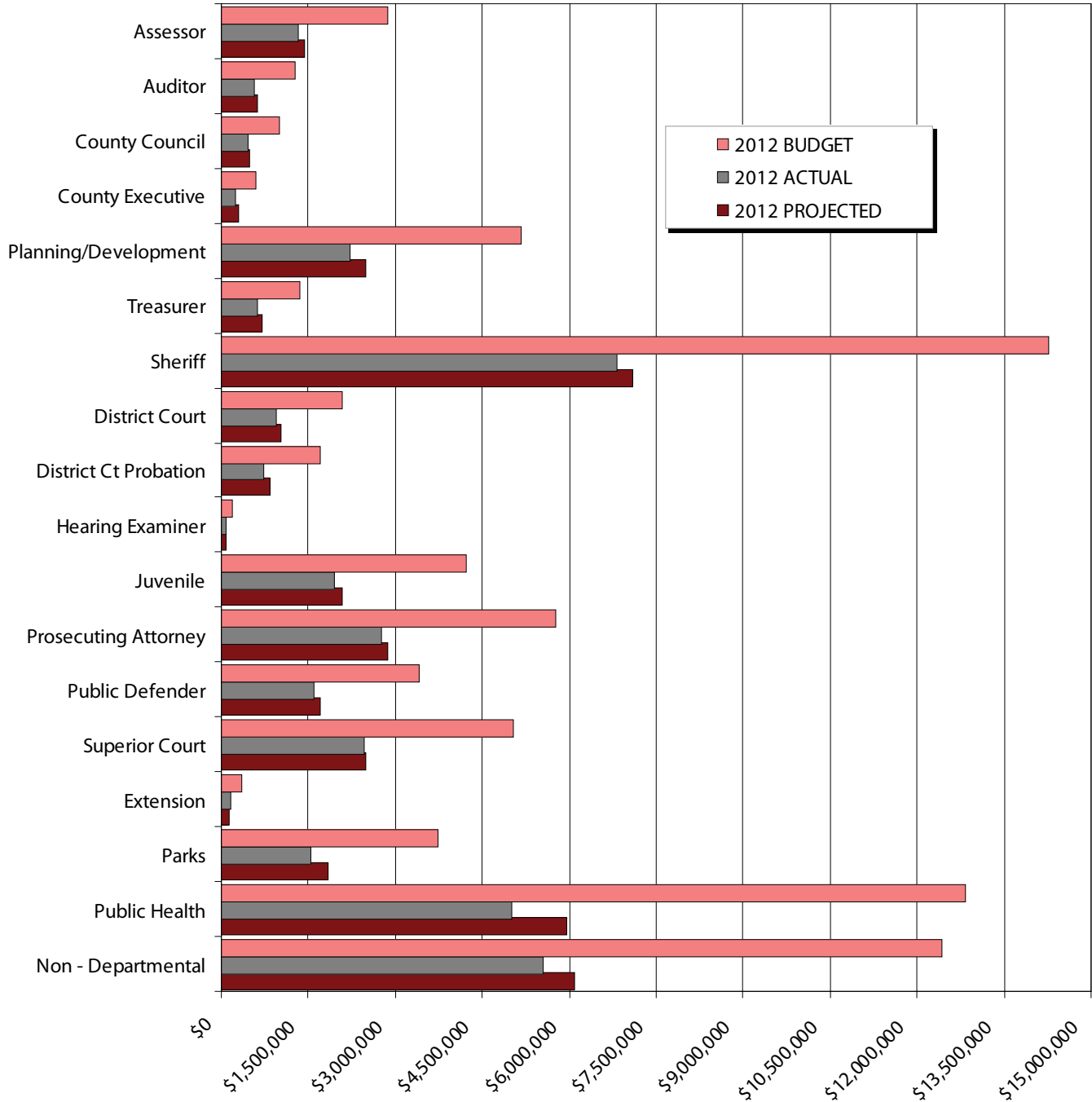
The Other Financing Sources category has increased \$478,736, or 81.5%, over second quarter 2011. State timber sales revenue increased \$197,406 to \$431,590. Timber revenues fluctuate based on harvest plans and market conditions. Interfund transfers increased \$269,529 to \$622,521. Most of this was due to Drug Fund transfers to the General Fund to make up for transfer payment shortfalls from 2011.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Expenditures - Budget vs. Actual



See page 7 for chart detail and page 9 for General Fund Expenditure Notes.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Expenditures - Budget vs. Actual

	Adopted 2012 Budget	Budget Supplementals	Amended Budget	Actual as of 6/30/12	% Expended To Date	Projected as of 6/30/12
Assessor	2,811,792	70,000	2,881,792	1,329,978	46.15%	1,434,322
Auditor	1,280,960	0	1,280,960	557,113	43.49%	635,557
County Council	969,228	22,172	991,400	464,381	46.84%	486,059
County Executive	603,465	0	603,465	235,903	39.09%	301,295
Planning & Development	5,195,898	(31,382)	5,164,516	2,207,406	42.74%	2,494,584
Treasurer	1,358,505	0	1,358,505	634,996	46.74%	692,502
Sheriff	13,600,754	664,354	14,265,108	6,824,982	47.84%	7,105,840
District Court	1,999,966	73,428	2,073,394	934,283	45.06%	1,027,568
District Court Probation	1,709,803	0	1,709,803	720,019	42.11%	845,831
Hearing Examiner	180,641	0	180,641	87,695	48.55%	89,444
Juvenile	4,364,502	(147,916)	4,216,586	1,958,249	46.44%	2,087,432
Prosecuting Attorney	5,816,665	(53,457)	5,763,208	2,760,822	47.90%	2,866,936
Public Defender	3,409,407	0	3,409,407	1,584,274	46.47%	1,694,210
Superior Court/Clerk	5,043,289	0	5,043,289	2,455,598	48.69%	2,496,539
Extension	327,018	15,000	342,018	154,121	45.06%	145,864
Park	3,672,521	64,388	3,736,909	1,553,504	41.57%	1,833,395
Public Health	12,842,544	(9,282)	12,833,262	5,011,353	39.05%	5,949,257
Non - Departmental	10,927,611	1,496,345	12,423,956	5,544,263	44.63%	6,097,771
Total General Fund Exp	76,114,569	2,163,650	78,278,219	35,018,940	44.74%	38,284,406

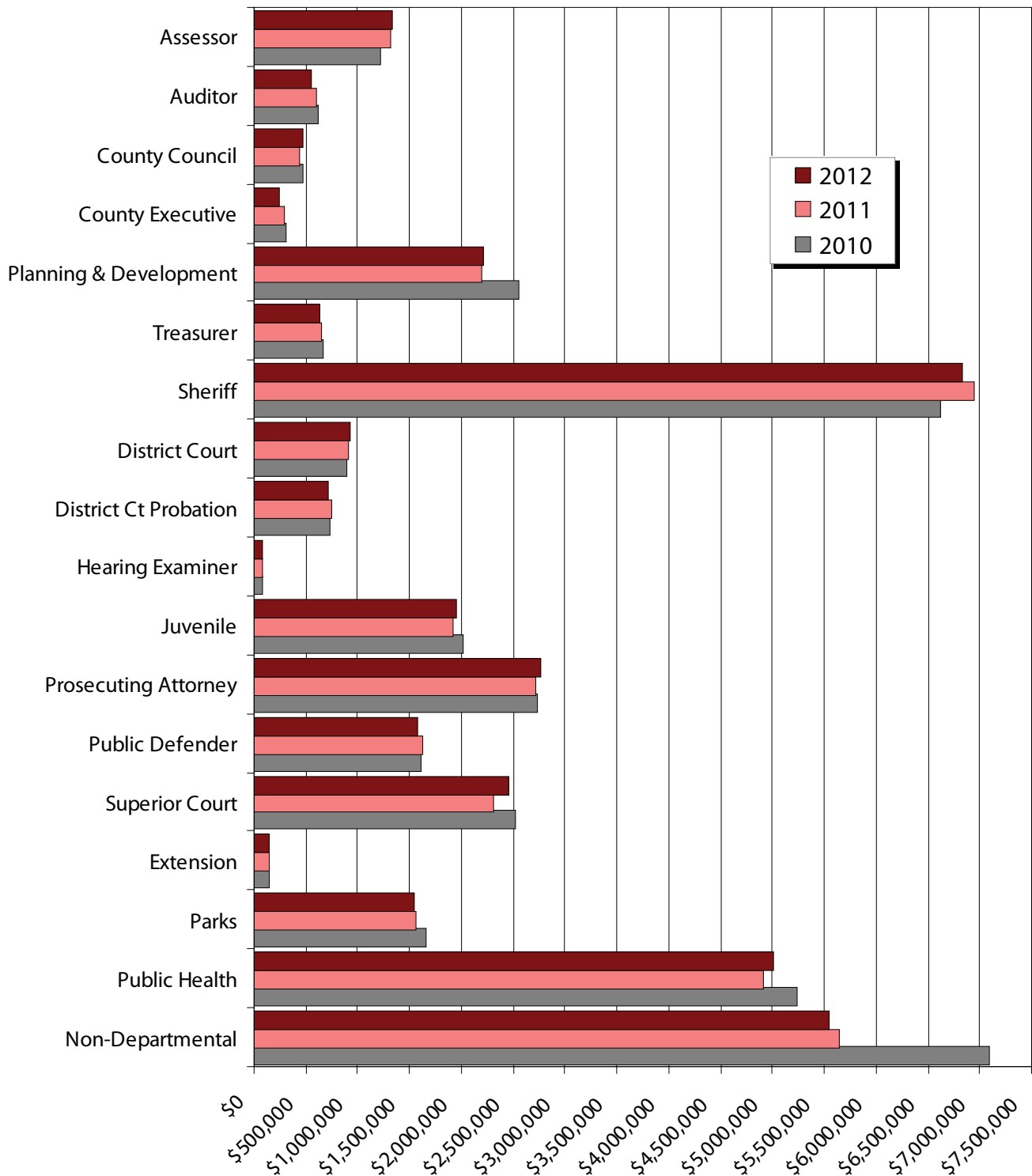
See page 9 for General Fund Expenditure Notes.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Expenditures - Compared to Prior Years



See page 9 for chart detail and General Fund Expenditure Notes.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Expenditures - Compared to Prior Years

	2010	2011	2012
Assessor	1,212,451	1,320,256	1,329,978
Auditor	612,549	595,159	557,113
County Council	467,635	439,814	464,381
County Executive	305,111	288,259	235,903
Planning & Development	2,552,080	2,197,369	2,207,406
Treasurer	666,573	650,146	634,996
Sheriff	6,626,910	6,939,621	6,824,982
District Court	897,264	911,425	934,283
District Ct Probation	737,334	740,343	720,019
Hearing Examiner	85,585	86,554	87,695
Juvenile	2,017,769	1,926,155	1,958,249
Prosecuting Attorney	2,739,423	2,723,652	2,760,822
Public Defender	1,617,158	1,630,496	1,584,274
Superior Court Administration	2,526,803	2,313,954	2,455,598
Extension	141,848	144,847	154,121
Parks	1,658,385	1,556,909	1,553,504
Public Health	5,235,276	4,912,094	5,011,353
Non-Departmental	7,085,475	5,647,931	5,544,263
TOTAL	37,185,629	35,024,984	35,018,940

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were at 44.74% of the approved budget. This is consistent with previous years. All departmental spending was within projected expectations except for the Extension Office which had an accelerated spending rate due to a grant project closing date of June 30, 2012.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/12	<u>9,855,407</u>
Revenues	
Budgeted Revenues 2012	72,577,426
Decreased Revenue Estimates	(150,000)
Continuing Appropriations from 2011	165,536
Supplemental Budgets 2012	<u>95,772</u>
Total Revenue	<u>72,688,734</u>
Expenditures	
Budgeted Expenditures 2012	76,114,569
Estimated Payroll & Benefit Adjustments	(2,622,000)
Continuing Appropriations from 2011	342,590
Supplemental Budgets 2012	<u>1,821,060</u>
Total Expenditures	<u>75,656,219</u>
Adjusted Surplus (Deficit)	(2,967,485)
Other Considerations	
Estimated Budget Lapse (3%)	<u>2,269,687</u>
Projected Ending Fund Balance 12/31/12	9,157,609
Interfund Loan Adjustment*	<u>2,138,882</u>
Adjusted Fund Balance 12/31/12	<u>11,296,491</u>

Notes:

** Accounting for interfund loans used to finance the Central Plaza Building purchase and the Assessor-Treasurer System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases are shown as expenditures but the loan proceeds are not presented as revenues in the income statement but only as a liability on the balance sheet.*

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



Special Revenue Funds and Other Funds - Revenues

	2011 Actual As of 6/30/2011	2012 Actual As of 6/30/2012	2012 Budget	% Collected of 2012 Budget
County Road Fund	12,637,981	12,392,811	25,847,818	47.95%
Election Reserve Fund	367,867	559,384	1,342,403	41.67%
Veterans Relief	149,431	148,345	320,828	46.24%
Jail Fund	6,004,036	5,840,338	12,152,036	48.06%
Low Income Housing Projects	97,561	102,127	191,000	53.47%
Homeless Housing	616,934	727,720	2,302,443	31.61%
Stormwater Fund	568,457	122,900	2,061,154	5.96%
Chemical Dependency/Mental Hlth	1,558,285	1,652,911	3,530,340	46.82%
County Wide Emergency Medical	1,190,234	1,258,136	2,665,659	47.20%
Trial Court Improvement Fund	23,650	23,824	47,500	50.16%
Solid Waste Fund	234,360	253,081	776,700	32.58%
WC Convention Center Fund	217,601	230,993	500,000	46.20%
Victim/Witness Assistance Fund	65,276	60,012	135,550	44.27%
Whatcom Co Drug Fund	156,287	596,238	337,000	176.93%
Auditor's O&M Fund	44,487	46,876	166,500	28.15%
Emergency Management	509,964	528,486	1,434,873	36.83%
Flood Control Zone Dist Fund	2,516,890	2,006,990	6,211,888	32.31%
Pt Roberts Fuel Tax Fund	32,634	44,086	50,000	88.17%
Conservation Futures Fund	535,866	551,991	992,362	55.62%
Sub-Flood Zones	499,303	594,740	1,023,995	58.08%
Real Estate Excise Tax Fund II	447,800	443,126	1,398,196	31.69%
Real Estate Excise Tax Fund I	447,800	443,126	1,068,523	41.47%
Public Utilities Improvement	1,420,443	1,516,705	3,000,338	50.55%
Yew St Road Construction	31,492	586	140,000	0.42%
Ferry System Fund	990,535	688,996	2,527,223	27.26%
Equipment Rental & Revolving	3,902,774	4,065,631	9,296,847	43.73%
Administrative Services Fund	8,762,688	8,895,316	20,602,693	43.18%

Notes: Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list.

Whatcom County Second Quarter 2012 Financial Report

For the Quarter Ended June 30, 2012



Special Revenue Funds and Other Funds - Expenditures

	2011 Actual As of 6/30/2011	2012 Actual As of 6/30/2012	2012 Budget	% Expended of 2012 Budget
County Road Fund	7,671,439	7,879,800	29,825,103	26.42%
Election Reserve Fund	430,367	652,040	1,432,388	45.52%
Veterans Relief	128,176	224,996	476,667	47.20%
Jail Fund	5,967,858	5,929,464	13,093,415	45.29%
Low Income Housing	322,947	66,106	218,500	30.25%
Homeless Housing	617,922	724,346	2,551,147	28.39%
Stormwater Fund	481,033	431,364	2,149,025	20.07%
Chemical Depend/Mental Hlth	783,216	736,466	3,551,581	20.74%
County Wide Emergency Medical	1,273,574	1,417,561	2,947,743	48.09%
Trial Court Improvement Fund	-	-	45,735	0.00%
LEOFF I Healthcare Fund	125,482	155,591	450,000	34.58%
Solid Waste Fund	319,380	352,803	1,154,162	30.57%
WC Convention Center Fund	125,007	182,726	632,090	28.91%
Victim/Witness Assistance Fund	37,666	39,602	147,309	26.88%
Whatcom Co Drug Fund	56,343	216,468	571,967	37.85%
Auditor's O&M Fund	71,037	90,091	292,246	30.83%
Emergency Management	416,789	374,914	1,799,525	20.83%
Flood Control Zone Dist Fund	1,581,800	973,450	6,785,365	14.35%
Conservation Futures Fund	742,118	21,091	221,809	9.51%
Sub-Flood Zones	149,553	166,856	1,311,213	12.73%
Real Estate Excise Tax Fund II	692,381	91,706	2,195,384	4.18%
Real Estate Excise Tax Fund I	1,185,778	188,946	465,659	40.58%
Public Utilities Improvement	1,287,953	407,851	2,728,548	14.95%
East Cnty Regional Resource Ctr	2,786,176	7,714	49,899	15.46%
Yew St Road Construction	41,059	19,517	1,050,982	1.86%
Lincoln Rd Construction	207,328	153,483	758,922	20.22%
Jail Improvement Fund	5	329,229	3,093,882	10.64%
Ferry System Fund	1,097,086	1,232,543	2,716,104	45.38%
Equipment Rental & Revolving	3,841,340	4,103,129	10,755,841	38.15%
Administrative Services Fund	8,173,201	8,278,340	21,046,430	39.33%

Notes: Expenditures in most of the funds presented are project-driven and do not follow regular spending patterns. Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list.