



**2015
Third
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

November 18, 2015

Whatcom County Third Quarter 2015 Financial Report

For the Quarter Ended September 30, 2015



Executive Summary

The following information presents Whatcom County's third quarter 2015 financial report. At the end of the third quarter, General Fund revenues are approximately \$1.75 million higher than the same period in 2014. All categories of revenues are up by modest amounts. The largest increases are:

- Intergovernmental revenues, which is up \$494,000 due to grant reimbursements and state entitlements;
- Charges for service revenues, which is up \$646,000, or 11%.

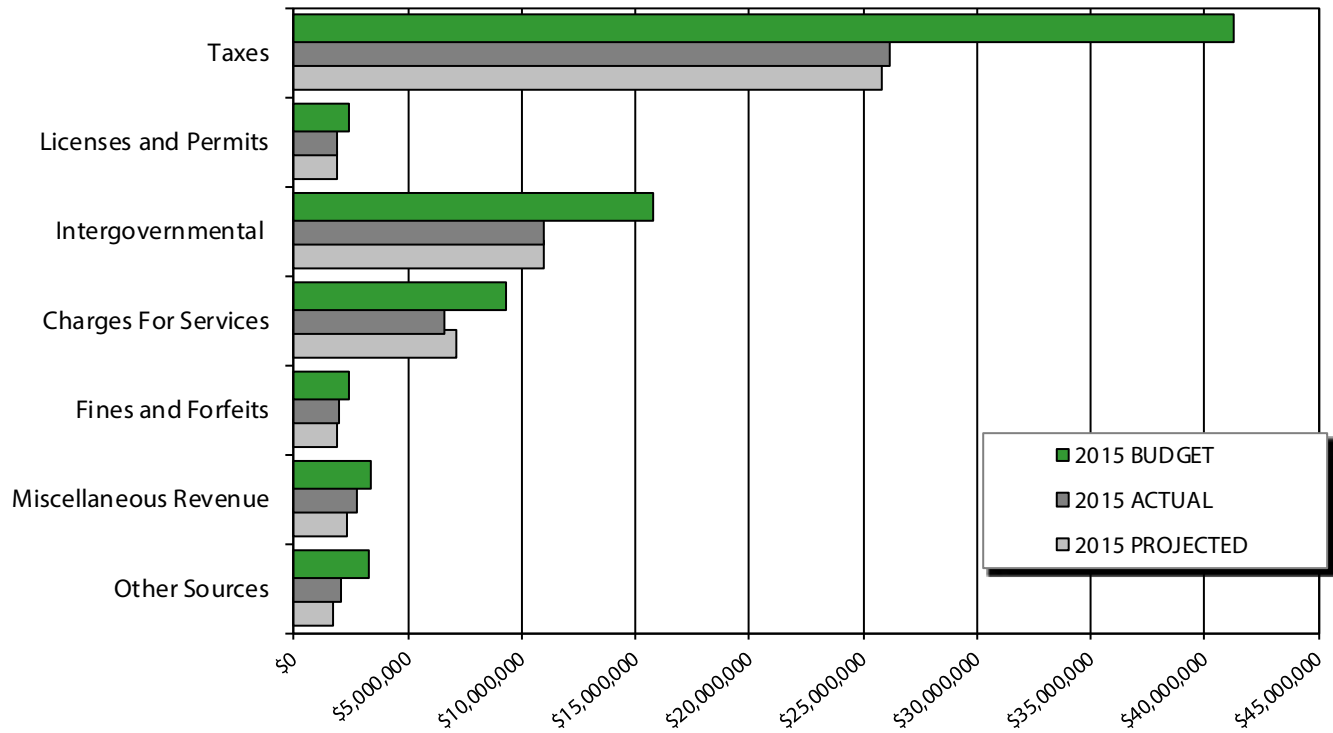
General Fund expenditures are up approximately \$680,000 over 2014 third quarter. Most of the increase is the result of paying a large 3 year software maintenance agreement for the Sheriff's Office records management system.

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General Fund Revenue - Budget vs. Actual



	2015 Budget Adopted	2015 Budget Supp'ls	2015 Budget Amended	Actual as of 9/30/2015	% Collected To Date	Projected as of 9/30/2015
Taxes	41,248,074	0	41,248,074	26,176,828	63.46%	27,770,546
Licenses and Permits	2,418,997	0	2,418,997	1,877,628	77.62%	1,845,355
Intergovernmental	14,315,565	1,471,998	15,787,563	10,964,113	69.45%	10,953,151
Charges For Services	9,296,822	14,016	9,310,838	6,557,898	70.43%	7,155,573
Fines and Forfeits	2,420,700	0	2,420,700	1,950,686	80.58%	1,857,413
Miscellaneous Revenue	3,302,612	23,285	3,325,897	2,716,535	81.68%	2,332,319
Other Sources	3,300,717	0	3,300,717	2,048,434	62.06%	1,722,555
Total Revenue	76,303,487	1,509,299	77,812,786	52,292,122	67.20%	51,636,912

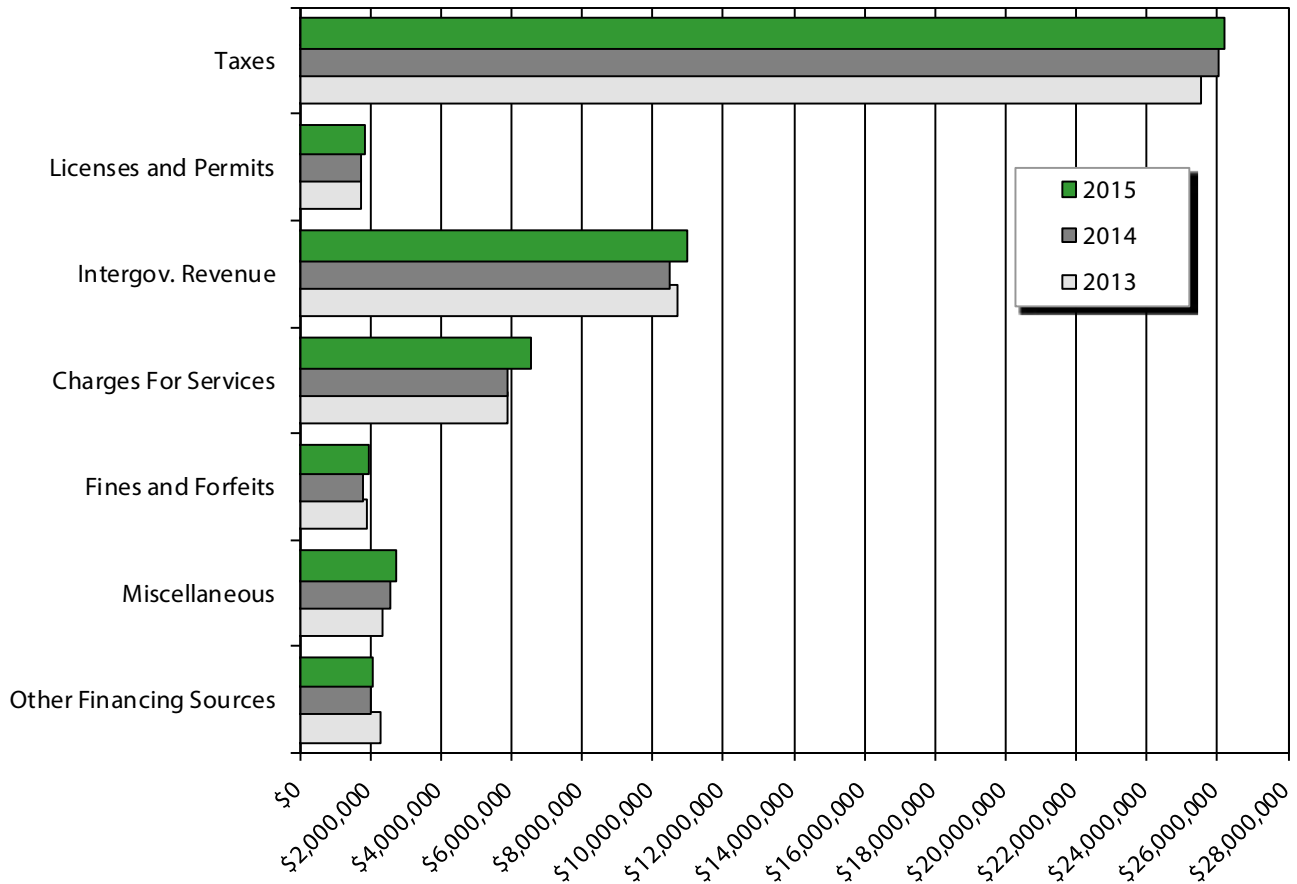
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2013	2014	2015
Taxes	25,556,850	26,023,020	26,176,828
Licenses and Permits	1,732,481	1,717,696	1,877,628
Intergovernmental Revenue	10,713,628	10,470,205	10,964,113
Charges For Services	5,907,988	5,911,440	6,557,898
Fines and Forfeits	1,891,557	1,817,971	1,950,686
Miscellaneous	2,345,743	2,567,612	2,716,535
Other Financing Sources	2,295,980	2,033,171	2,048,434
Total Revenue	50,444,227	50,541,115	52,292,122

See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue Notes

Taxes

Property tax and retail sales tax make up 99% of Whatcom County's tax revenue budget.

Tax revenues are \$153,808 more than third quarter 2014 amounts. Current year sales tax collections are up 2.6%, or \$252,762, as compared to collections from last year. Property tax collections have decreased \$138,967 under last year. The second half property taxes are due the end of October and the timing of when property owners pay their taxes fluctuates from year to year. Forest excise taxes are also up \$39,138 year-to-date.

Licenses & Permits

Building permits account for 50% of "Licenses & Permits" budgets. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 45.2% of the budgets. Marriage licenses, firearms permits and fire control permits account for the remaining 4.8%.

License and Permit Fees are \$159,933, or 9.3%, more than amounts collected during the first three quarters of 2014. Building permit fees are \$105,715 more than 2014 levels and restaurant/food handling permits are up \$69,309.

Intergovernmental Revenue

Intergovernmental Revenues are mainly federal and state grants, entitlements and shared revenues.

The revenues collected as of September 30th were up 4.7%, or \$493,908, more than 2014. Most of the increase is due to grant reimbursements received in the Sheriff's Office, Health Department and autopsy cost reimbursements in Non-Departmental. In addition, the County is beginning to receive quarterly payments based on state distributions of marijuana sales excise taxes. Current distributions are approximately \$40,000 per quarter which began with the third quarter of 2015.

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), fees charged to other governments for probation and law enforcement-related services and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Overall, Charges for Services increased by \$646,453, or 10.9%. Revenue from other funds for their share of the allocated cost of the Executive's Office and the Council Office accounts for \$456,545 of this increase. This allocation is new in 2015, and is pursuant to guidance provided by the State Auditor's Office and recently adopted by the County. Increased recording and licensing activity in the Auditor's Office accounts for another \$155,600 of the increase. The remainder is from modest increases in planning and development activity.

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General Fund Revenue Notes, continued

Fines and Forfeits

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

Fines and Forfeits revenues have increased \$132,713, or 7.3%, over the first three quarters of 2014. Traffic infractions are up \$118,177, or 15.7%, and civil penalties for code enforcement violations are up \$70,550. Other fines and penalties, such as penalties on delinquent property taxes and felony penalties are down by modest amounts.

Miscellaneous

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

Miscellaneous revenue is up \$148,920, or 5.8%, as compared with the same period in 2014. This is chiefly due to increases in investment earnings.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (11%) and transfers from other Whatcom County funds (89%).

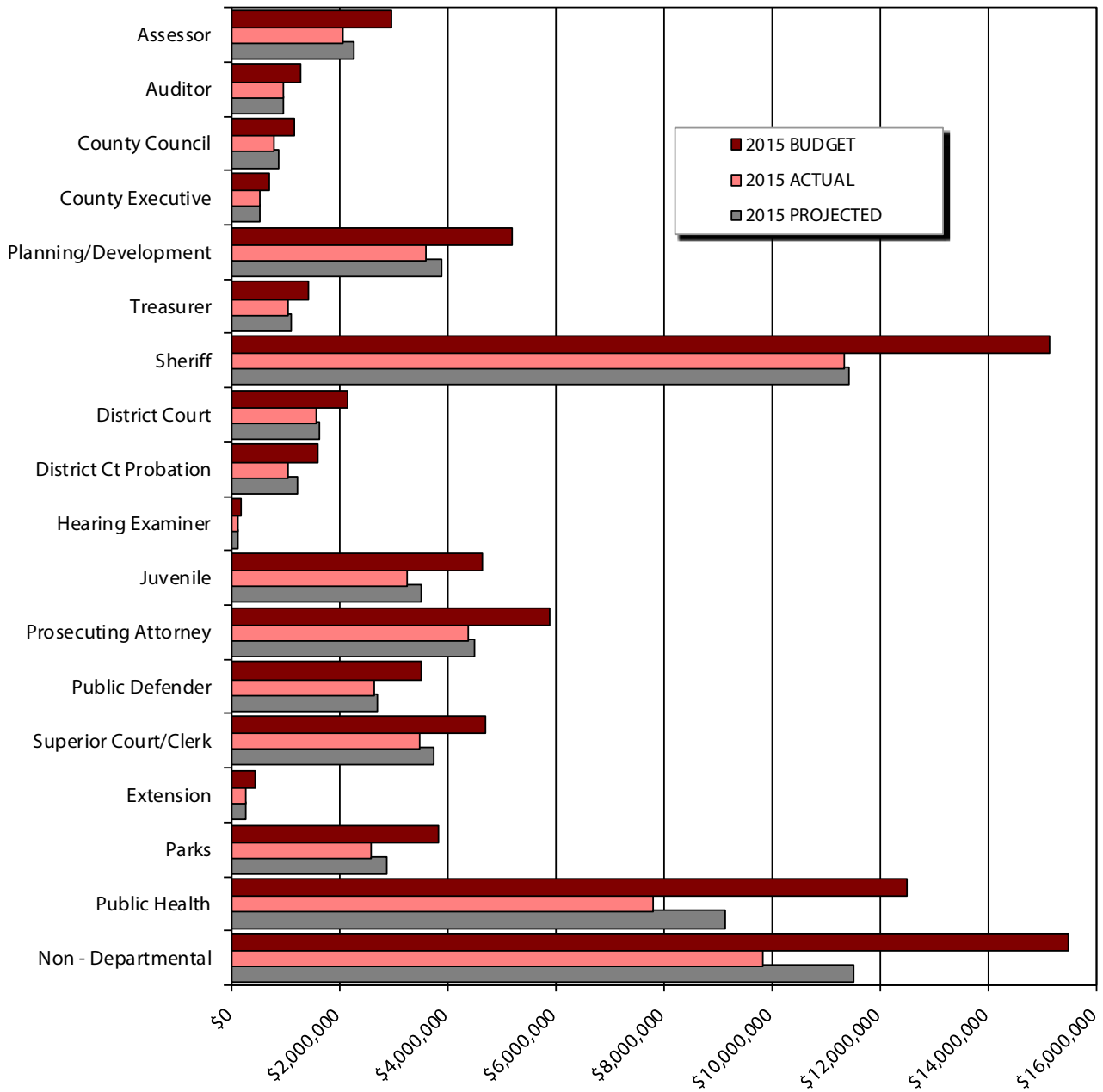
The Other Financing Sources category is up slightly at \$15,260 more than third quarter 2014 amounts.

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General Fund Expenditures - Budget vs. Actual



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

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General Fund Expenditures - Budget vs. Actual

	Adopted 2015 Budget	Budget Supplementals	Amended Budget	Actual as of 9/30/15	% Expended To Date	Projected as of 9/30/15
Assessor	2,983,708	0	2,983,708	2,079,981	69.71%	2,269,285
Auditor	1,289,804	0	1,289,804	964,069	74.75%	980,275
County Council	1,144,447	36,736	1,181,183	788,829	66.78%	891,140
County Executive	699,351	9,325	708,676	532,380	75.12%	541,838
Planning & Development	5,109,078	95,411	5,204,489	3,615,279	69.46%	3,902,273
Treasurer	1,425,369	0	1,425,369	1,062,589	74.55%	1,106,636
Sheriff	14,150,275	987,409	15,137,684	11,336,371	74.89%	11,440,737
District Court	2,160,200	0	2,160,200	1,582,768	73.27%	1,635,736
District Court Probation	1,620,229	0	1,620,229	1,067,049	65.86%	1,233,359
Hearing Examiner	188,344	0	188,344	141,696	75.23%	141,022
Juvenile	4,633,596	19,404	4,653,000	3,265,254	70.18%	3,534,997
Prosecuting Attorney	5,895,805	0	5,895,805	4,377,027	74.24%	4,500,336
Public Defender	3,535,872	0	3,535,872	2,642,611	74.74%	2,699,555
Superior Court/Clerk	4,710,681	0	4,710,681	3,491,463	74.12%	3,748,363
Extension	435,381	0	435,381	275,633	63.31%	289,689
Park	3,817,099	19,744	3,836,843	2,604,939	67.89%	2,892,150
Public Health	12,323,980	173,935	12,497,915	7,815,844	62.54%	9,136,711
Non - Departmental	14,707,583	788,586	15,496,169	9,827,550	63.42%	11,515,299
Total General Fund Exp	80,830,802	2,130,550	82,961,352	57,471,332	69.27%	62,459,401

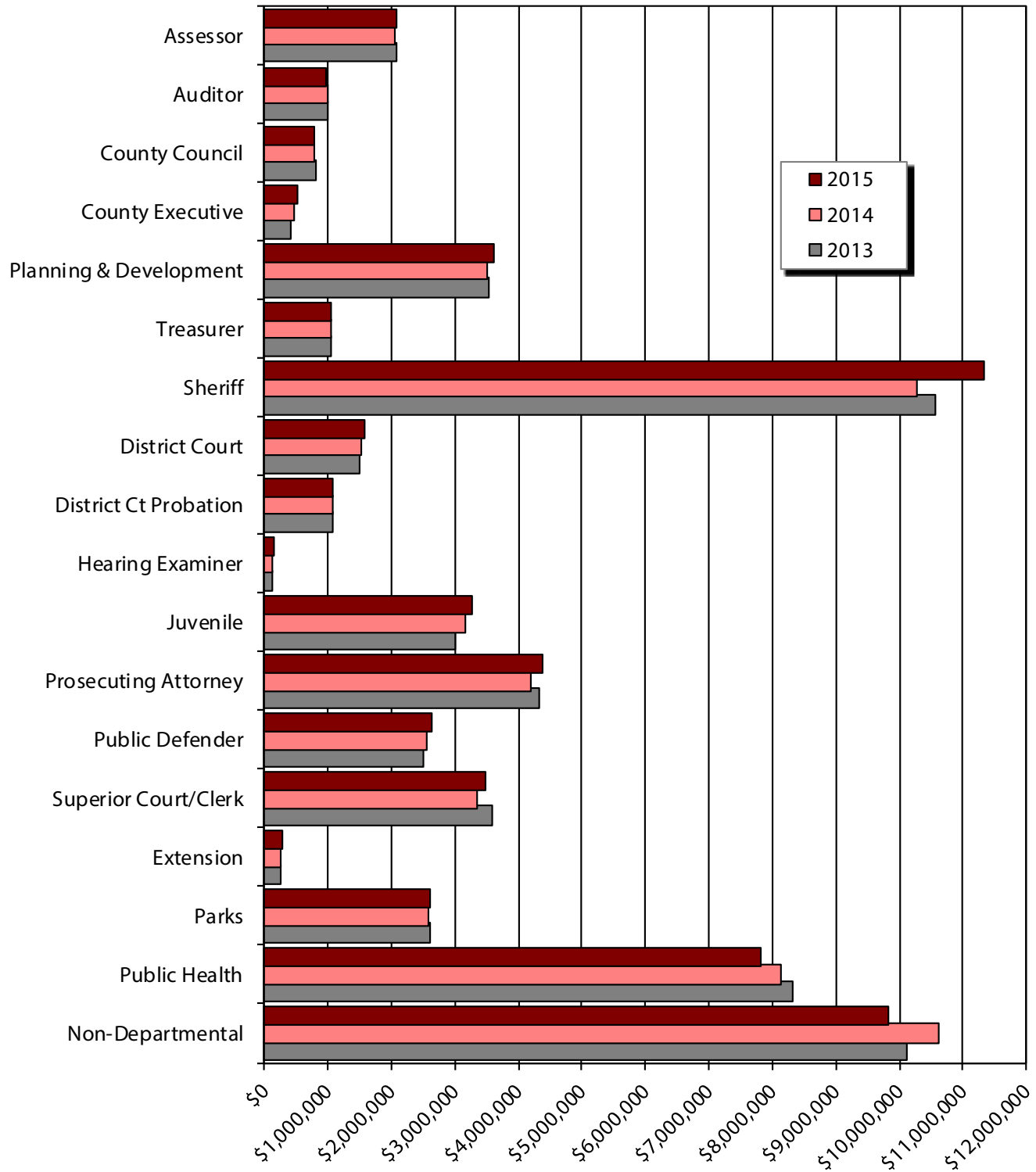
See page 9 for General Fund Expenditure Notes.

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General Fund Expenditures - Compared to Prior Years



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

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General Fund Expenditures - Compared to Prior Years

	2013	2014	2015
Assessor	2,093,157	2,060,585	2,079,981
Auditor	996,616	1,006,221	964,069
County Council	809,596	788,411	788,829
County Executive	416,229	472,133	532,380
Planning & Development	3,537,180	3,501,264	3,615,279
Treasurer	1,057,860	1,050,598	1,062,589
Sheriff	10,580,490	10,274,428	11,336,371
District Court	1,496,767	1,538,462	1,582,768
District Ct Probation	1,079,988	1,072,493	1,067,049
Hearing Examiner	130,901	137,753	141,696
Juvenile	3,011,608	3,175,072	3,265,254
Prosecuting Attorney	4,320,489	4,208,182	4,377,027
Public Defender	2,503,760	2,551,482	2,642,611
Superior Court /Clerk	3,587,279	3,348,554	3,491,463
Extension	245,890	262,669	275,633
Parks	2,609,374	2,594,059	2,604,939
Public Health	8,307,968	8,130,415	7,815,844
Non-Departmental	10,116,572	10,615,287	9,827,550
TOTAL	56,901,724	56,788,068	57,471,332

General Fund Expenditure Notes

Expenditures for the General Fund, at the end of the third quarter, were at 69.27% of the approved budget. All departmental spending was within budget expectations. Sheriff's Office expenditures increased \$1,062,000 over 2014 primarily due to large grant expenditures and a \$421,000 three-year software maintenance agreement payment for the records management system.

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General Fund Conclusion

	Adopted Budget	Projected
Beginning Fund Balance 1/1/15	11,257,513	12,849,470
Revenues		
Budgeted Revenues 2015	76,303,487	76,303,487
Increased Revenue Estimates	-	600,000
Continuing Appropriations from 2014	-	288,255
Supplemental Budgets 2015	-	1,221,044
Total Revenue	76,303,487	78,412,786
Expenditures		
Budgeted Expenditures 2015	80,830,802	80,830,802
Estimated grant and wage reserve lapse	-	(1,558,000)
Continuing Appropriations from 2014	-	391,417
Supplemental Budgets 2015	-	1,739,133
Total Expenditures	80,830,802	81,403,352
Adjusted Surplus (Deficit)	(4,527,315)	(2,990,566)
Other Considerations		
Estimated Budget Lapse ¹	3,428,868	3,866,659
Projected Ending Fund Balance 12/31/15	10,159,066	13,725,563
Interfund Loan Adjustment²	1,437,077	1,437,077
Adjusted Fund Balance 12/31/15	11,596,143	15,162,640

Notes:

¹ The adopted budget lapse was projected to be 4.25%. The current projected lapse is 4.75%.

² 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.

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Special Revenue Funds and Other Funds - Revenues

	2014 Actual As of 9/30/2014	2015 Actual As of 9/30/2015	2015 Budget	% Collected of 2015 Budget
County Road Fund ¹	15,818,651	15,388,573	25,291,200	60.85%
Election Reserve Fund ²	366,673	683,614	1,214,379	56.29%
Veterans Relief	159,302	160,155	282,530	56.69%
Jail Fund	9,773,712	10,138,071	13,896,462	72.95%
Low Income Housing Projects	120,914	146,900	162,180	90.58%
Homeless Housing	1,699,023	1,906,157	2,798,271	68.12%
Stormwater Fund	637,000	958,220	1,470,181	65.18%
Chemical Dependency/Mental Hlth	2,912,993	2,859,927	3,923,081	72.90%
Parks Special Revenue ³	1,600,955	35,262	127,086	27.75%
County Wide Emergency Medical	4,527,532	4,357,042	7,136,502	61.05%
Trial Court Improvement Fund	35,843	34,266	48,380	70.83%
Solid Waste Fund	510,884	502,467	1,051,604	47.78%
WC Convention Center Fund	389,173	407,627	560,000	72.79%
Victim/Witness Assistance Fund	76,841	80,952	111,050	72.90%
Whatcom Co Drug Fund ⁴	128,151	668,765	276,500	241.87%
Auditor's O&M Fund	140,172	153,704	150,050	102.44%
Emergency Management ¹	863,165	423,163	501,950	84.30%
Flood Control Zone Dist Fund ¹	3,313,199	2,534,923	5,957,629	42.55%
Sub-Flood Zones	115,184	117,188	191,358	61.24%
Birch Bay Sub-Zone	530,076	441,257	770,000	57.31%
Conservation Futures Fund	719,460	607,467	1,048,494	57.94%
Real Estate Excise Tax Fund II	1,535,255	1,343,907	1,390,560	96.65%
Real Estate Excise Tax Fund I	1,615,862	1,343,906	1,705,400	78.80%
Public Utilities Imprv Fund	2,500,838	2,611,880	3,351,008	77.94%
Ferry System Fund ³	1,834,858	1,293,692	2,799,889	46.21%
Equipment Rental & Revolving	8,142,050	8,259,082	12,903,097	64.01%
Administrative Services Fund	13,336,721	13,660,879	19,518,182	69.99%

Notes:

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

¹ *Revenue decreases in these funds are due to fluctuations in grant funding from year to year.*

² *Number of elections and state reimbursement policies cause annual revenue fluctuations.*

³ *Large revenue fluctuations in these funds are due to interfund transfers made from other County funds in support of operations in the receiving fund.*

⁴ *Drug Fund revenues are unpredictable; they are dependent upon timing of seized property sales and federal distributions.*

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Special Revenue Funds and Other Funds - Expenditures

	2014 Actual As of 9/30/2014	2015 Actual As of 9/30/2015	2015 Budget	% Expended of 2015 Budget
County Road Fund ¹	16,671,356	20,272,788	31,366,583	64.63%
Election Reserve Fund	671,563	720,985	1,140,649	63.21%
Veterans Relief	219,144	216,367	353,524	61.20%
Jail Fund	9,609,133	10,042,504	14,017,073	71.64%
Low Income Housing	110,372	131,388	172,000	76.39%
Homeless Housing	1,810,321	1,745,706	2,744,062	63.62%
Stormwater Fund	846,230	703,150	1,521,017	46.23%
Chemical Depend/Mental Hlth	2,093,851	2,298,804	4,508,678	50.99%
Parks Special Revenue	-	17,032	114,000	14.94%
County Wide Emergency Medical	6,098,141	5,858,289	7,892,256	74.23%
Trial Court Improvement Fund	-	4,000	60,971	6.56%
Solid Waste Fund	464,501	547,436	956,510	57.23%
WC Convention Center Fund	360,362	388,231	608,980	63.75%
Victim/Witness Assistance Fund	63,871	65,745	112,407	58.49%
Whatcom Co Drug Fund	26,271	61,207	368,984	16.59%
Auditor's O&M Fund	140,058	131,554	354,949	37.06%
Emergency Management ²	834,233	366,407	551,950	66.38%
Flood Control Zone Dist Fund	3,443,774	3,479,699	12,132,958	28.68%
Sub-Flood Zones	21,455	26,138	412,170	6.34%
Birch Bay Sub Zone ²	404,171	237,673	1,213,207	19.59%
Conservation Futures Fund ²	1,770,714	143,833	316,635	45.43%
Real Estate Excise Tax Fund II ²	1,229,851	4,569,368	4,934,198	92.61%
Real Estate Excise Tax Fund I ²	97,023	781,040	1,809,780	43.16%
County Parks Improvement ²	79,630	-	85,900	0.00%
Public Utilities Improvement ²	250,141	3,313,119	12,201,673	27.15%
Ferry System Fund	1,855,244	1,870,134	2,626,894	71.19%
Equipment Rental & Revolving	7,979,466	7,512,911	17,170,492	43.75%
Administrative Services Fund ³	15,055,773	13,688,971	20,744,718	65.99%

Notes:

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

¹ Current year includes \$3.6 million of transfers to capital project funds for various road projects.

² Expenditures in these funds are project-driven and do not follow regular spending patterns.

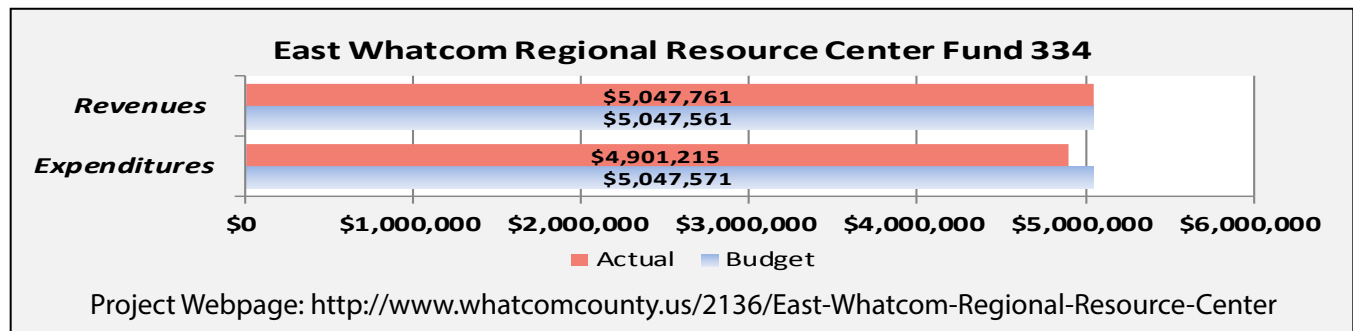
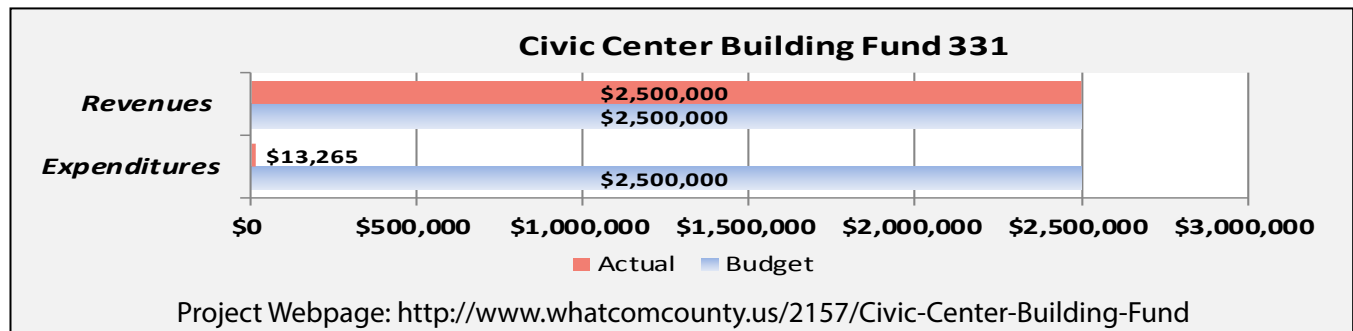
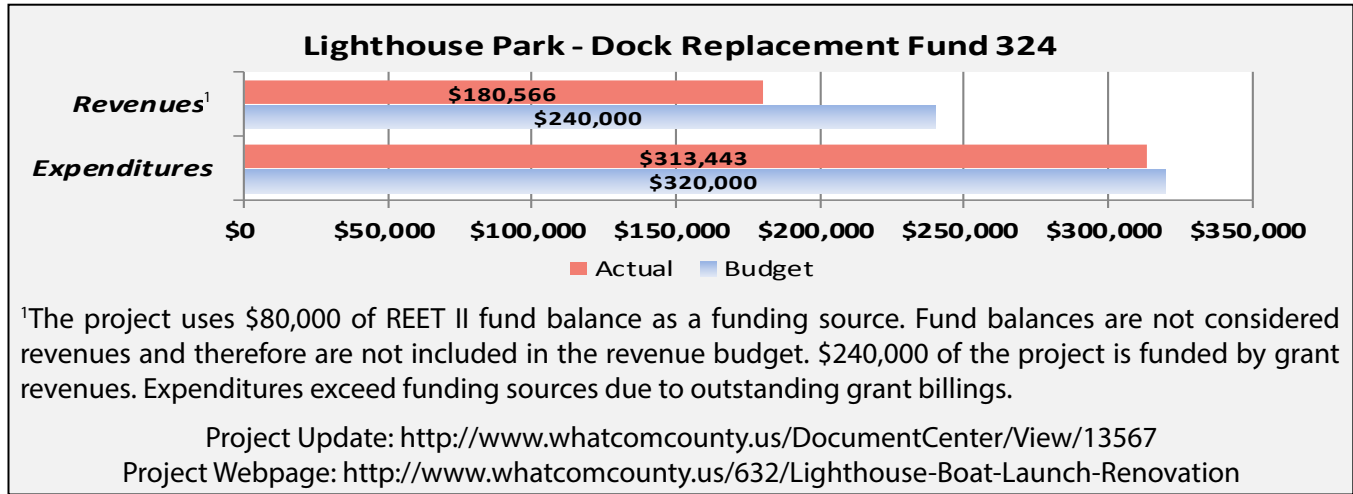
³ Payments in 2014 included a one-time transfer of \$1.9 million to fund the phone system replacement project.

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Project Budget Report

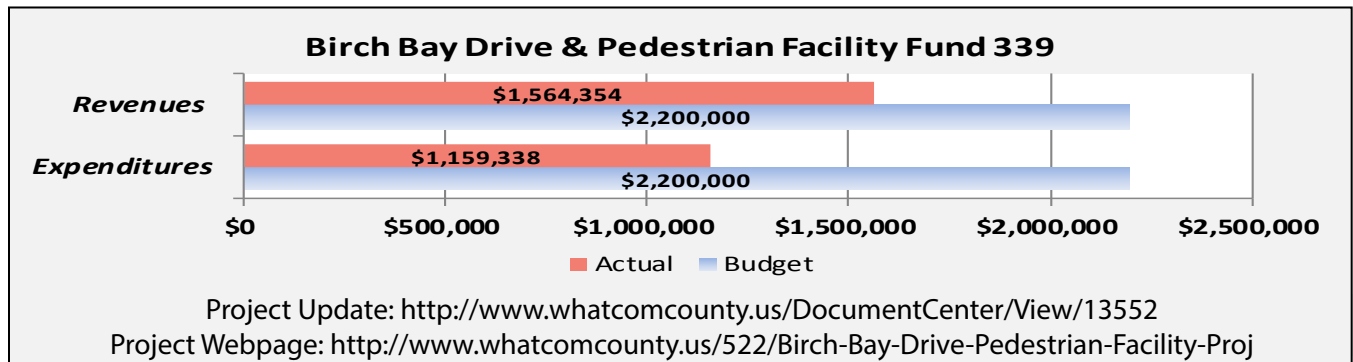
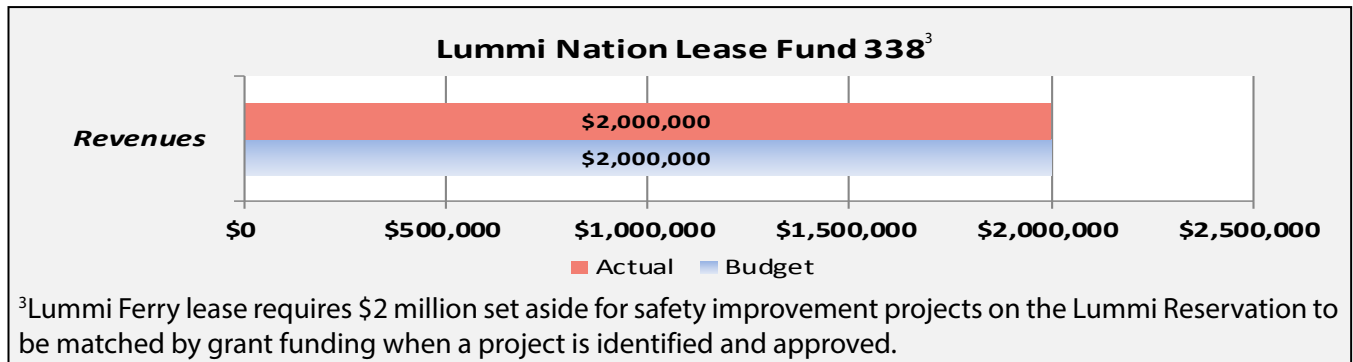
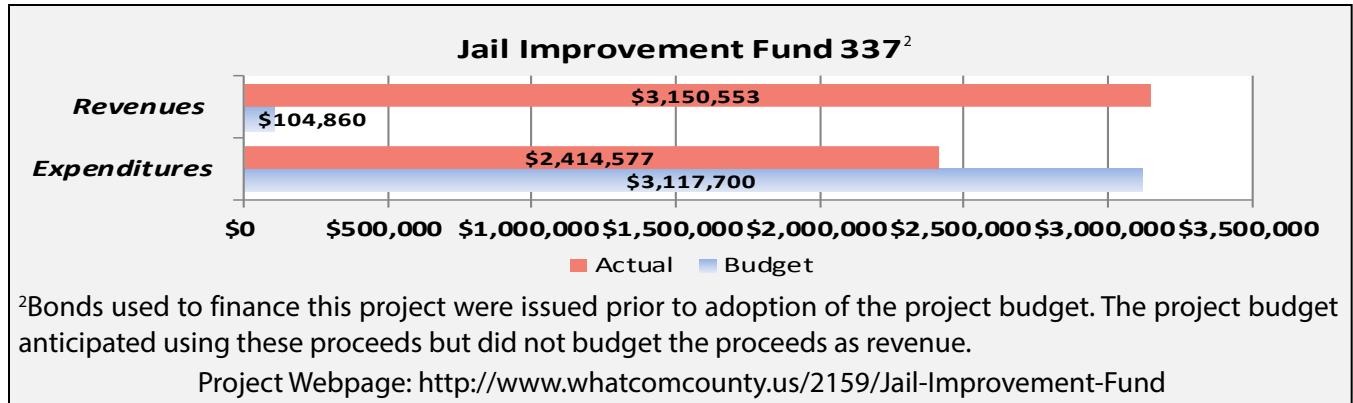


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Project Budget Report (continued)

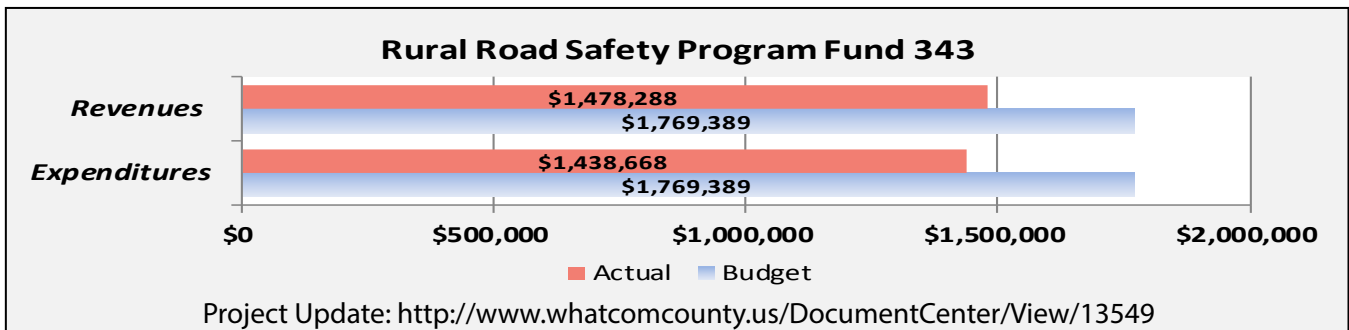
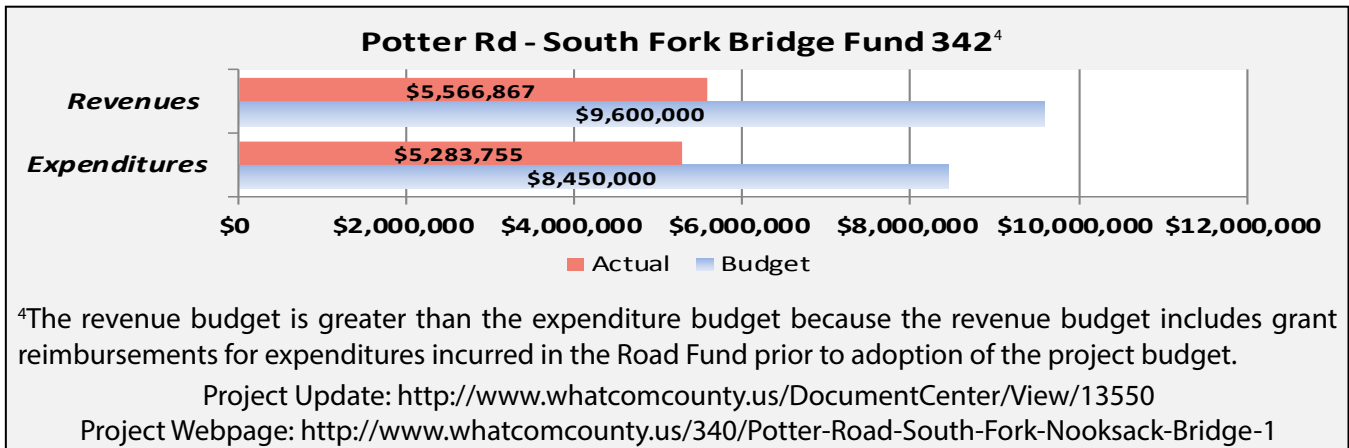
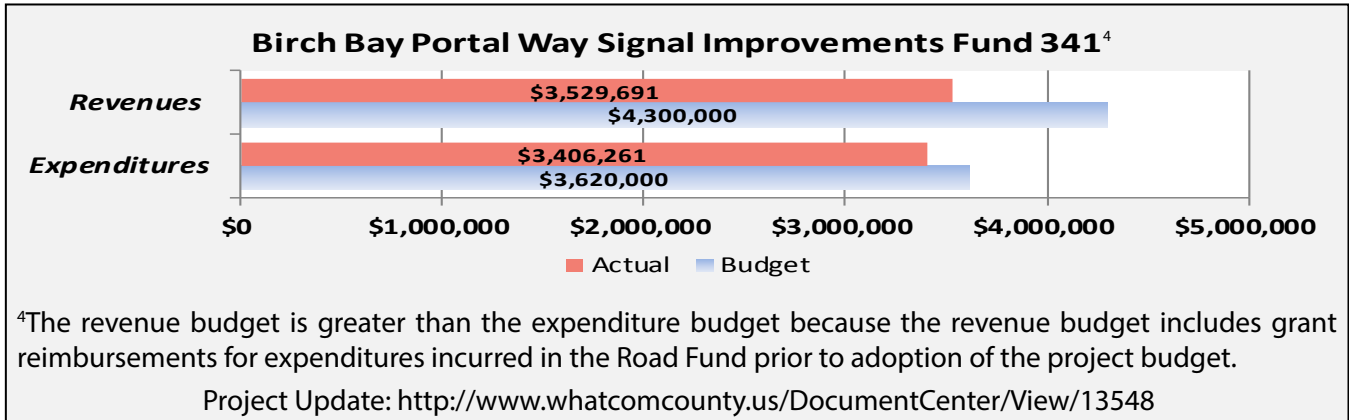


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Project Budget Report (continued)

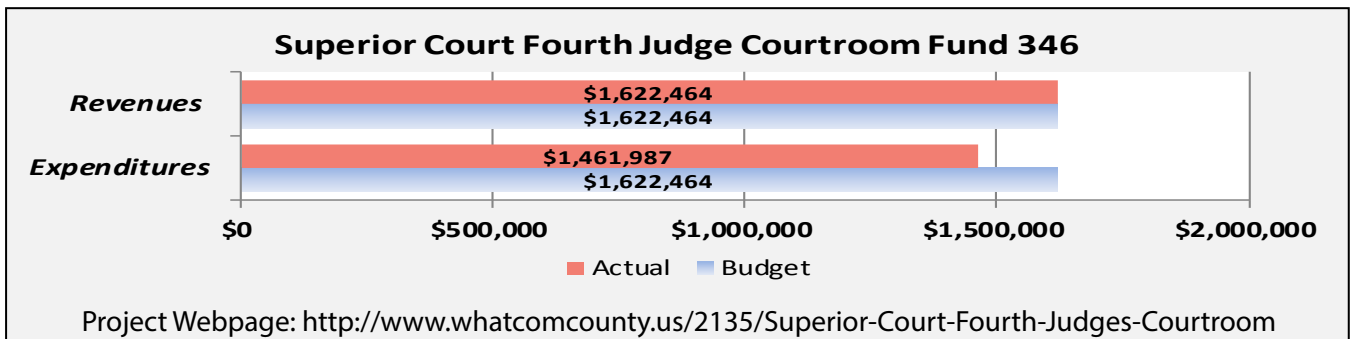
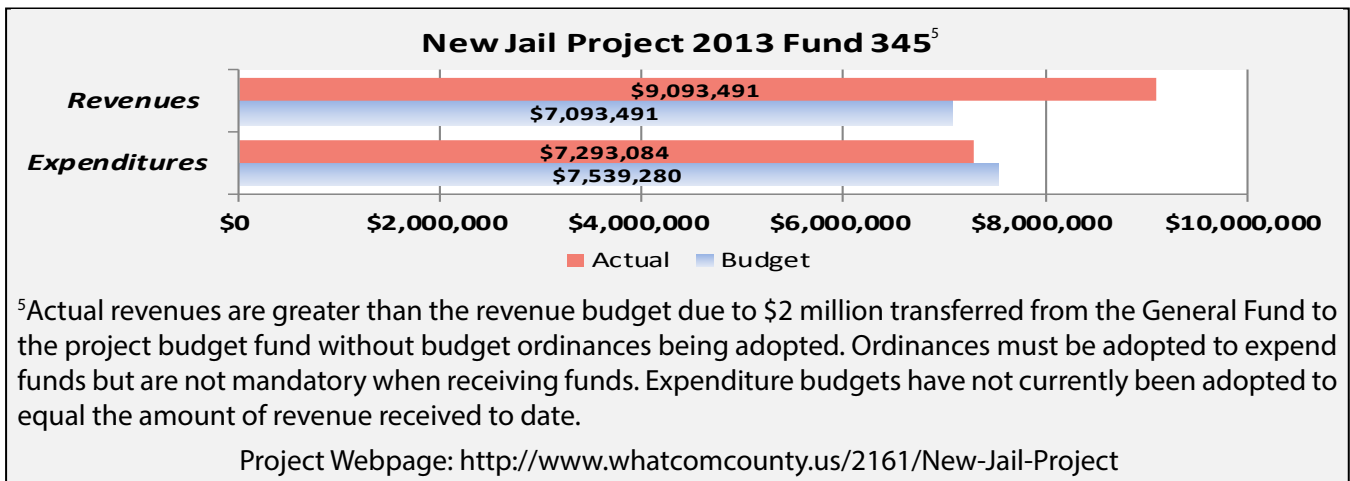
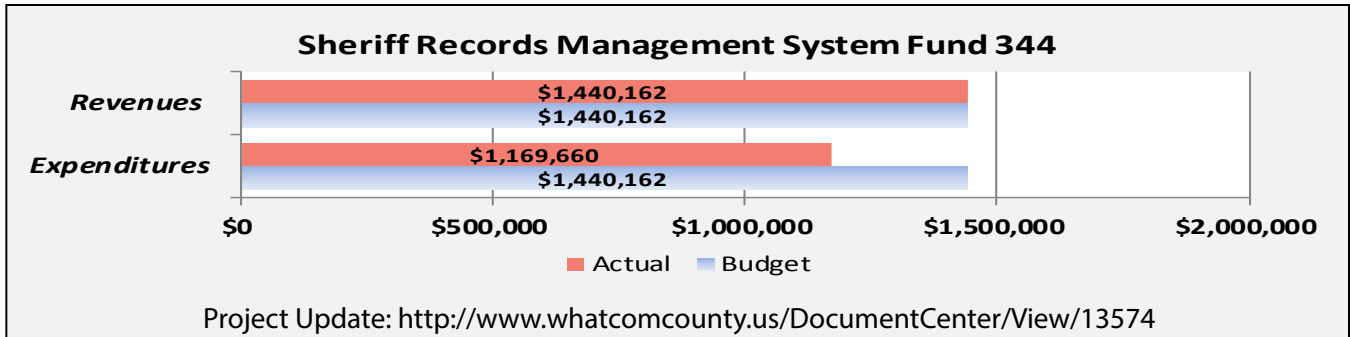


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Project Budget Report (continued)

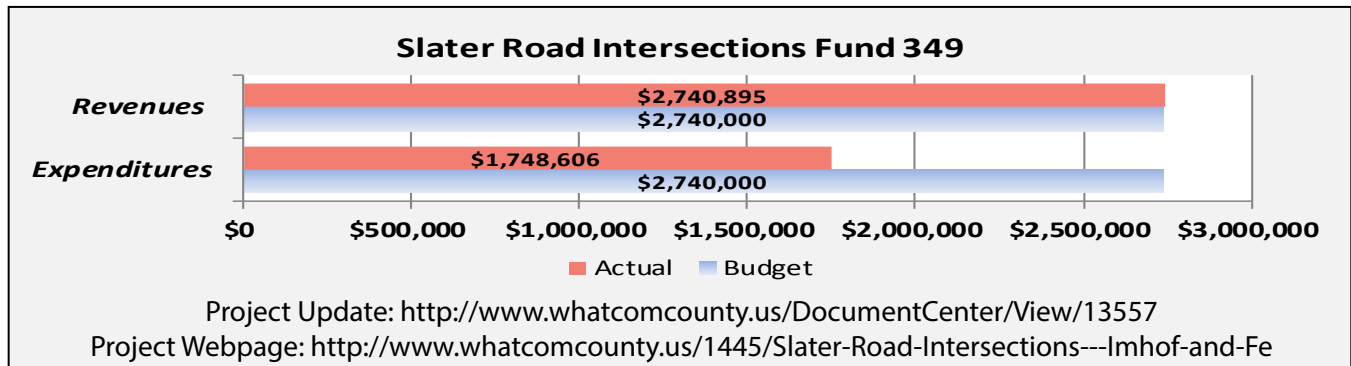
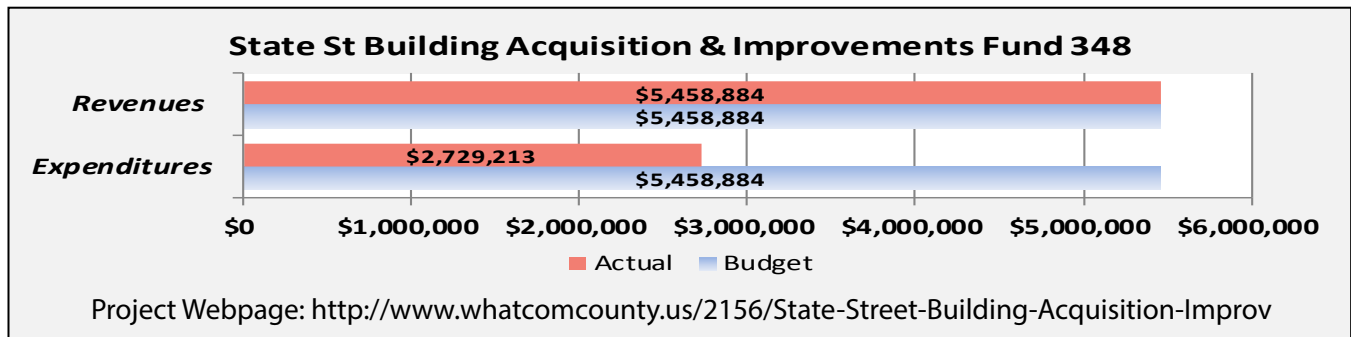
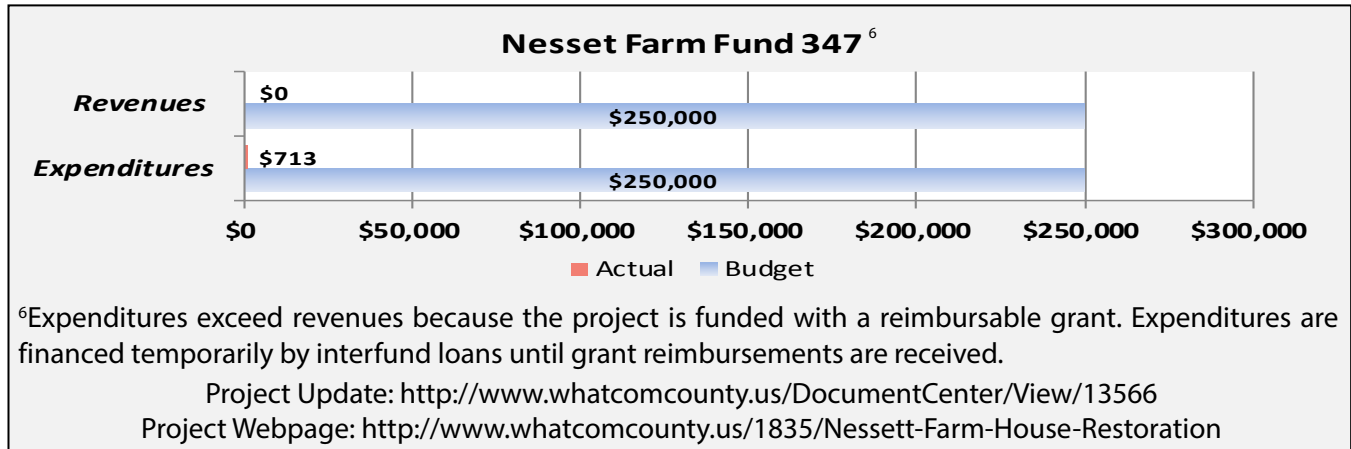


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Project Budget Report (continued)

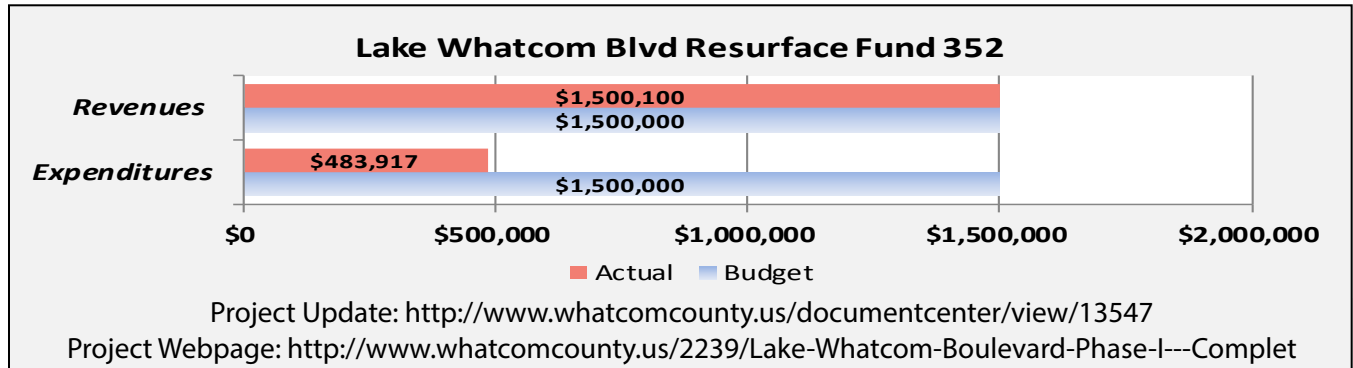
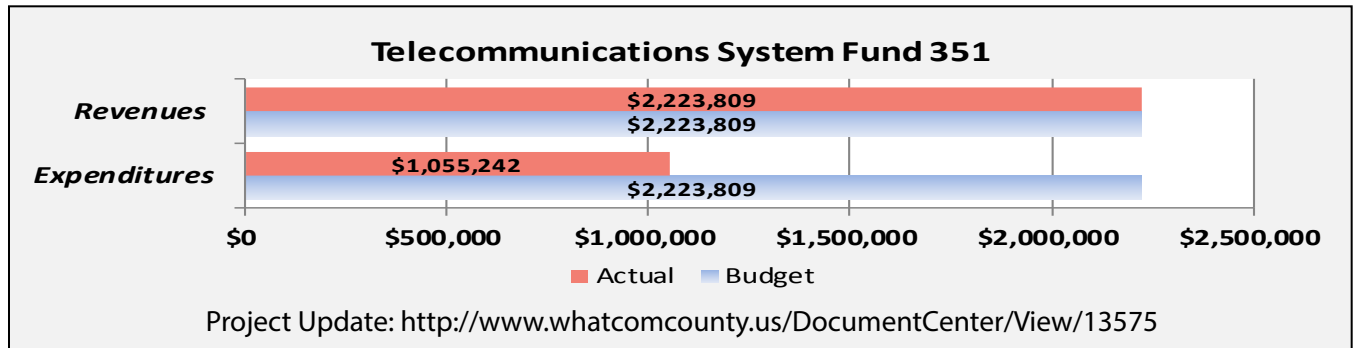
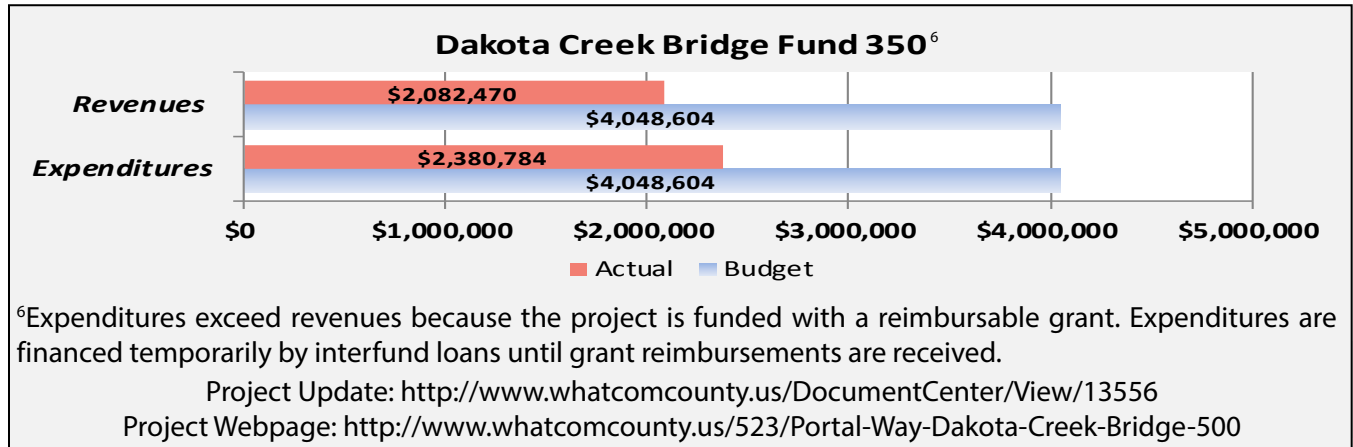


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Project Budget Report (continued)

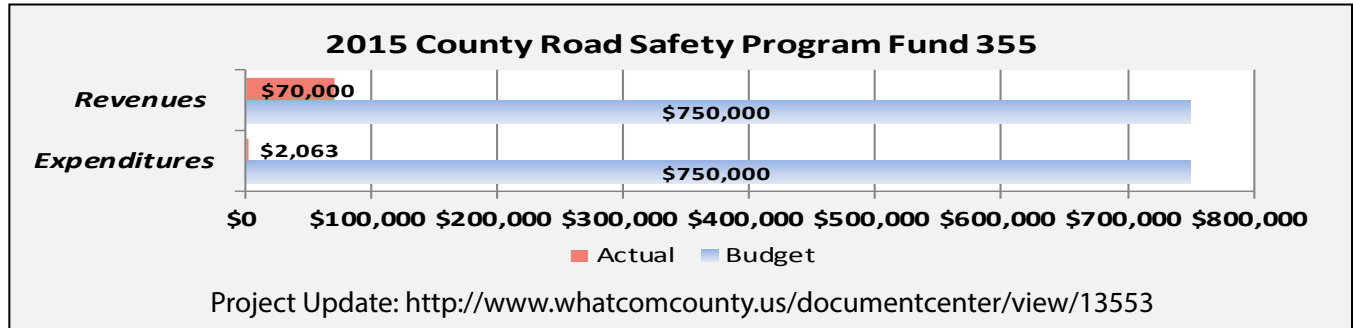
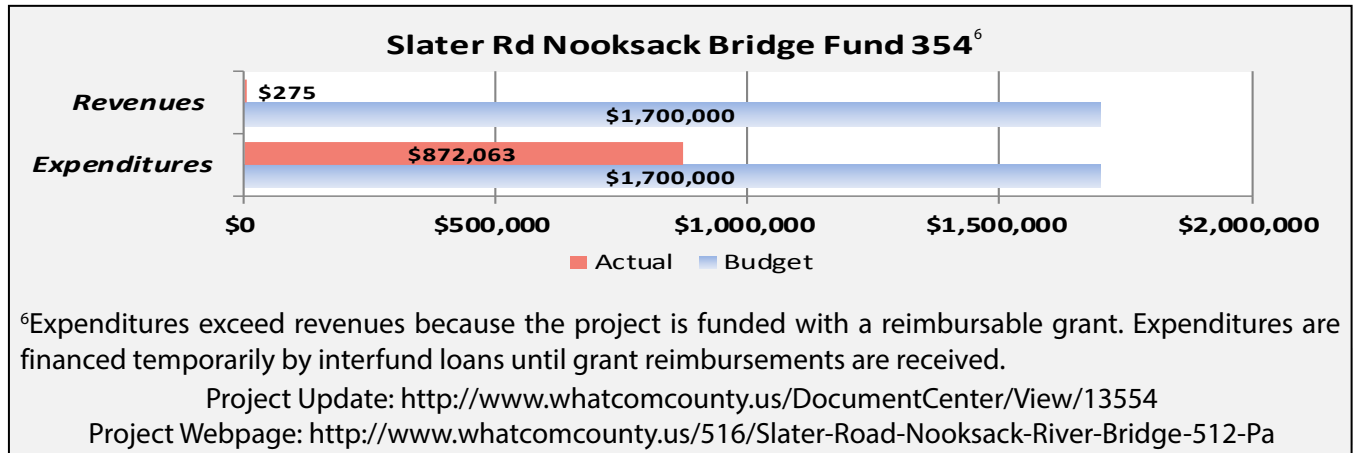
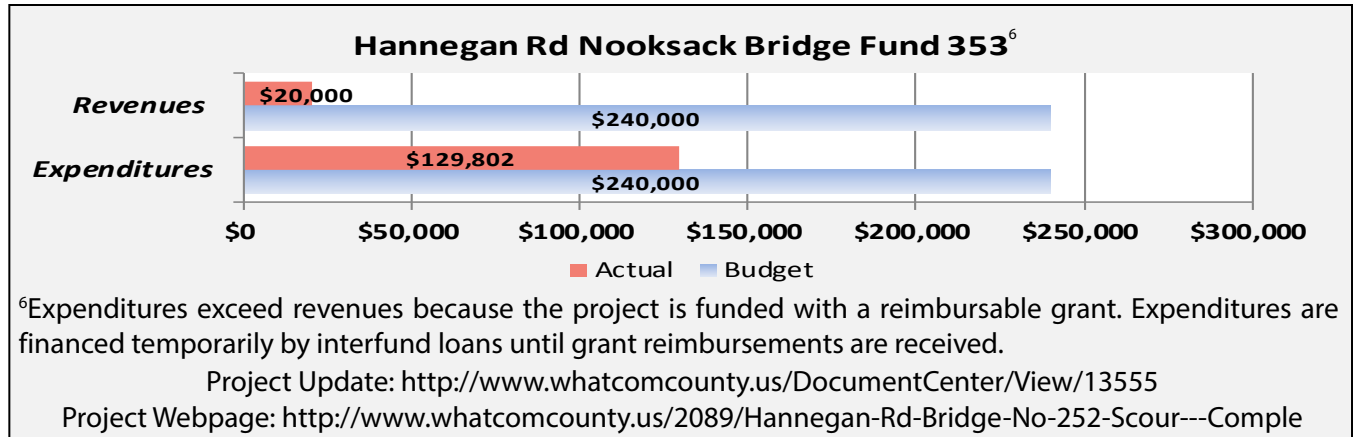


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Project Budget Report (continued)

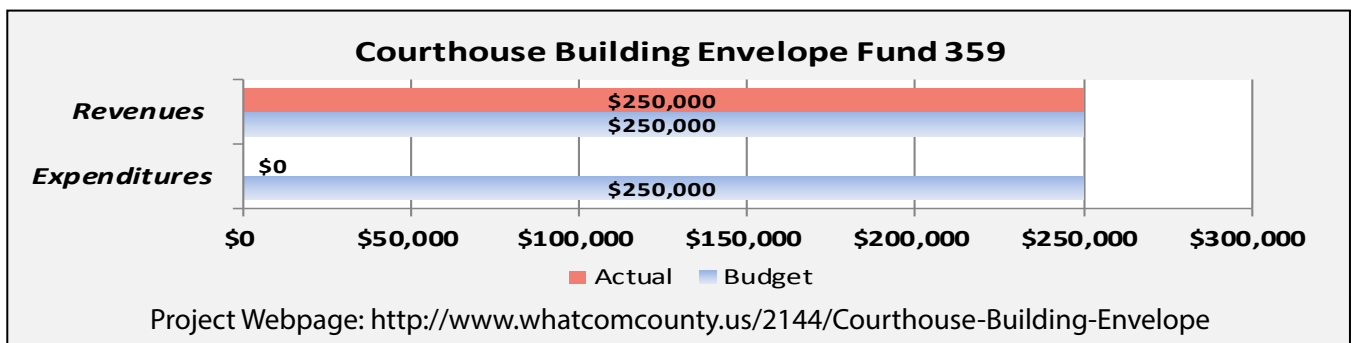
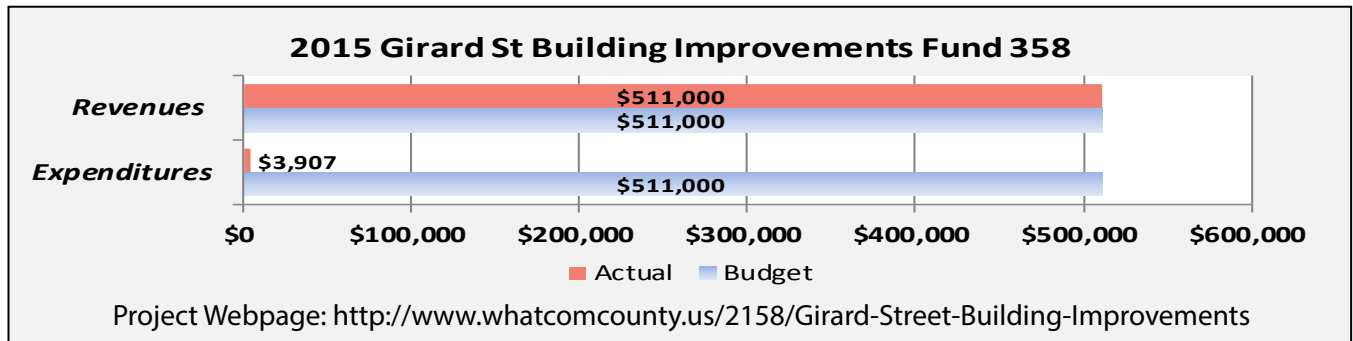
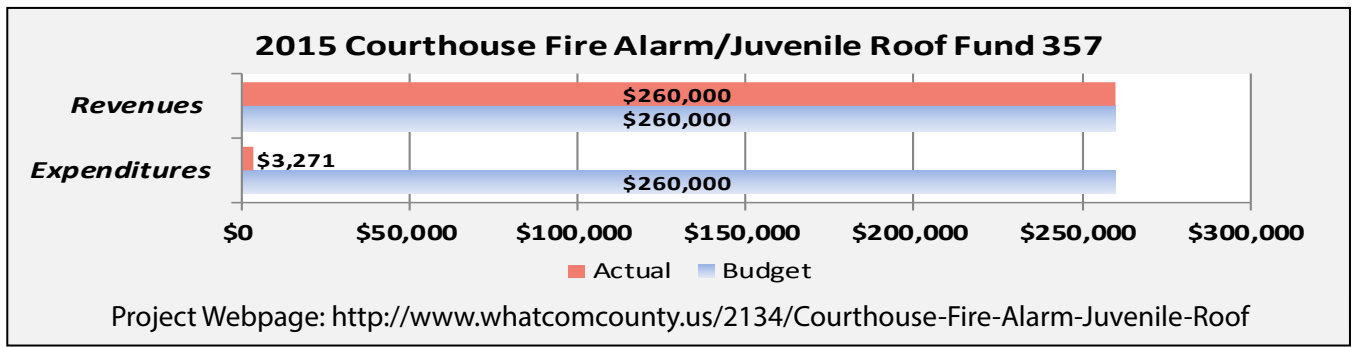
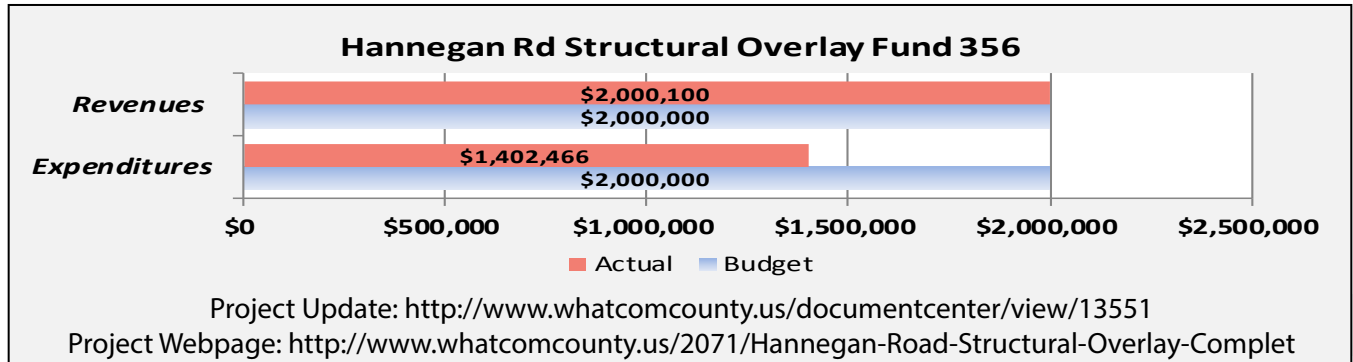


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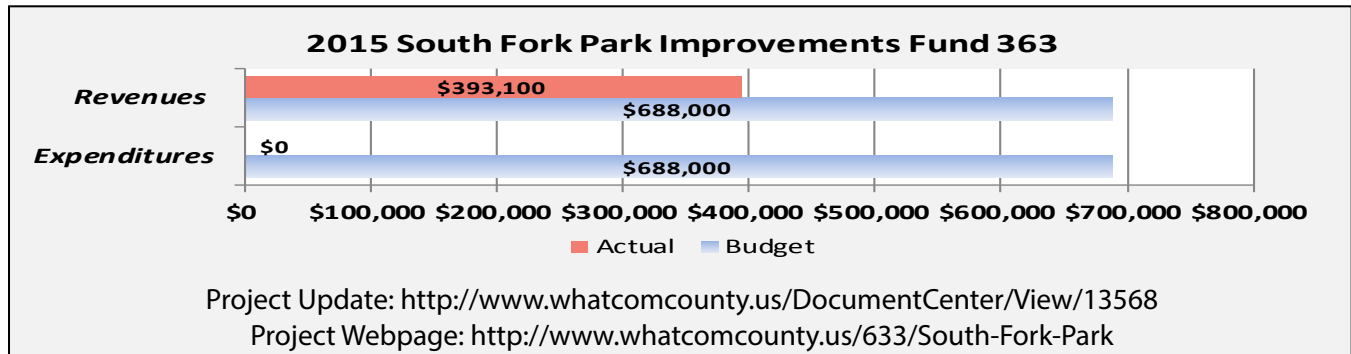
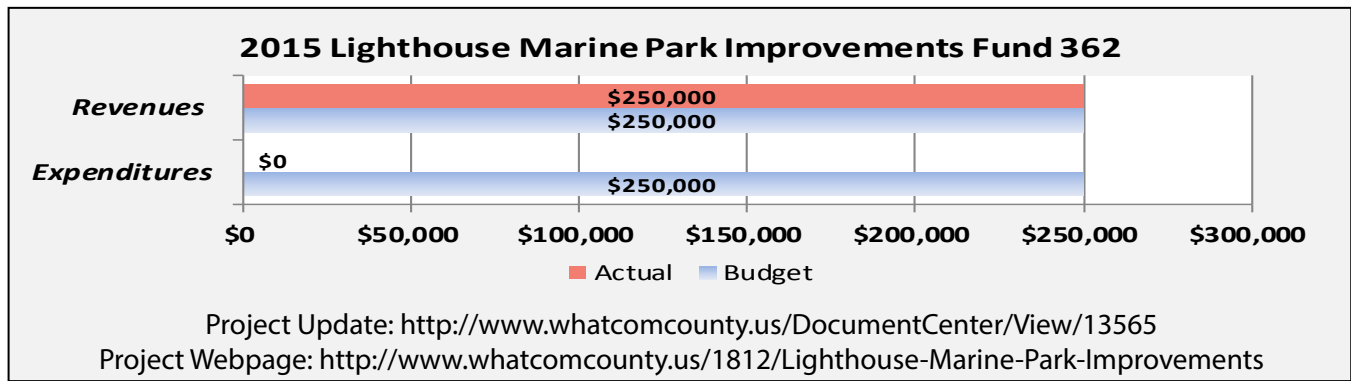
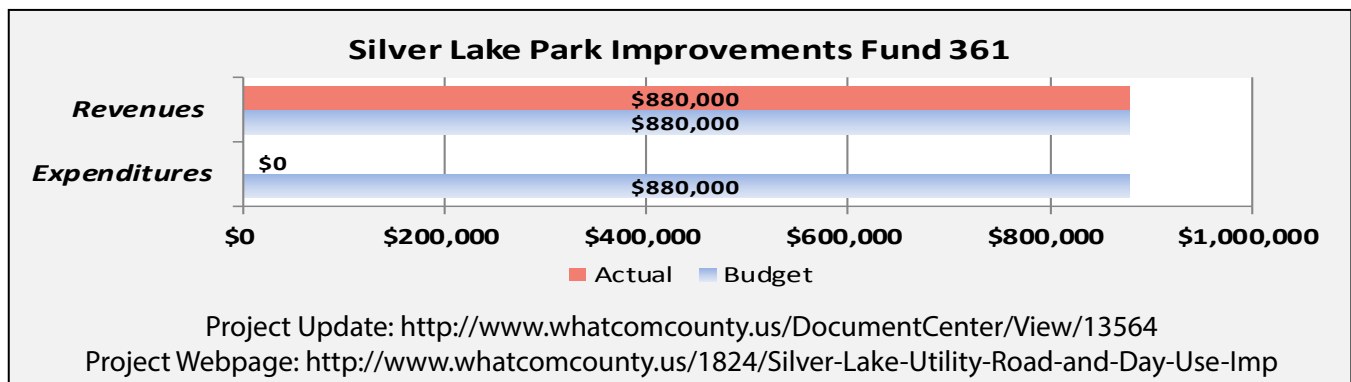
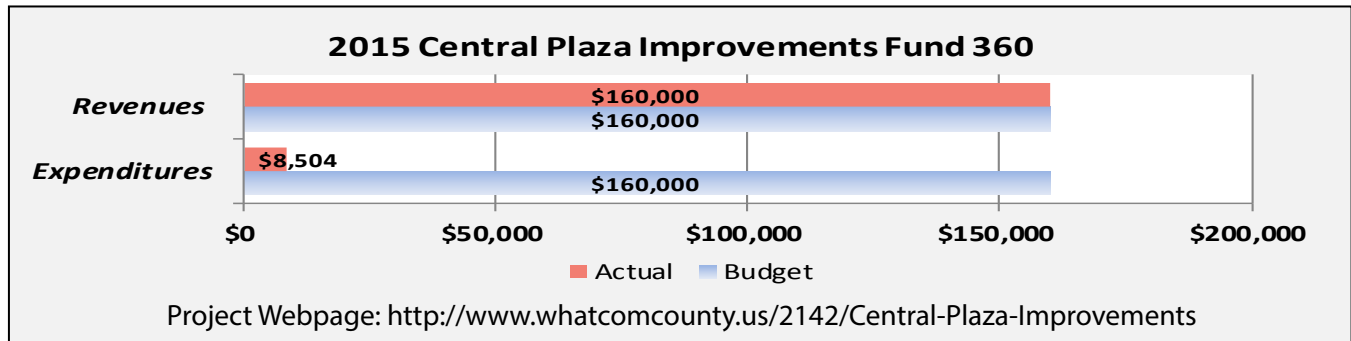


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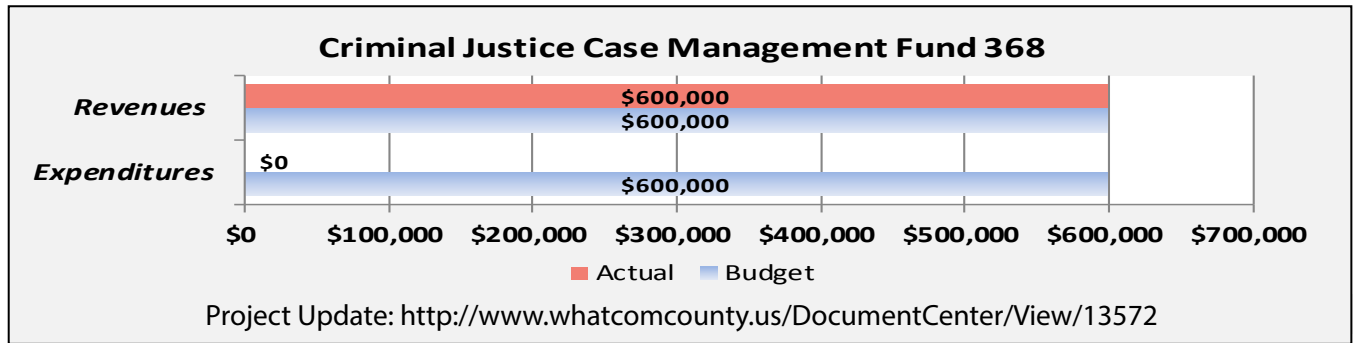
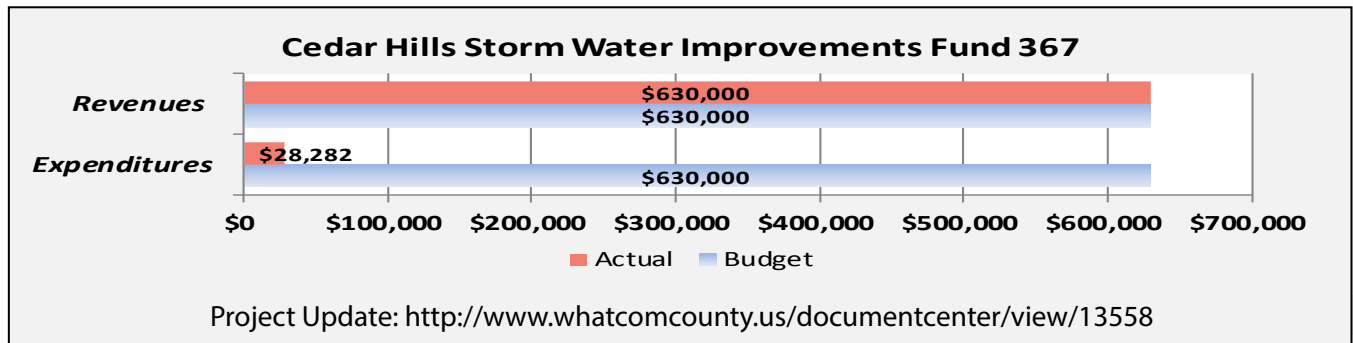
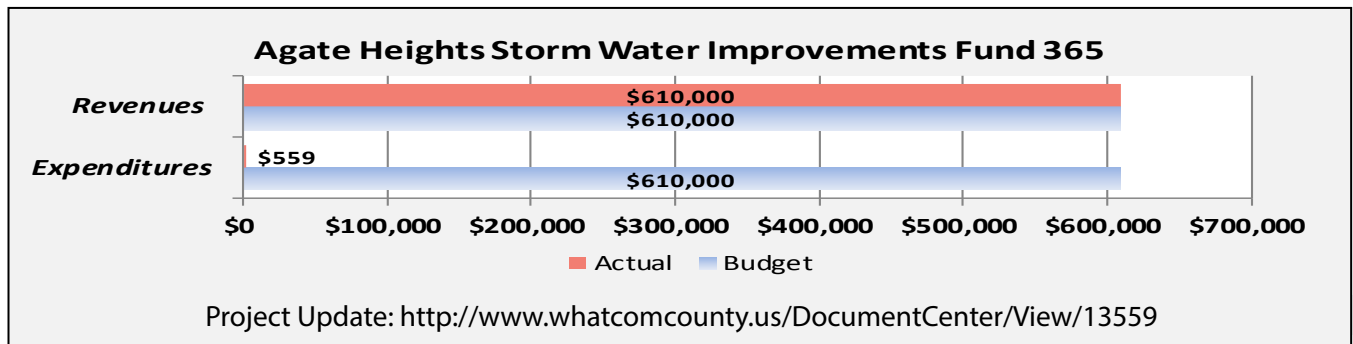
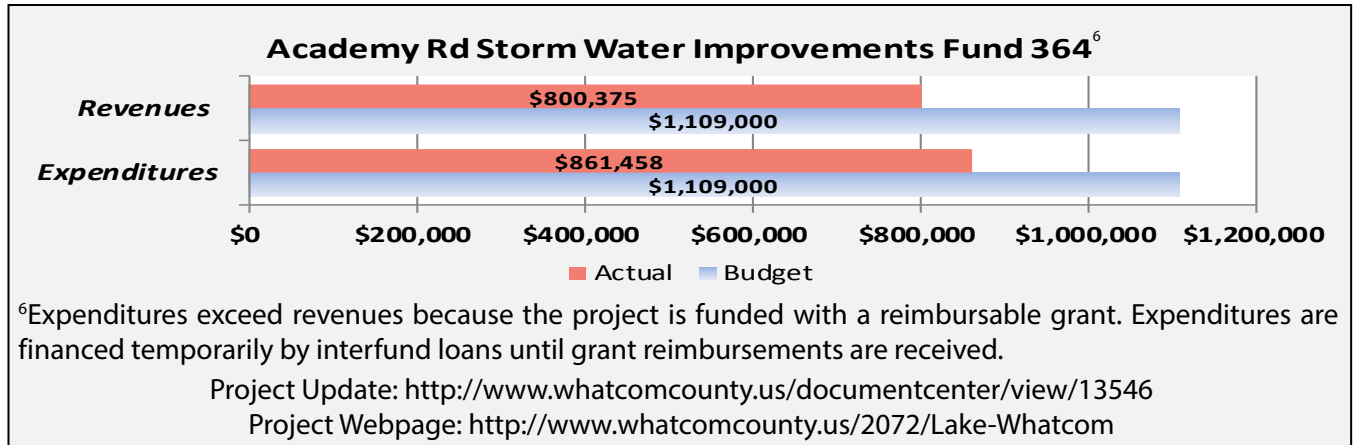


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Project Budget Report (continued)



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Project Budget Report (continued)

