

# Whatcom County Fourth Quarter 2004 Financial Report

For the Quarter Ended December 31, 2004



## **Executive Summary**

The following information presents Whatcom County's fourth quarter 2004 financial report. At year-end, Whatcom County's General Fund collected 104% of its budgeted revenues and spent 94.75% of its budgeted expenditures.

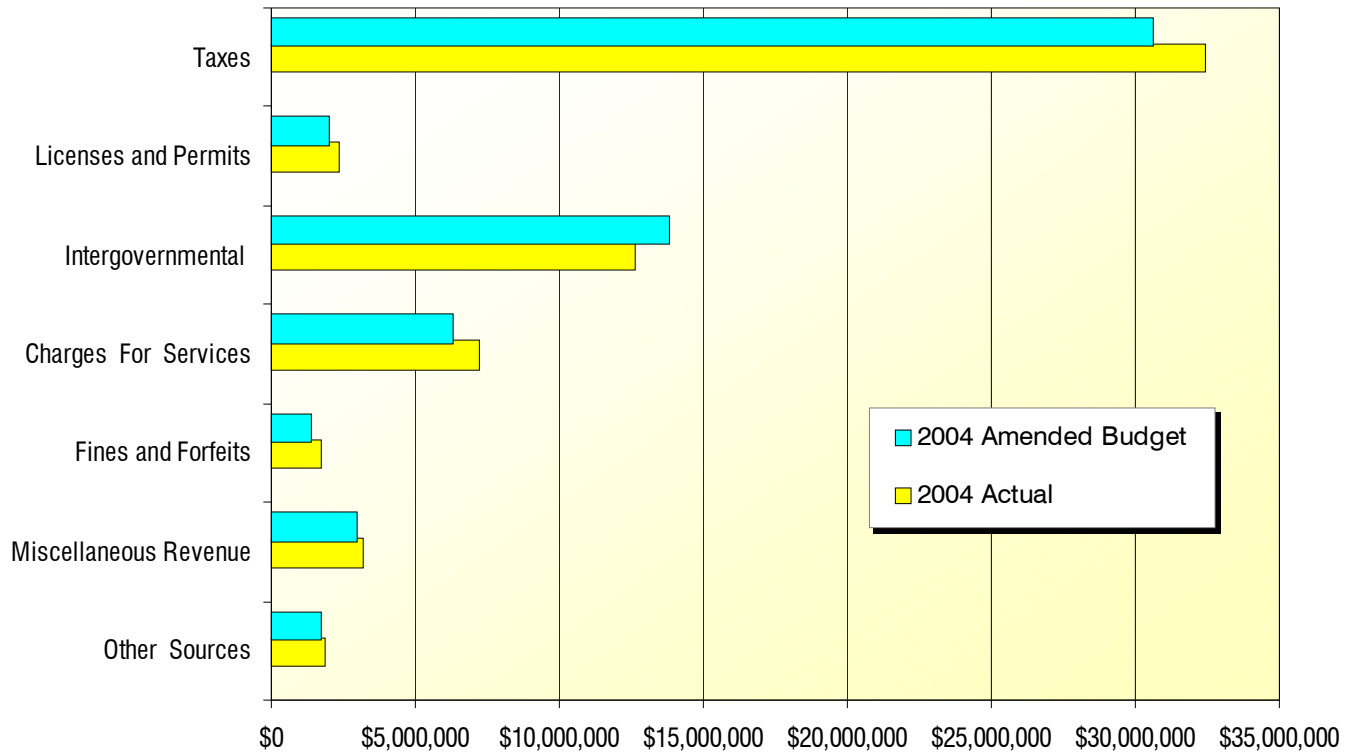
The 2004 General Fund ending fund balance of \$21 million is \$2.7 million more than projections developed during the 2005 budget process. This surplus is due to very active real estate, construction and refinancing markets. The budget lapse for 2004 was 4.2% of budgeted expenditures after considering the impact of \$642,000 of continuing appropriation authority that is being carried forward into 2005.

# Whatcom County Fourth Quarter 2004 Financial Report

For the Quarter Ended December 31, 2004



## General Revenue - Budget vs. Actual



	2004 Budget Adopted	2004 Budget Supp'ls	2004 Budget Amended	Actual as of 12/31/04	% Collected To Date
Taxes	30,657,131	0	30,657,131	32,447,748	105.84%
Licenses and Permits	1,925,835	114,187	2,040,022	2,337,877	114.60%
Intergovernmental	12,922,834	880,499	13,803,333	12,609,781	91.35%
Charges For Services	6,054,426	268,773	6,323,199	7,212,173	114.06%
Fines and Forfeits	1,396,100	0	1,396,100	1,725,163	123.57%
Miscellaneous Revenue	2,957,532	41,434	2,998,966	3,191,827	106.43%
Other Sources	1,712,234	25,000	1,737,234	1,897,660	109.23%
<b>Total Revenue</b>	<b>57,626,092</b>	<b>1,329,893</b>	<b>58,955,985</b>	<b>61,422,229</b>	<b>104.18%</b>

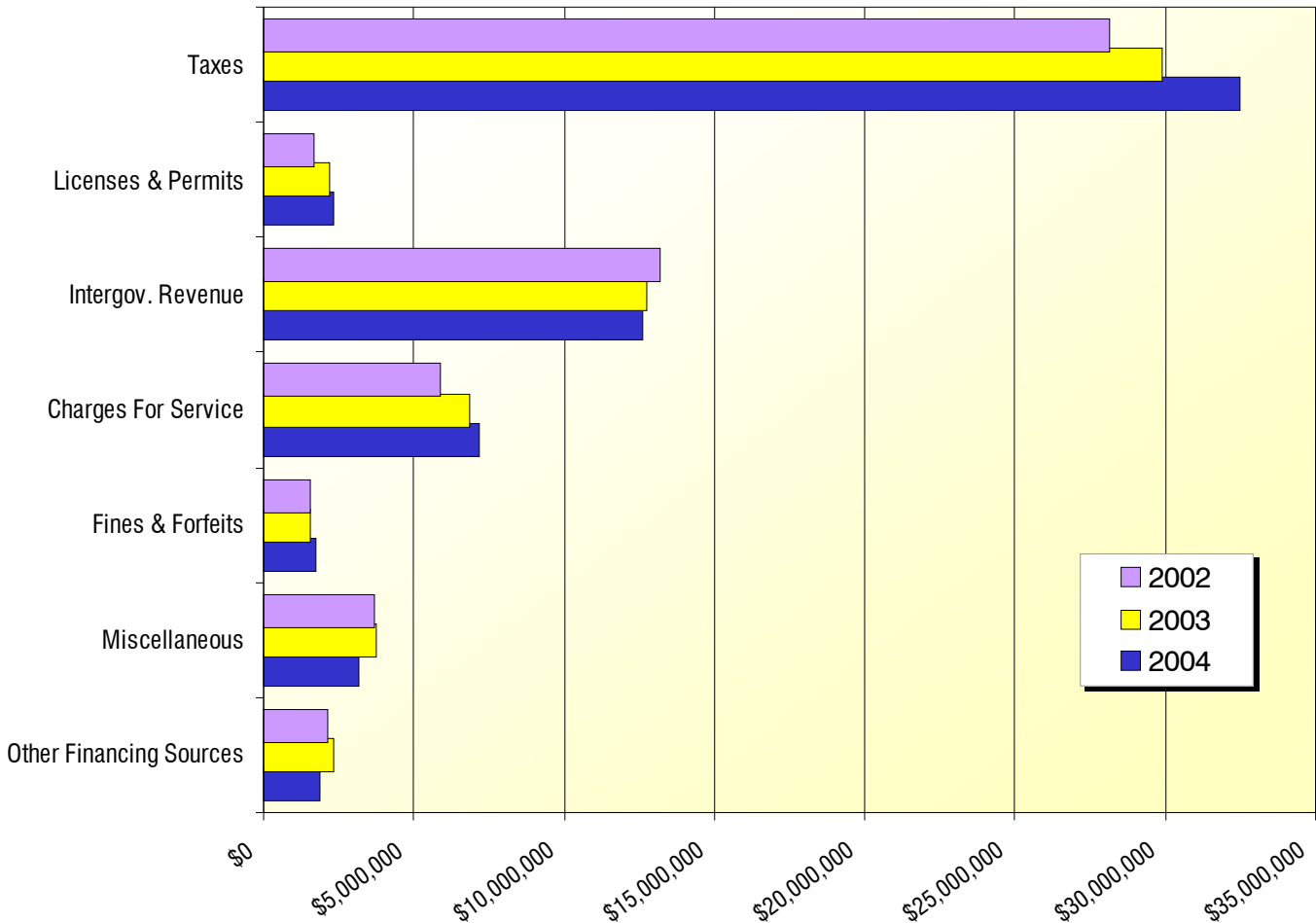
See pages 4 and 5 for General Fund Revenue Notes.

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## General Fund Revenue to Date - Compared to Prior Years



	2002	2003	2004
Taxes	28,171,111	29,883,542	32,447,748
Licenses & Permits	1,709,737	2,192,655	2,337,877
Intergov. Revenue	13,214,714	12,712,994	12,609,781
Charges For Service	5,870,901	6,830,293	7,212,173
Fines & Forfeits	1,524,102	1,582,067	1,725,163
Miscellaneous	3,661,813	3,774,086	3,191,827
Other Financing Sources	2,123,356	2,299,743	1,897,660
<b>Total Revenue</b>	<b>56,275,734</b>	<b>59,275,380</b>	<b>61,422,229</b>

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 93% of Whatcom County's tax revenue.*

- Tax revenues are 9%, or \$2.6 million, greater than 2003.
- The General Fund property tax levy for 2004 is \$19,752,936. Yearly property tax collections average 97% of the current year's tax levy. Property tax revenues for 2004 are \$19,291,385. This is \$2 million more than 2003 property tax collections. Approximately 25 percent of the property tax increase is attributable to new construction added to the tax rolls and approximately 75 percent of the property tax revenue increase is attributable to a change that began on January 1, when Whatcom County switched from collection of a flood fee to collection of a property tax.
- Delinquent tax collections are \$75,000 less than the prior year. Interest and penalty collections on delinquent property taxes are 7% higher than 2003 for a total of \$587,000. Increased interest and penalty collections can be attributed to payments made as a result of the currently active real estate and refinancing market in Whatcom County.
- Sales tax collections year to date are \$587,180 greater than 2003, due to strong building activity. Total sales tax revenue collected for 2004 is \$9,293,700.

### Licenses & Permits

*Building permits account for 74% of "Licenses & Permits" revenue. Health Department permits account for 22%. The balance is composed of marriage licenses and fire control permits.*

- At year-end, 115% of the 2004 budget, or \$2,337,877 of "Licenses and Permits" revenue has been collected. This is \$145,200 more than was collected in 2003.
- Building permit revenues are \$82,570, or 5%, higher than 2003, with revenue totaling \$1,734,624. This slight increase demonstrates a leveling off of building permit applications.

### Intergovernmental Revenue

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

- Revenues as of year-end are 91.35% of budget, which is \$1,193,550 less than budget and \$103,200 less 2003 collections. Final year-end grant accounts receivable adjustments will result in additional amounts of revenue recorded in this category.

### 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 and Human Services Department) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.*

- Charges for Services revenues totaled \$7.2 million for 2004. This category is up \$381,880 or 6%, over 2003.

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## General Fund Revenue Notes, continued

- Auditor Filing/Recording fees are down \$150,000 from 2003. However, collections for 2004 are 30% over budget at \$652,600. This is due to the continuing low interest rates which have resulted in more mortgages being refinanced and; therefore, greater recording fee revenues.
- District Court Probation contract revenue is \$170,470, or 28%, greater than 2003. This is due to an increase in probation referrals and a rate increase as of January 2004. On the other hand, reimbursable overtime revenue in the Sheriff's Office is \$134,000 below 2003 amounts.
- Plan check and review fees increased \$76,660 over 2003. This slight increase is due to the leveling off of the building industry activity after the substantial growth demonstrated in 2003.

## Fines and Forfeits

*"Fines and Forfeits" consist principally of traffic infraction revenue and criminal traffic misdemeanor penalties, which include driving while intoxicated penalties.*

- Fines and Forfeits revenues are \$143,100 greater than 2003, for a total of \$1,725,163.
- Traffic infractions are \$33,270, or 4%, greater than 2003.
- Other civil penalties increased \$123,700 from year-end 2003. This revenue is billed from penalties issued from Planning and Development Services booked at the time of billing. This source of revenue will be adjusted downward substantially as building fines are mitigated through compliance activities.

## Miscellaneous

*These revenues are made up of interest earnings, rents, contributions, refunds, and various small, otherwise unclassifiable, amounts.*

- "Miscellaneous" revenues are currently \$580,000 less than 2003 collections.
- Although the County Council approved a resolution to allocate the interest earnings of the Flood Control Zone District and other minor funds to the General Fund in 2003, interest earnings are \$247,600 below 2003 revenues, or 13%, for a total of \$1,996,400. The majority of the difference between 2003 and 2004 miscellaneous revenue collections is due to a drop in interest earnings caused by low interest rates.
- Contributions from Alcoa are \$148,600 less than year-end 2003 and other donations are \$64,000 less than 2003.

## Other Financing Sources

*"Other Financing Sources" revenue is approximately 37% state timber revenues and 63% operating transfers from other Whatcom County Funds.*

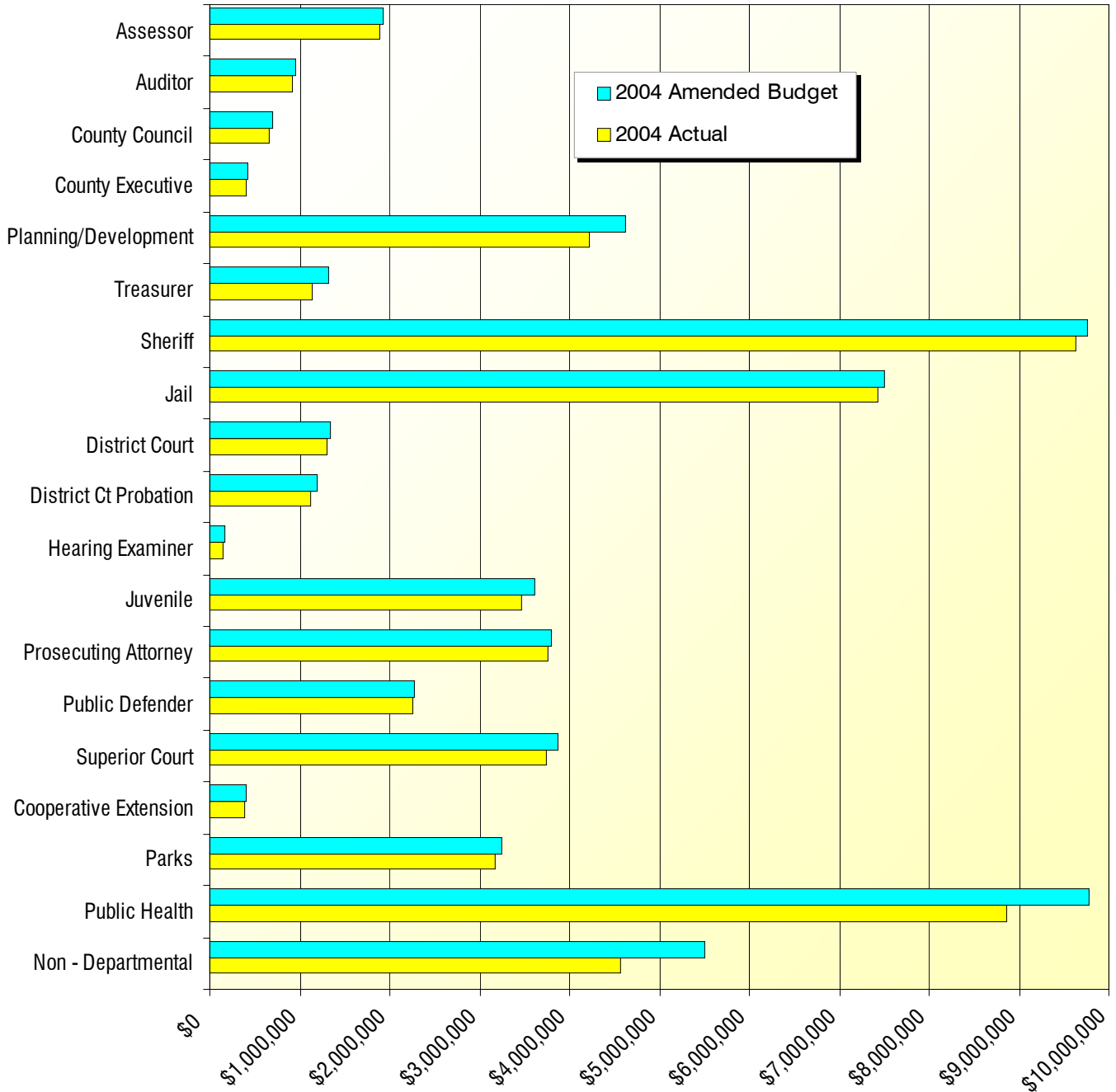
- State timber sale revenue is up only \$6,257 over 2003 figures, but surpassed budget expectations by \$279,000. This revenue source fluctuates significantly from year to year.
- Operating transfers are \$93,000 less than budget amounts.

# Whatcom County Fourth Quarter 2004 Financial Report

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## General Fund Expenditures - Budget vs. Actual



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

# Whatcom County Fourth Quarter 2004 Financial Report

For the Quarter Ended December 31, 2004



## General Fund Expenditures - Budget vs Actual

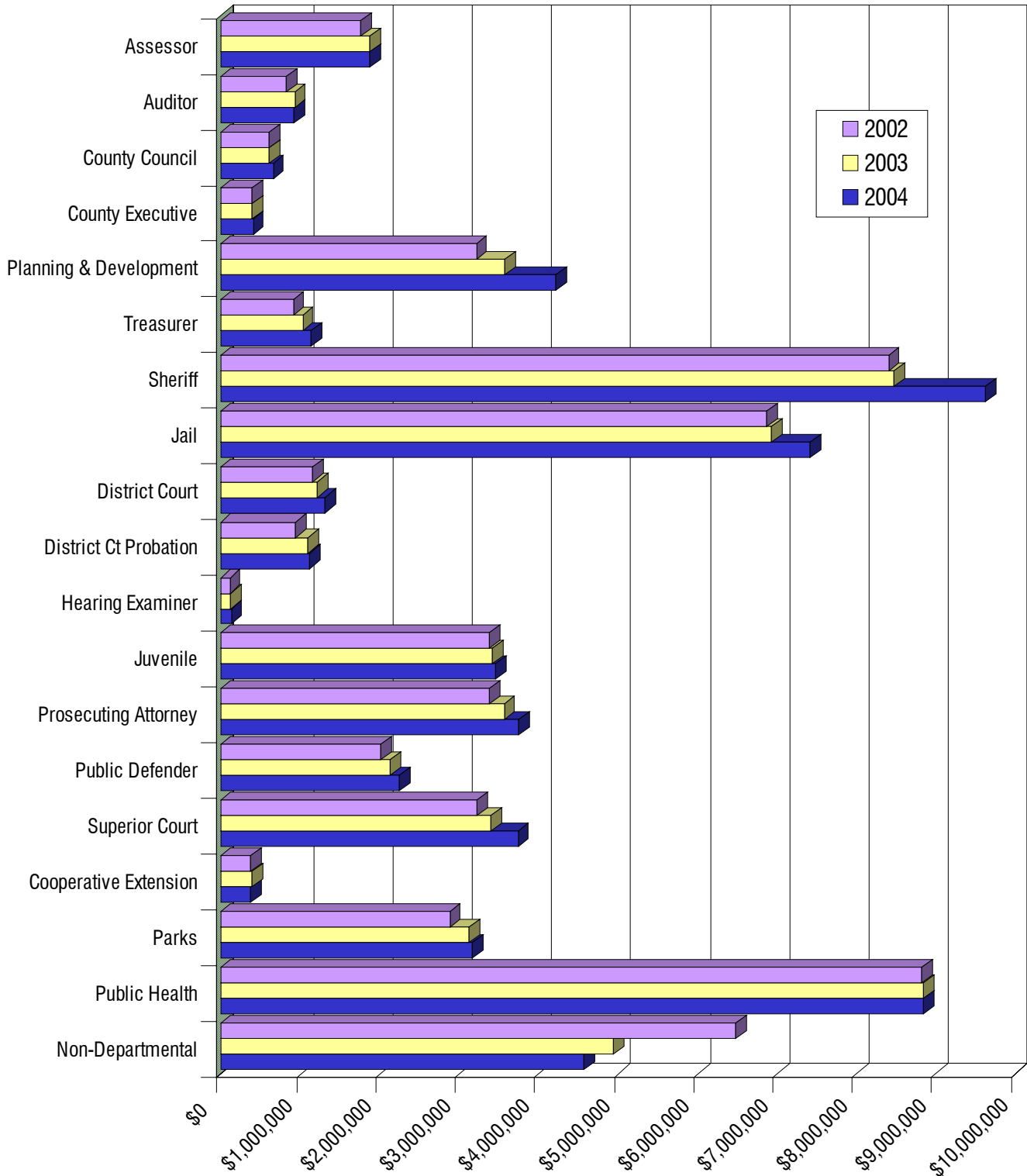
	Adopted 2004 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/04	% Expended To Date
Assessor	1,919,078		1,919,078	1,883,558	98.15%
Auditor	957,238		957,238	924,111	96.54%
County Council	702,416		702,416	664,771	94.64%
County Executive	422,453		422,453	412,283	97.59%
Planning & Development	3,710,698	909,988	4,620,686	4,220,716	91.34%
Treasurer	1,247,283	65,625	1,312,908	1,136,729	86.58%
Sheriff	8,888,498	873,266	9,761,764	9,641,651	98.77%
Jail	7,045,986	450,047	7,496,033	7,425,715	99.06%
District Court	1,331,884		1,331,884	1,310,980	98.43%
District Court Probation	1,197,443		1,197,443	1,127,402	94.15%
Hearing Examiner	156,518		156,518	138,985	88.80%
Juvenile	3,565,668	44,248	3,609,916	3,464,877	95.98%
Prosecuting Attorney	3,790,016	8,316	3,798,332	3,755,496	98.87%
Public Defender	2,218,950	63,658	2,282,608	2,250,419	98.59%
Superior Court	3,646,709	220,515	3,867,224	3,750,330	96.98%
Extension	409,140		409,140	382,212	93.42%
Park	3,132,026	118,590	3,250,616	3,178,663	97.79%
Public Health	9,740,340	32,072	9,772,412	8,855,212	90.61%
Non - Departmental	5,327,075	175,066	5,502,141	4,574,162	83.13%
<b>Total General Fund Exp</b>	<b>59,409,419</b>	<b>2,961,391</b>	<b>62,370,810</b>	<b>59,098,272</b>	<b>94.75%</b>

# Whatcom County Fourth Quarter 2004 Financial Report

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## General Fund Expenditures to Date - Compared to Prior Years



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

# Whatcom County Fourth Quarter 2004 Financial Report

For the Quarter Ended December 31, 2004



## General Fund Expenditures to Date - Compared to Prior Years

	2002	2003	2004
Assessor	1,760,234	1,890,779	1,883,558
Auditor	826,093	938,145	924,111
County Council	610,348	621,852	664,771
County Executive	405,788	404,481	412,283
Planning & Development	3,223,227	3,591,857	4,220,716
Treasurer	916,926	1,036,649	1,136,729
Sheriff	8,416,337	8,493,582	9,641,651
Jail	6,890,142	6,937,836	7,425,715
District Court	1,167,461	1,214,422	1,310,908
District Ct Probation	948,063	1,099,065	1,127,402
Hearing Examiner	119,395	131,534	138,985
Juvenile	3,394,320	3,426,386	3,464,877
Prosecuting Attorney	3,396,985	3,573,699	3,755,496
Public Defender	2,014,952	2,131,924	2,250,419
Superior Court	3,225,783	3,415,924	3,750,330
Cooperative Extension	380,461	407,383	382,212
Parks	2,890,324	3,131,886	3,178,663
Public Health	8,839,321	8,856,789	8,855,212
Non-Departmental	6,496,627	4,952,621	4,574,162
<b>TOTAL</b>	<b>55,922,787</b>	<b>56,256,814</b>	<b>59,098,200</b>

## General Fund Expenditure Notes

Overall expenditures for the General Fund were at 94.75% of the approved budget at year end. Continuing appropriations will carryover approximately \$640,000 of spending authority into 2005 for incomplete contracts. All departments with the exception of the Hearing Examiner, Treasurer and Non-Departmental, spent 90% to 99% of their budget appropriations. No departments overspent their budget authorization.

The Hearing Examiner's Office was only 88.8% spent due to space rental costs for a new office being included in the budget. The move will not happen until 2005.

The Treasurer's Office was 86% spent at year-end with unexpended 2004 budget authority of \$110,550. Continuing appropriations for software enhancements and programming changes will carry budget authority of \$102,000 into 2005.

Non-Departmental expenditures are administered by the County Executive's Office and include costs that are not attributable to specific program areas or departments. This part of the budget is 83% spent. Continuing appropriations will carryover contracts to various agencies totaling \$24,000. An operating transfer, to AS Facilities, for \$270,000 will be accrued to 2004 for projects funded by the General Fund. The Non-Departmental budget often allows for plans and circumstances that may occur and actual results usually differ.

# Whatcom County Fourth Quarter 2004 Financial Report

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## General Fund Conclusion

<b>2004 GENERAL FUND BEGINNING FUND BALANCE</b>	
Actual Balance Forward From 2003	\$ 19,493,154
2004 Revenues	\$ 61,422,229
2004 Expenditures	\$ (59,098,272)
Subtotal	\$ 21,817,111
2004 Continuing Appropriations	\$ (642,017)
2004 GENERAL FUND ENDING FUND BALANCE	\$ 21,175,094
<b>2005 General Fund Beginning Fund Balance</b>	
	\$ 21,175,094

## General Fund Conclusion Notes

Whatcom County experienced 3.6% revenue growth in 2004. This is down from the 5.3% growth experienced during 2003 and up from 2.5% growth during 2002. Tax collections grew 8.6% with property taxes up \$1,956,360. This is due to new construction and a change from a flood fee to a property tax. Retail sales taxes were up \$587,180 due to continuing strong activity in the building industry. Overall, intergovernmental revenue is currently down \$103,000 as compared to 2003 due to reductions in grant funding. Charges for services are up \$382,000 over 2003 driven by District Court probation fees, Alternative Corrections work release fees and plan check fees in Planning and Development Services as a result of building activity. Interest income dropped \$265,800 due to low interest rates.

Currently low interest rates and strong building industry activity are driving better than projected results. This is not expected to be a permanent situation. Growing demands, especially in the law and justice sector, will result in utilization of these excess revenues. Labor contract settlements and increasing medical costs are presently adding \$1.4 million per year to the budget on an ongoing basis. The General Fund is in sound financial condition.

# Whatcom County Fourth Quarter 2004 Financial Report

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## Special Revenue Funds and Other Funds - Revenues

	2003 Actual As of 12/31/2003	2004 Actual As of 12/31/2004	2004 Budget	% Collected of 2004 Budget	
County Road Fund	20,738,457	20,885,150	21,792,588	95.84%	
Election Reserve Fund	731,722	807,633	1,458,500	55.37%	1
Veterans Relief	151,181	155,414	149,659	103.85%	
Water Resources Fund	2,772,728	(5,350)	100,000	-5.35%	2
Low Income Housing Fund	403,418	341,943	300,000	113.98%	
Solid Waste Fund	989,087	915,152	1,031,200	88.75%	3
WC Convention Center Fund	162,021	145,336	150,000	96.89%	
Victim/Witness Assistance Fund	116,089	112,146	116,850	95.97%	
CERB fund	168,318	107,268	109,135	98.29%	
Whatcom Co Drug Fund	1,085,716	484,819	351,425	137.96%	4
Auditor's O&M Fund	166,780	163,153	105,200	155.09%	5
Emergency Management	294,890	360,568	918,953	39.24%	6
Flood Control Zone Dist Fund	4,670,981	3,038,441	3,225,463	94.20%	
PT Roberts Fuel Tax	27,147	35,278	20,000	176.39%	7
Conservation Futures Fund	814,651	1,072,276	1,048,529	102.26%	
Sub-Flood Zones	121,934	111,076	117,437	94.58%	
Real Estate Excise Tax Fund I	1,450,981	1,880,283	1,000,000	188.03%	8
Real Estate Excise Tax Fund II	-	1,550,885	164,354	943.62%	9
Whatcom Co Supplemental Retire.	120,000	-	-	0.00%	
Public Utilities Improvement	2,055,993	2,242,088	2,025,000	110.72%	10
Whatcom Co Investment Pool	194,225	221,635	177,031	125.20%	
Equipment Rental & Revolving	8,173,974	8,512,005	8,570,603	99.32%	
Administrative Services Fund	11,780,498	12,340,901	13,253,418	93.11%	

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

- 1 Grant revenue of \$578,500 was budgeted in 2004. This grant will be postponed until 2005. Revenue of approximately \$100,000 will be accrued to 2004.
- 2 A prior period adjustment of \$5,350 was made in 2004 to correct 2003 accrued revenue. An operating transfer, of \$100,000, from the General Fund Non-Departmental will be accrued to 2004. The Water Resource Fund will spend down their fund balance.
- 3 Revenue is expected to approximate budgeted amounts once fourth quarter excise tax collections and grant billings are recorded.
- 4 Higher than anticipated confiscated property transactions during the year.
- 5 Low interest rates have resulted in more home mortgages being refinanced. This increases the number of documents recorded, which results in more document preservation money from the State of Washington.
- 6 Homeland Security Grants, of approximated \$470,000, budgeted in 2004 will be carried over to 2005.
- 7 Higher than anticipated fuel sales in Pt. Roberts.
- 8 Greater than anticipated collections due to strong real estate sales and refinancing market caused by lower interest rates.
- 9 Effective April 1, 2004, the County Council adopted a second .25% real estate excise tax to fund parks and capital projects. No major projects were planned for the year.
- 10 Retail sales have been stronger than expected due to continuing strong building industry activity.

# Whatcom County Fourth Quarter 2004 Financial Report

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## Special Revenue Funds and Other Funds - Expenditures

	2003 Actual As of 12/31/2003	2004 Actual As of 12/31/2004	2004 Budget	% Expended of 2004 Budget	
County Road Fund	19,585,185	21,574,627	31,092,922	69.39%	1
Election Reserve Fund	607,202	1,157,315	1,577,218	73.38%	2
Veterans Relief	145,755	110,542	169,659	65.16%	3
Water Resources Fund	2,731,473	92,300	728,820	12.66%	4
Solid Waste Fund	976,237	1,059,037	1,319,702	80.25%	5
WC Convention Center Fund	137,999	136,338	150,500	90.59%	
Victim/Witness Assistance Fund	105,775	116,839	117,164	99.72%	
CERB fund	168,318	107,268	109,135	98.29%	
Whatcom Co Drug Fund	635,425	536,570	709,400	75.64%	6
Auditor's O&M Fund	33,031	353,651	434,552	81.38%	7
Emergency Management	358,561	401,497	952,227	42.16%	8
Flood Control Zone Dist Fund	5,296,972	3,471,369	6,072,331	57.17%	9
Conservation Futures Fund	24,617	1,018,813	1,090,263	93.45%	
Sub-Flood Zones	10,357	2,307	200,250	1.15%	10
Real Estate Excise Tax Fund I	993,173	2,068,382	2,081,565	99.37%	
Real Estate Excise Tax Fund II	-	10,922	164,354	6.65%	11
Whatcom Co Supplemental Retire.	157,929	-	-	0.00%	
Public Utilities Improvement	404,081	435,168	2,906,485	14.97%	12
Whatcom Co Investment Pool	192,332	162,547	179,239	90.69%	
Equipment Rental & Revolving	7,135,179	6,573,371	9,424,379	69.75%	13
Administrative Services Fund	12,335,937	13,344,466	15,040,301	88.72%	14

\*See page 13 for Notes.

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## Special Revenue Funds and Other Funds - Expenditures Notes

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

- 1 Continuing appropriations of \$800,000 will be added to the 2005 budget for contracts in progress at year-end. Road fund projects budgeted but not accomplished in 2004 due to permitting delays, will be completed in succeeding years.
- 2 The Election Reserve budgeted \$578,500 for a Help America Vote Grant (HAVA). This grant was not awarded. A second HAVA grant of a lesser amount was awarded. Continuing appropriations of \$28,132 will be carried forward into 2005.
- 3 The Veterans Relief fund decreased \$59,000 in payments to eligible participants.
- 4 Water Resources passed a supplemental budget of \$450,000 for Watershed Management Project Implementation Activities late in the year. These projects will be carried forward to 2005 in the Flood Control Fund. Other projects budgeted in this fund in 2004 were moved to the Flood Control Fund.
- 5 Continuing appropriations of \$89,460 will be added to the 2005 budget for contracts in progress at year-end. Grant funded projects often span more than one year, incomplete amounts are reauthorized.
- 6 Budgets allow for plans and circumstances that may occur, actual results differ.
- 7 Continuing appropriations of \$37,000 will be added to the 2005 budget for contracts in progress at year-end.
- 8 Grant Contracts were not signed until late in the year. Expenditures re-budgeted in 2005.
- 9 Continuing appropriations of \$1.3 million dollars will be added to the 2005 budget for contracts in progress at year-end. Grant funded projects often span more than one year, incomplete amounts are reauthorized for the following year.
- 10 Year-end billings from the Flood Control Zone District will cause actual expenditures to approximate budgeted amounts. Budgets are passed with money allocated for emergency situations.
- 11 Professional Services of \$144,988 will be carried into 2005 for the Comprehensive Parks and Recreation Open Space Plan.
- 12 Continuing appropriations of \$1.9 million will be added to the 2005 budget for contracts in progress at year-end. Budgets allow for projects that may occur, actual results differ.
- 13 Continuing appropriations of \$1,039,000 will be added to the 2005 budget for contracts in progress at year-end. Actual results have been adjusted for depreciation, cost of goods sold and capitalized items to be comparable with budget.
- 14 Continuing appropriations of \$284,600 will be added to the 2005 budget for contracts in progress at year-end. Actual results have been adjusted for depreciation and capitalized items to be comparable with budget.



# 2004 Fourth Quarter Financial Report

Compiled and Presented by the  
Administrative Services Department,  
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Brad Bennett,  
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March 16, 2005