



**2017
Second
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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August 17, 2017

Whatcom County Second Quarter 2017 Financial Report

For the Quarter Ended June 30, 2017



Executive Summary

The following information presents Whatcom County's second quarter 2017 financial report. The General Fund collected 49.39% of its budgeted revenues and spent 44.59% of its budgeted expenditures. Both amounts are in line with prior year experience and projections.

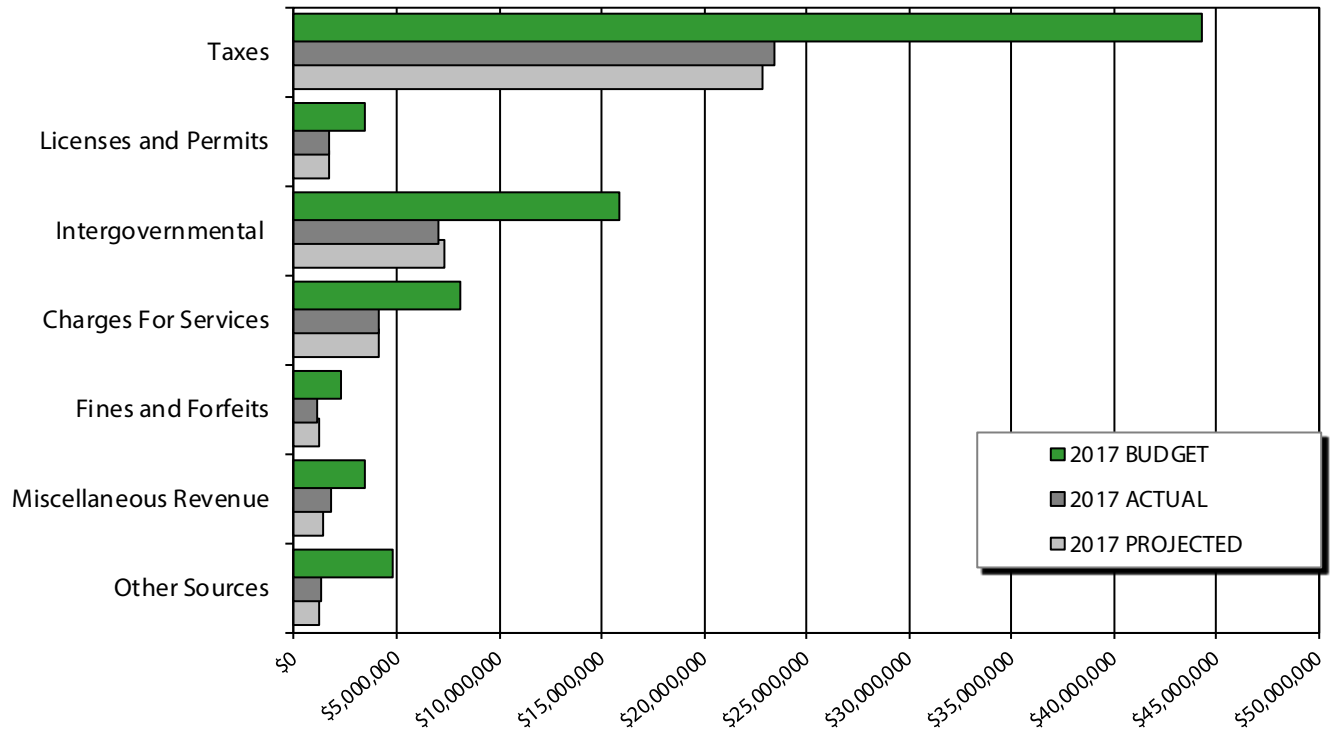
The estimated 2017 General Fund ending fund balance is projected to be approximately \$17.68 million.

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General Fund Revenue - Budget vs. Actual



	2017 Budget Adopted	2017 Budget Supp'ls	2017 Budget Amended	Actual as of 6/30/2017	% Collected To Date	Projected as of 6/30/2017
Taxes	44,312,831		44,312,831	23,452,907	52.93%	22,840,493
Licenses and Permits	3,418,943		3,418,943	1,670,517	48.86%	1,657,453
Intergovernmental	14,260,289	1,583,300	15,843,589	7,043,566	44.46%	7,375,167
Charges For Services	8,154,373		8,154,373	4,105,109	50.34%	4,105,432
Fines and Forfeits	2,239,750		2,239,750	1,099,867	49.11%	1,231,934
Miscellaneous Revenue	3,323,770	77,257	3,401,027	1,836,820	54.01%	1,374,617
Other Sources	4,657,282	112,607	4,769,889	1,357,788	28.47%	1,207,425
Total Revenue	80,367,238	1,773,164	82,140,402	40,566,574	49.39%	39,792,521

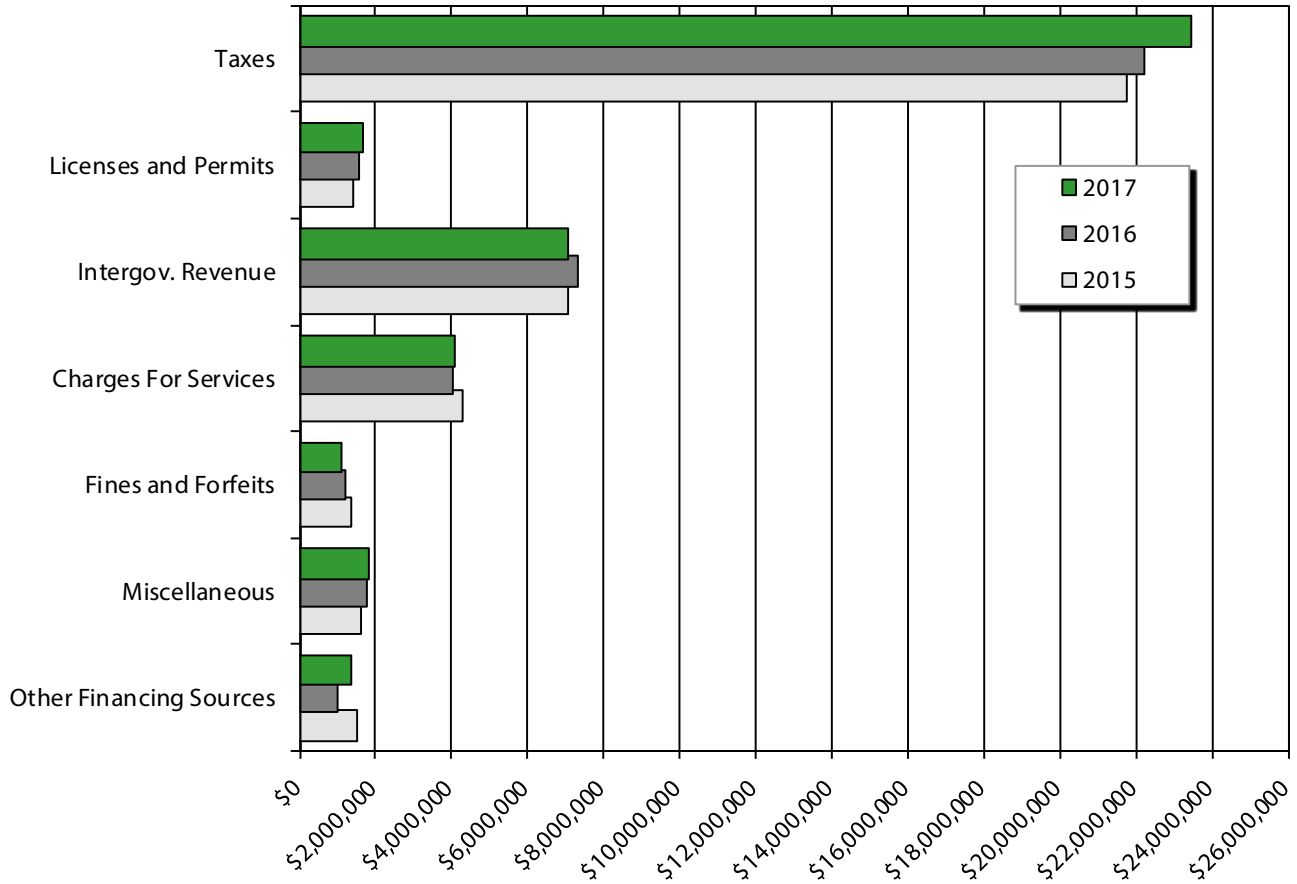
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2015	2016	2017
Taxes	21,752,533	22,231,517	23,452,907
Licenses and Permits	1,427,243	1,588,529	1,670,517
Intergov. Revenue	7,046,520	7,329,980	7,043,566
Charges For Services	4,315,127	4,030,263	4,105,109
Fines and Forfeits	1,387,126	1,223,244	1,099,867
Miscellaneous	1,626,941	1,763,699	1,836,820
Other Financing Sources	1,529,757	983,487	1,357,788
Total Revenue	39,085,247	39,150,719	40,566,574

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 \$1.2 million, or 5.5%, more than first half 2016 amounts. Current year sales tax collections are up 9.7%, or \$638,290, over last year's first half collections. Increases are due to an overall healthier economy and robust building industry. Current year property tax collections increased \$684,821 over first half 2016. Increased property tax revenues are the result of new construction and a single payment from BP refinery related to the settlement of a property tax appeal.

Licenses & Permits

Building permits account for 40% of "Licenses & Permits" budget. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 34% of the budget. Cable franchise fee revenues are 23% and marriage licenses, firearms permits and fire control permits account for the remaining 3%.

License and Permit Fees are \$82,000, or 5.2%, more than amounts collected during first half 2016 due primarily to increases in building permits (\$52,000), and restaurant and food handling permits (\$21,000).

Intergovernmental Revenue

"Intergovernmental Revenue" is mainly federal and state grants, entitlements and shared revenues.

Revenues collected are \$286,418 less than first half 2016. Grant revenues fluctuate based on timing of program billings and additions/deletions of grant programs.

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 \$74,845, or 1.86% over first half 2016. In general, real estate excise tax processing, passport processing, and auditor vehicle licensing fees are up. Adult probation fees and Plantation Rifle Range fees are down.

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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 decreased \$123,379, or 10.1%, from first half 2016 amounts. There is a \$49,000 decrease in civil penalties from enforcement actions in Planning & Development and Health Department – Environmental Health. There is also an \$84,000 decrease in property tax penalties in the Treasurer's Office.

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 revenues are up \$73,120, or 4.1%, from first half 2016. Increases are principally due to improving interest rates on investment income.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (8%) and transfers from other Whatcom County funds (92%).

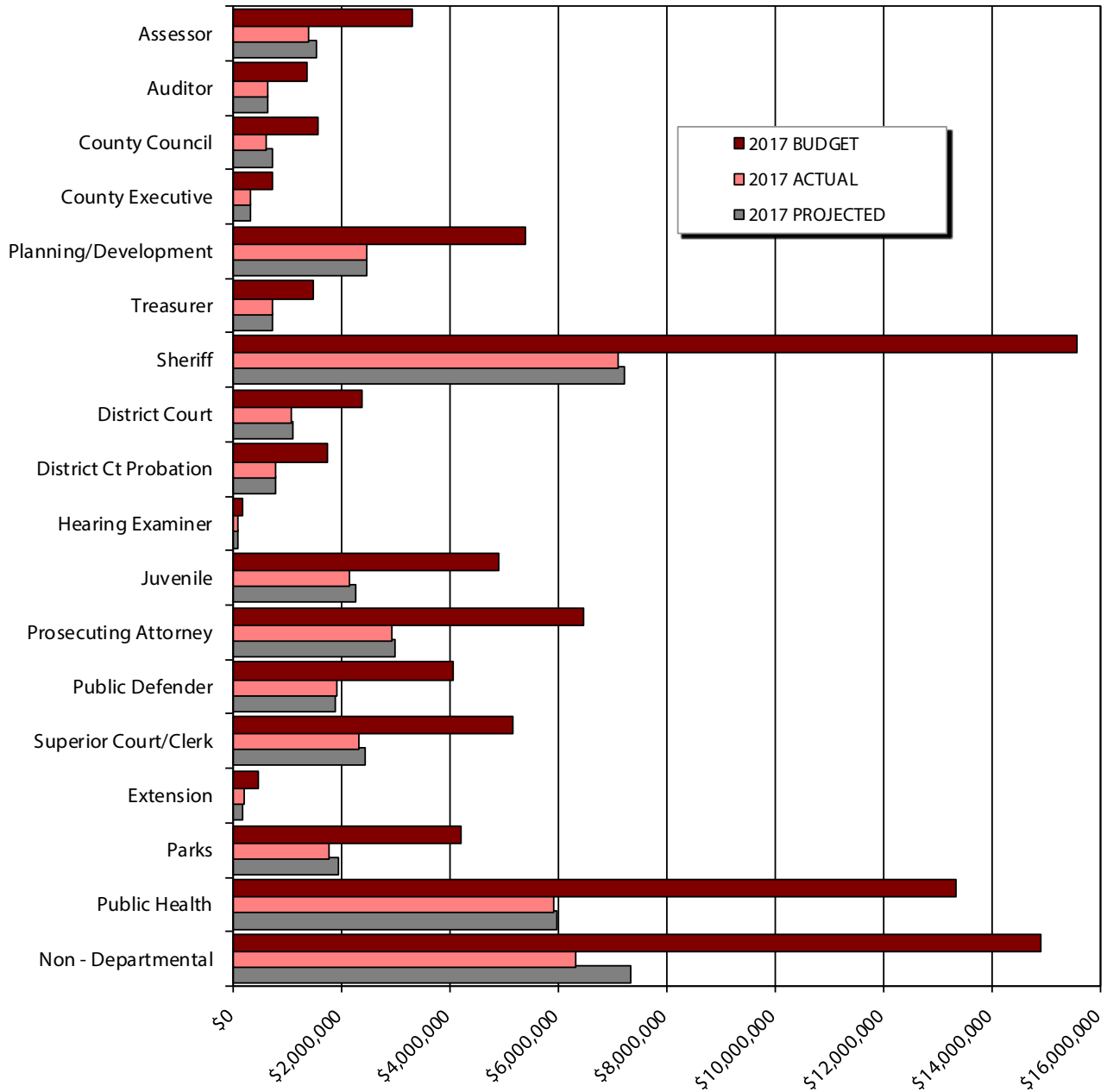
The Other Financing Sources category is \$374,303 more than first half 2016 amounts. Timber sales revenue increased \$80,761 and operating transfers increased \$295,487 over 2016 amounts. Timber revenues fluctuate based on harvest plans and market conditions. The timing of operating transfers between departments also fluctuates from year to year despite the overall budget not being significantly different.

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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 2017 Budget	Budget Suppl's	Amended Budget	Actual as of 6/30/17	% Expended To Date	Projected as of 6/30/17
Assessor	3,121,698	210,897	3,332,595	1,406,649	42.21%	1,555,801
Auditor	1,339,656	25,609	1,365,265	653,625	47.88%	640,481
County Council	1,400,209	193,339	1,593,548	636,415	39.94%	735,431
County Executive	724,212	15,124	739,336	327,570	44.31%	345,870
Planning & Development	5,300,873	117,351	5,418,224	2,478,557	45.74%	2,483,332
Treasurer	1,485,708	20,297	1,506,005	735,445	48.83%	742,633
Sheriff	14,858,845	720,522	15,579,367	7,121,394	45.71%	7,240,805
District Court	2,353,334	35,206	2,388,540	1,093,715	45.79%	1,106,930
District Court Probation	1,692,590	59,072	1,751,662	786,815	44.92%	811,524
Hearing Examiner	195,571	2,339	197,910	94,667	47.83%	95,330
Juvenile	4,818,926	82,281	4,901,207	2,171,497	44.31%	2,288,871
Prosecuting Attorney	6,439,290	50,026	6,489,316	2,947,875	45.43%	3,012,897
Public Defender	3,981,747	92,106	4,073,853	1,921,449	47.17%	1,894,030
Superior Court/Clerk	5,080,416	86,631	5,167,047	2,341,541	45.32%	2,441,047
Extension	480,603	4,479	485,082	214,587	44.24%	198,490
Park	4,103,848	106,292	4,210,140	1,777,507	42.22%	1,966,123
Public Health	12,583,373	753,024	13,336,397	5,937,806	44.52%	5,998,256
Non - Departmental	15,278,897	(361,476)	14,917,421	6,347,811	42.55%	7,339,997
Total General Fund Exp	85,239,796	2,213,119	87,452,915	38,994,925	44.59%	40,897,848

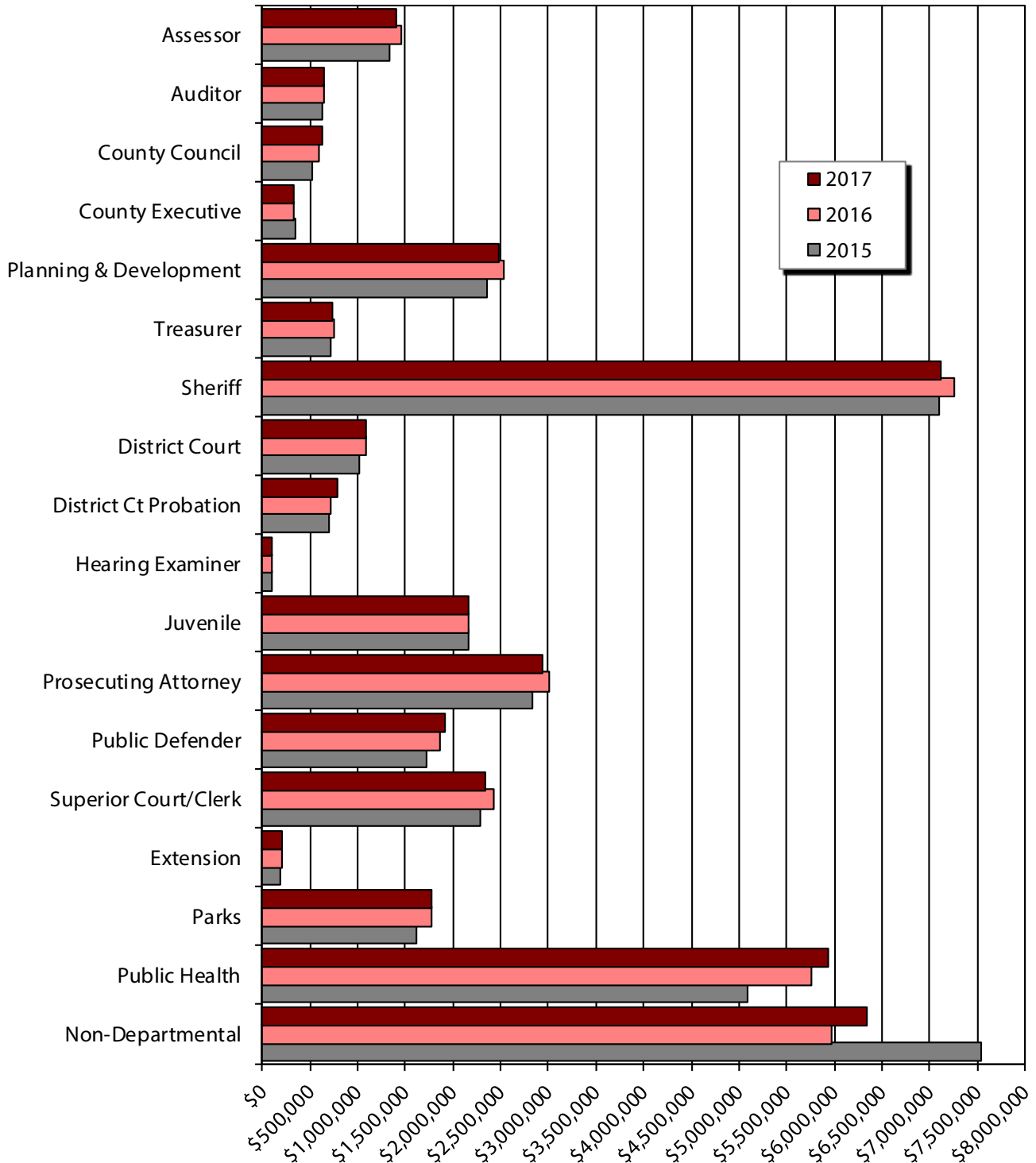
See page 9 for General Fund Expenditure Notes.

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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

	2015	2016	2017
Assessor	1,335,196	1,450,030	1,406,649
Auditor	626,770	641,517	653,625
County Council	516,417	591,458	636,415
County Executive	343,617	332,629	327,570
Planning & Development	2,359,320	2,540,150	2,478,557
Treasurer	722,125	751,627	735,445
Sheriff	7,091,545	7,257,395	7,121,394
District Court	1,021,979	1,093,948	1,093,715
District Ct Probation	695,142	719,003	786,815
Hearing Examiner	93,369	95,610	94,667
Juvenile	2,167,024	2,159,970	2,171,497
Prosecuting Attorney	2,840,965	3,012,506	2,947,875
Public Defender	1,720,972	1,857,177	1,921,449
Superior Court/Clerk	2,282,859	2,421,419	2,341,541
Extension	192,071	199,392	214,587
Parks	1,619,018	1,774,138	1,777,507
Public Health	5,088,734	5,751,256	5,937,806
Non-Departmental	7,538,638	5,969,003	6,347,811
TOTAL	38,255,761	38,618,228	38,994,925

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the first half were at 44.59% of the approved budget. This percentage is a bit less than last year for all departments due to the timing of bi-weekly payrolls. Council budget was less than 40% spent due to outstanding professional service contracts either unbilled or not currently executed. All other departmental spending was within budgetary expectations with no significant variations.

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General Fund Conclusion

	Adopted Budget	Projected
Beginning Fund Balance 1/1/17	15,143,490	16,701,745
Revenues		
Budgeted Revenues 2017	80,367,238	80,367,238
Increased Revenue Estimates		1,300,000
Continuing Appropriations from 2017		422,132
Supplemental Budgets 2017		1,351,032
Total Revenue	80,367,238	83,440,402
Expenditures		
Budgeted Expenditures 2017	85,239,796	85,239,796
Continuing Appropriations from 2016		630,160
Supplemental Budgets 2017		1,582,959
Total Expenditures	85,239,796	87,452,915
Adjusted Surplus (Deficit)	(4,872,558)	(4,012,513)
Other Considerations		
Estimated Budget Lapse ¹	3,409,592	3,498,117
Projected Ending Fund Balance 12/31/17	13,680,524	16,187,348
Interfund Loan Adjustment²	1,489,361	1,489,361
Adjusted Fund Balance 12/31/17	15,169,885	17,676,709

Notes:

¹ The adopted budget lapse is 4%, projected budget lapse is 4%.

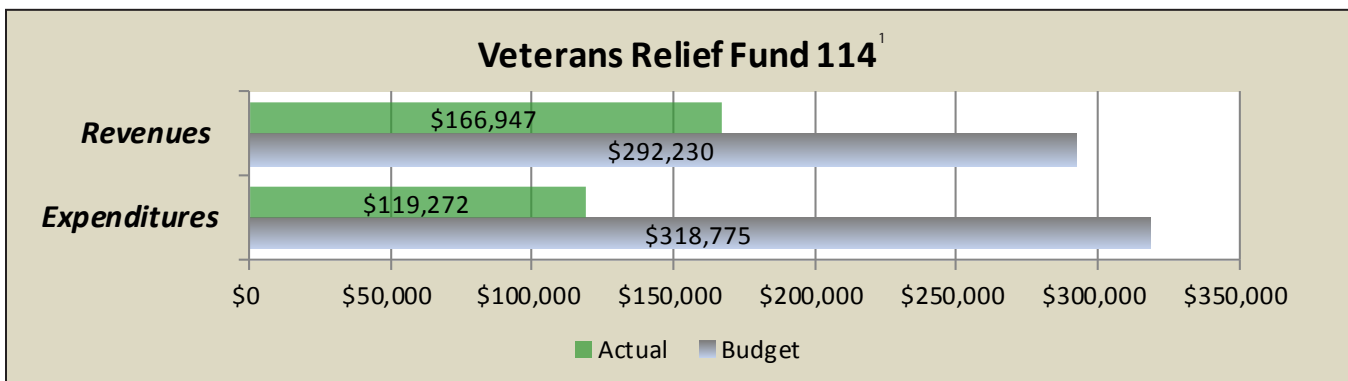
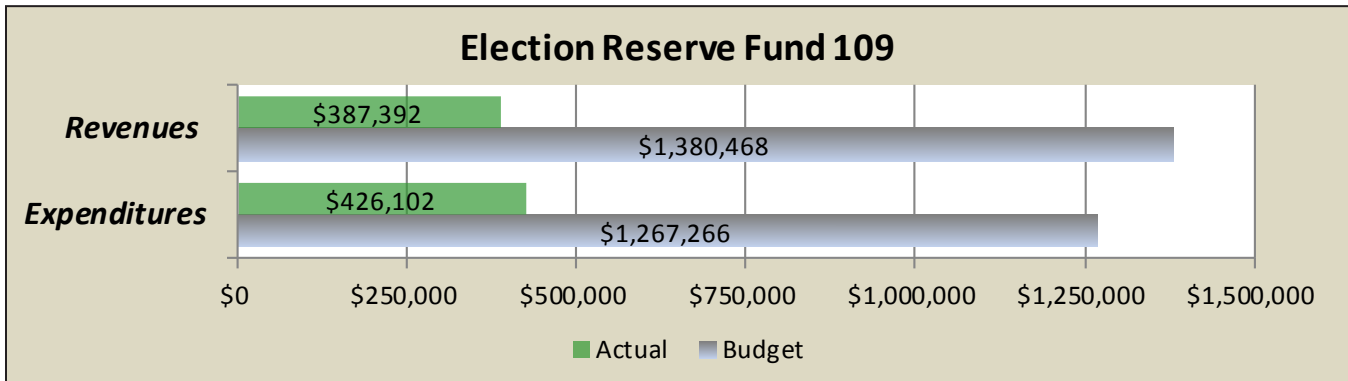
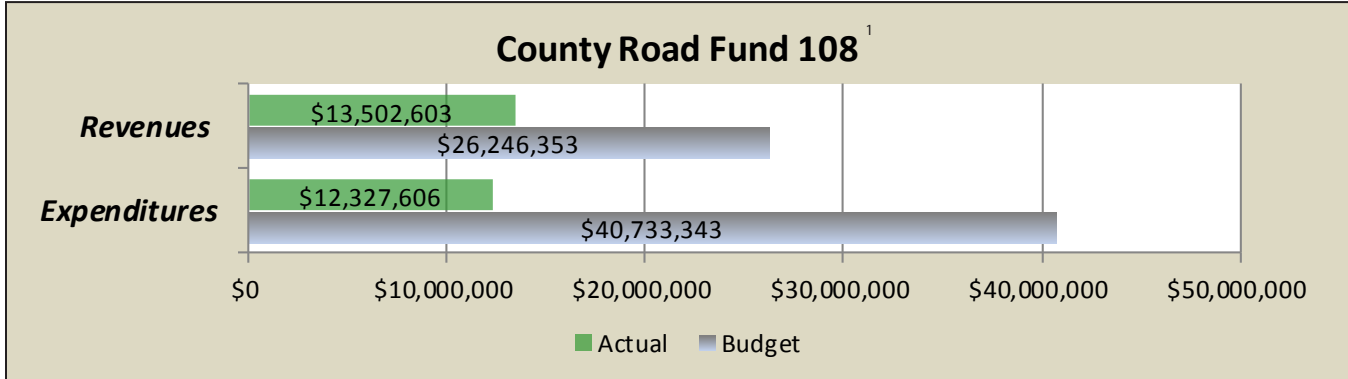
² Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases and transfers 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



Note:

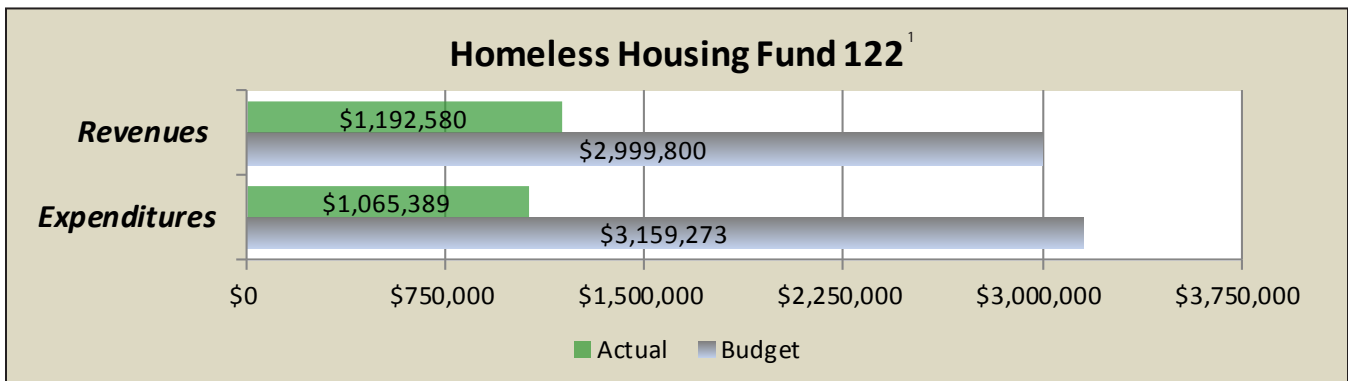
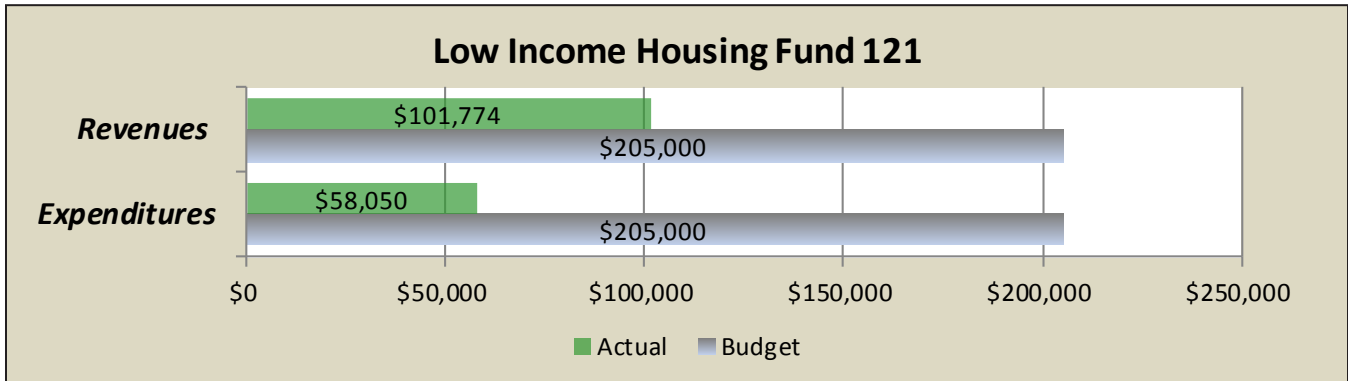
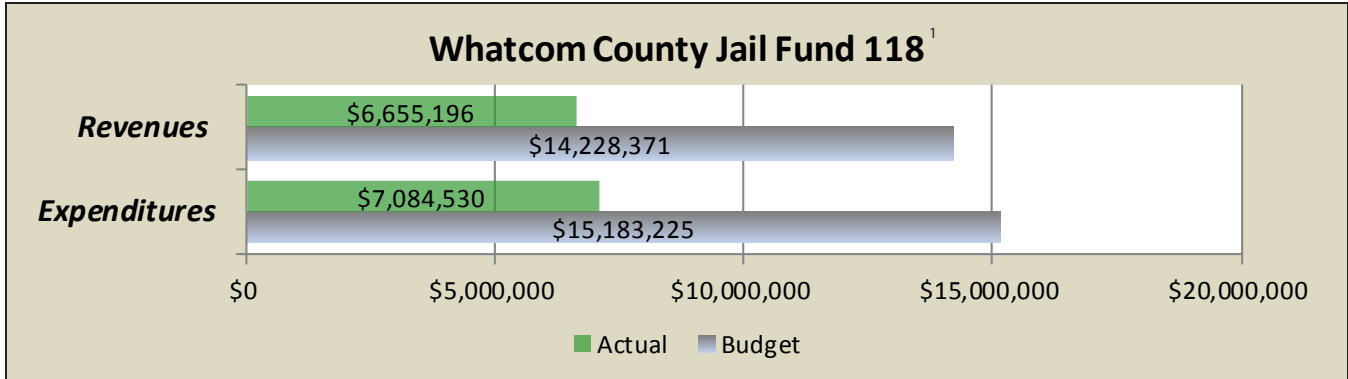
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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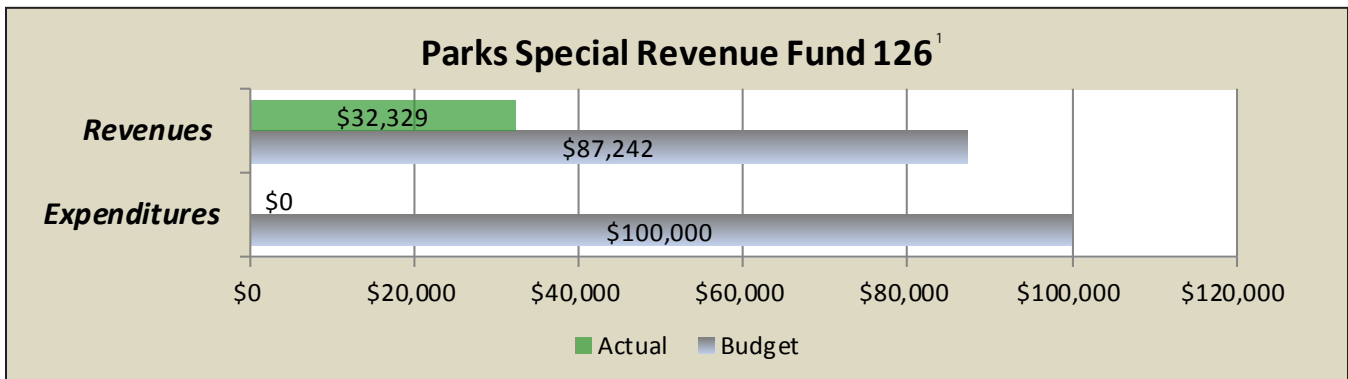
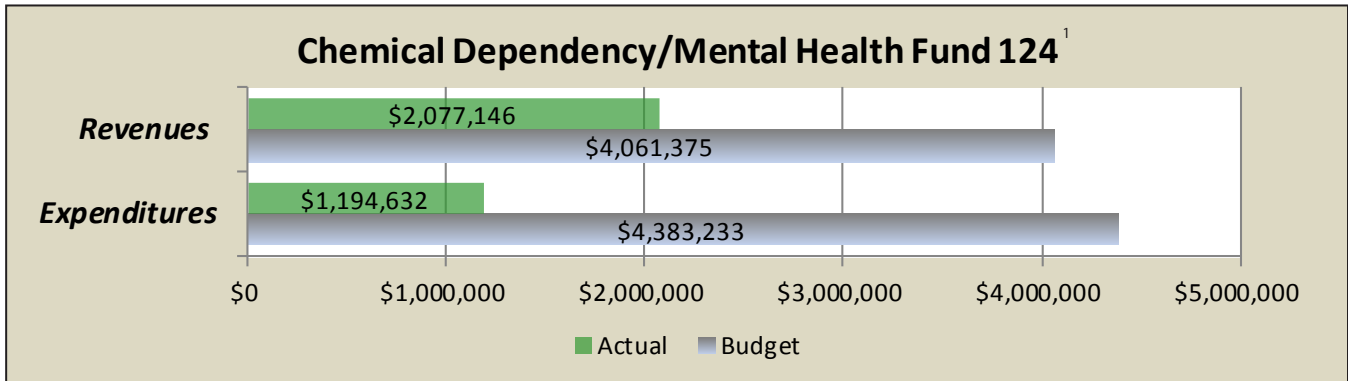
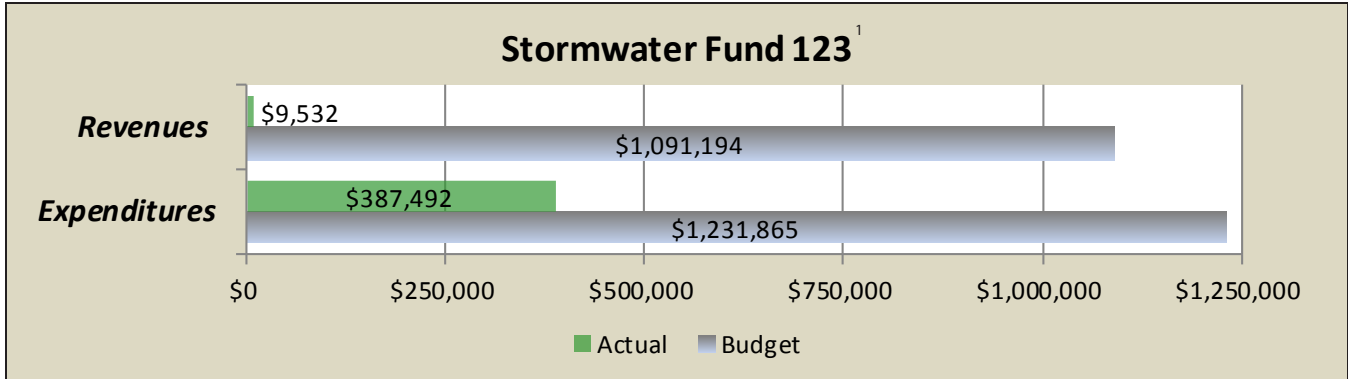
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Special Revenue Funds and Other Funds, continued



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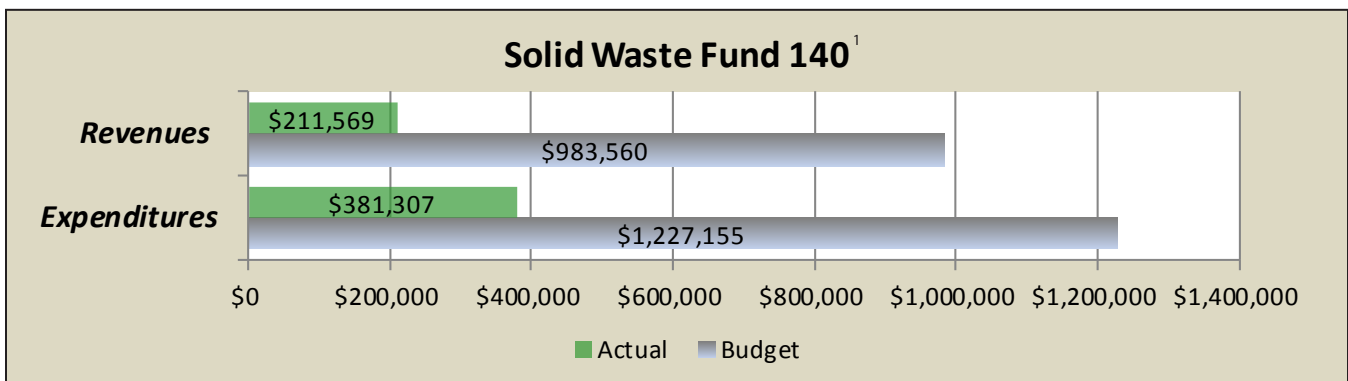
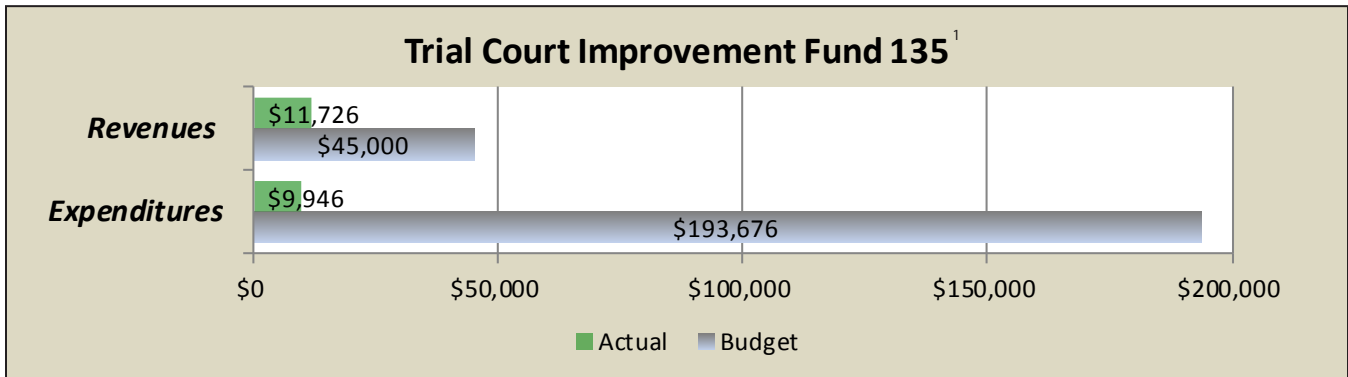
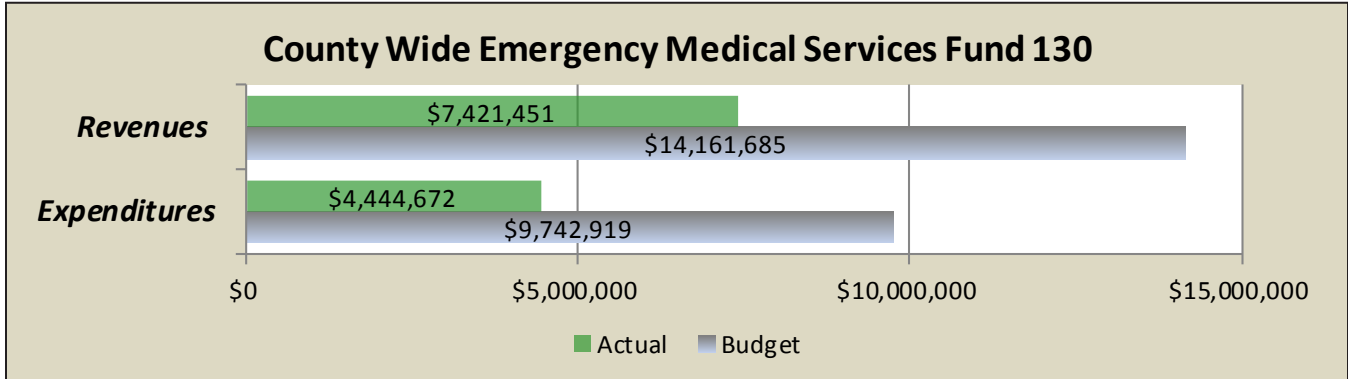
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Special Revenue Funds and Other Funds, continued



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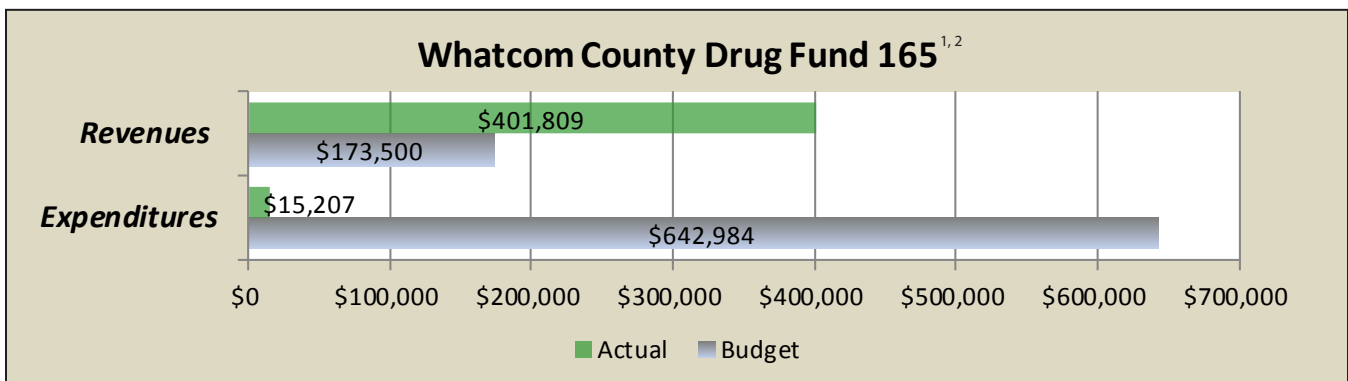
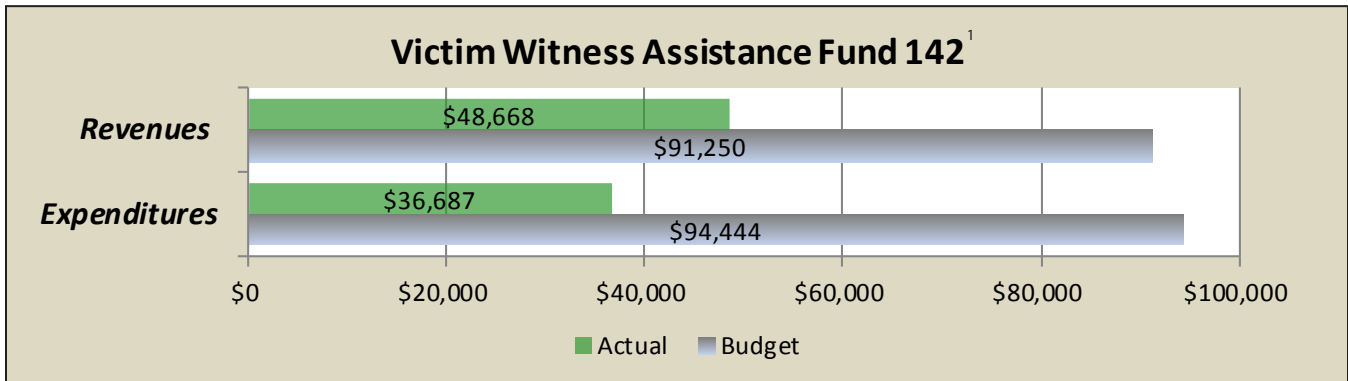
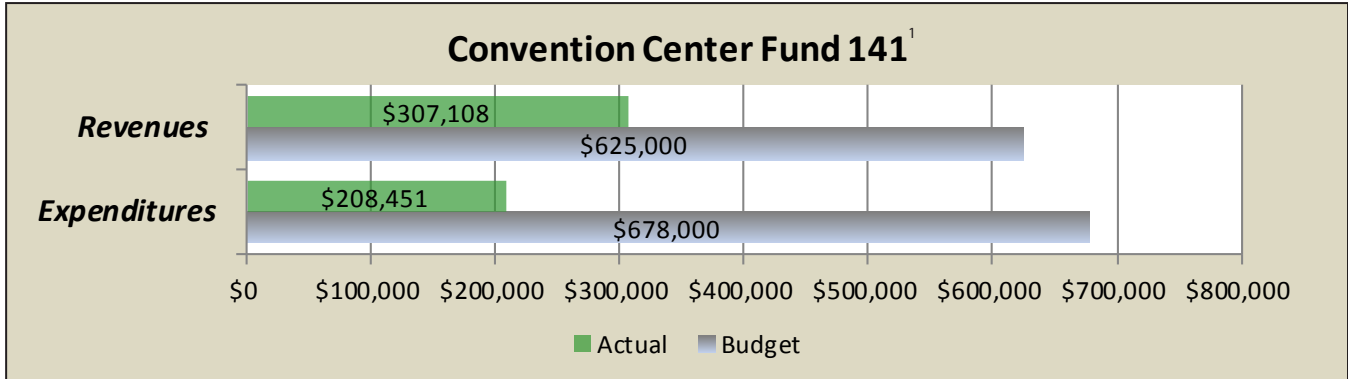
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Special Revenue Funds and Other Funds, continued



Notes:

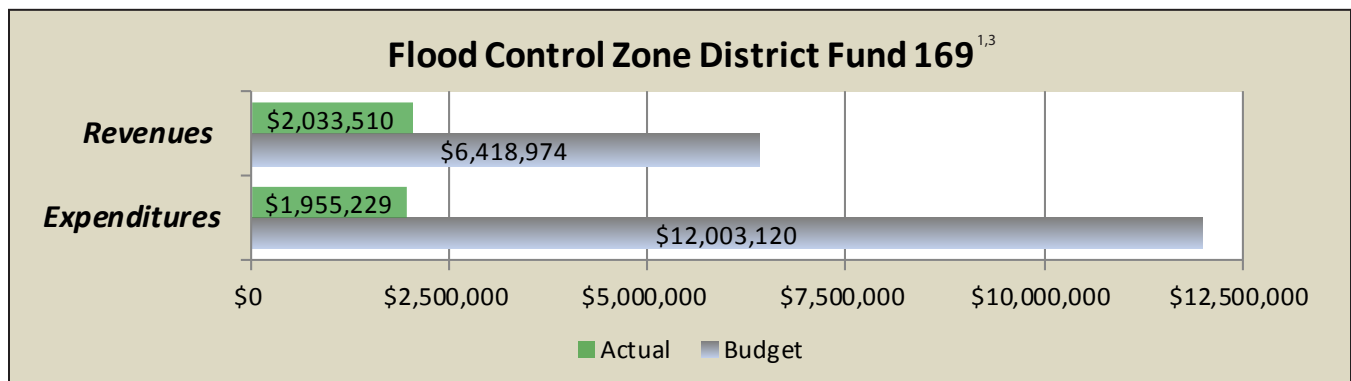
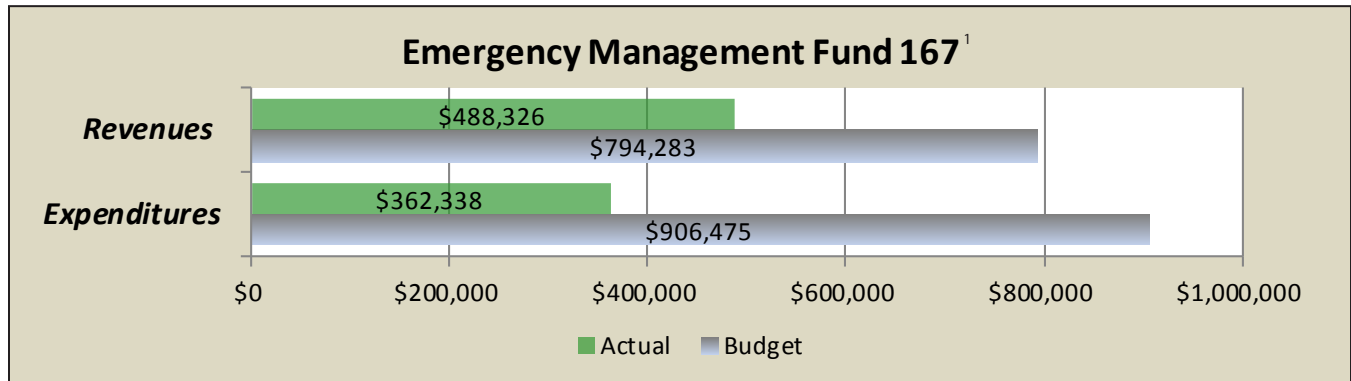
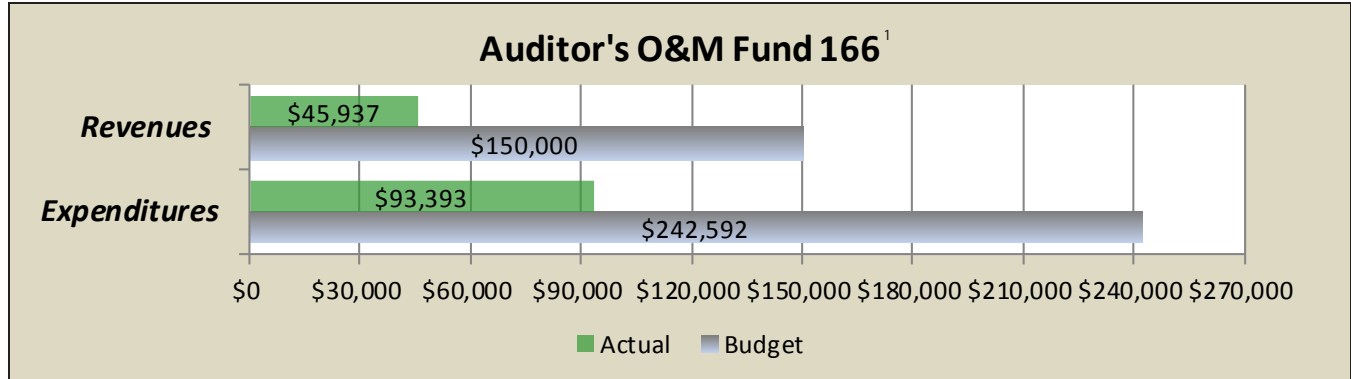
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures is also dependent on receipt of seizure revenues.

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Special Revenue Funds and Other Funds, continued



Notes:

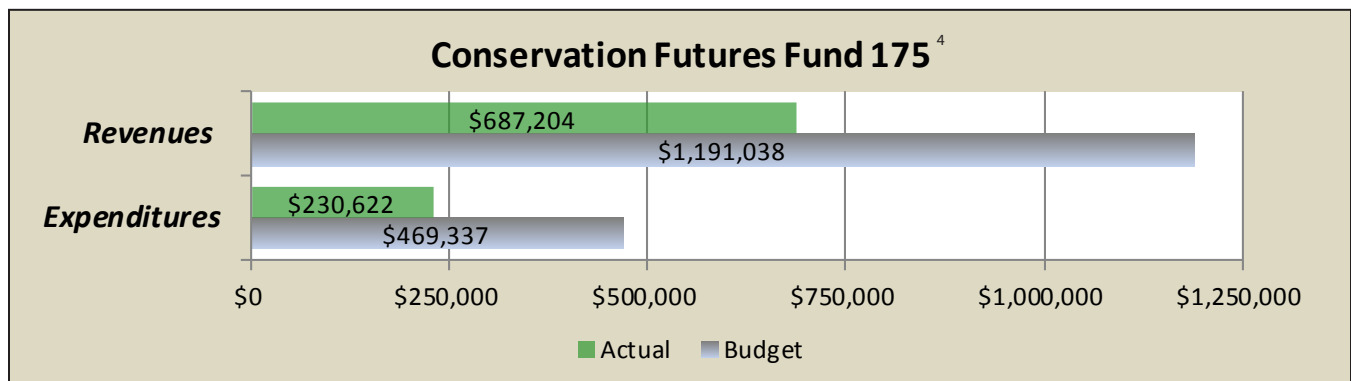
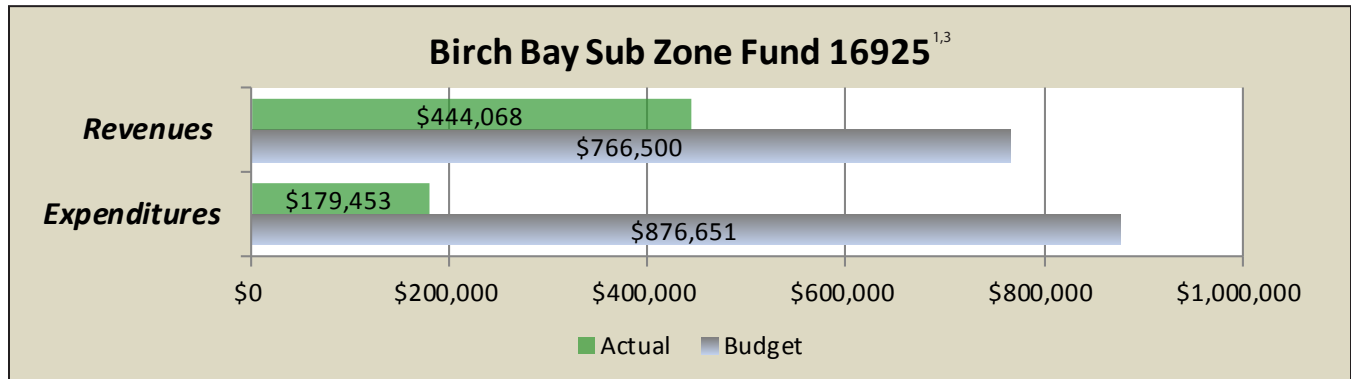
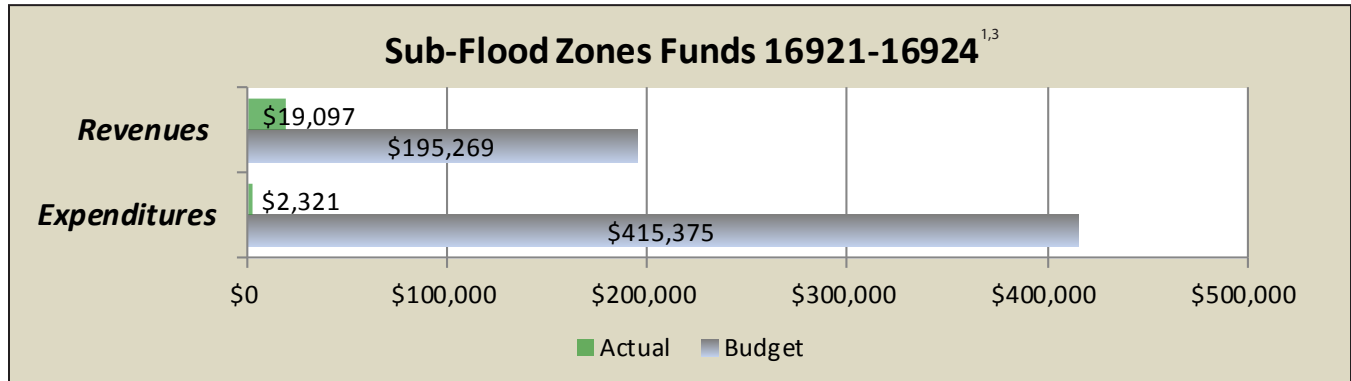
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



Notes:

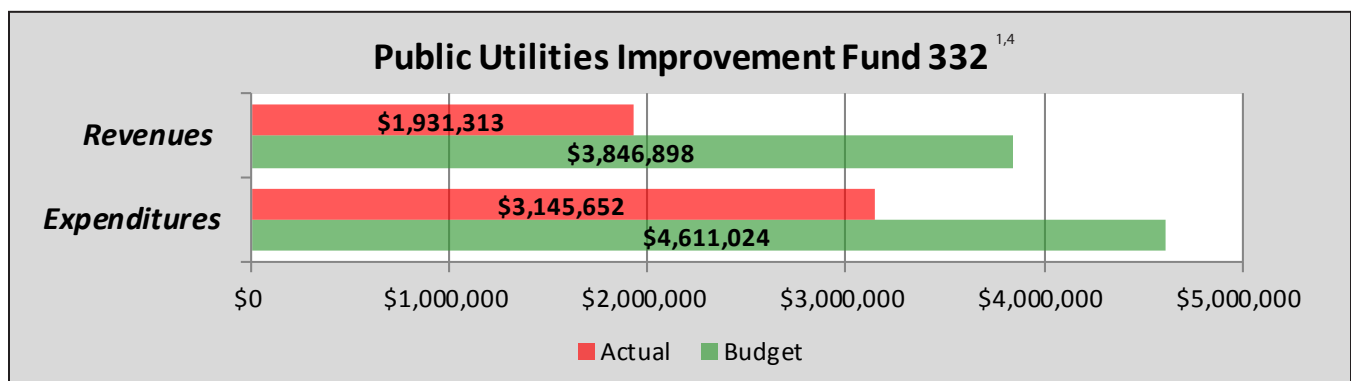
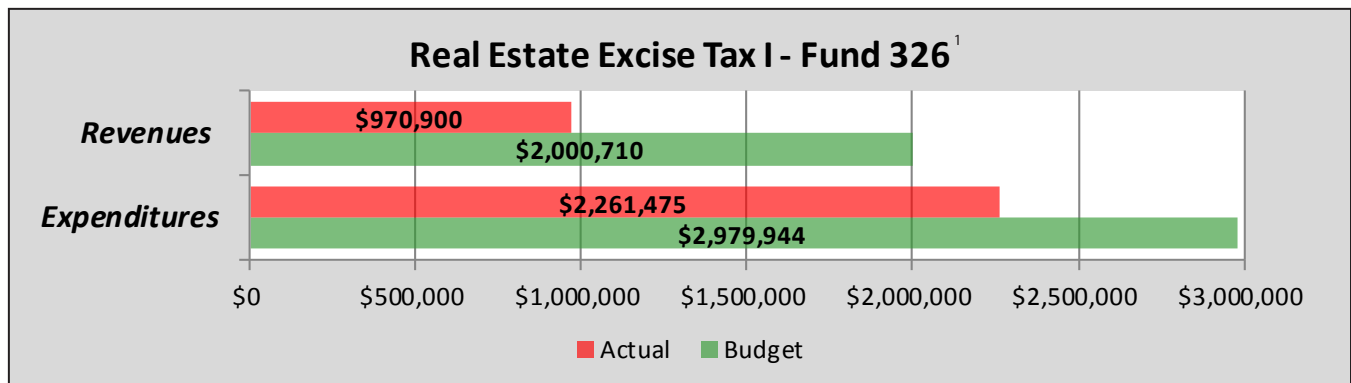
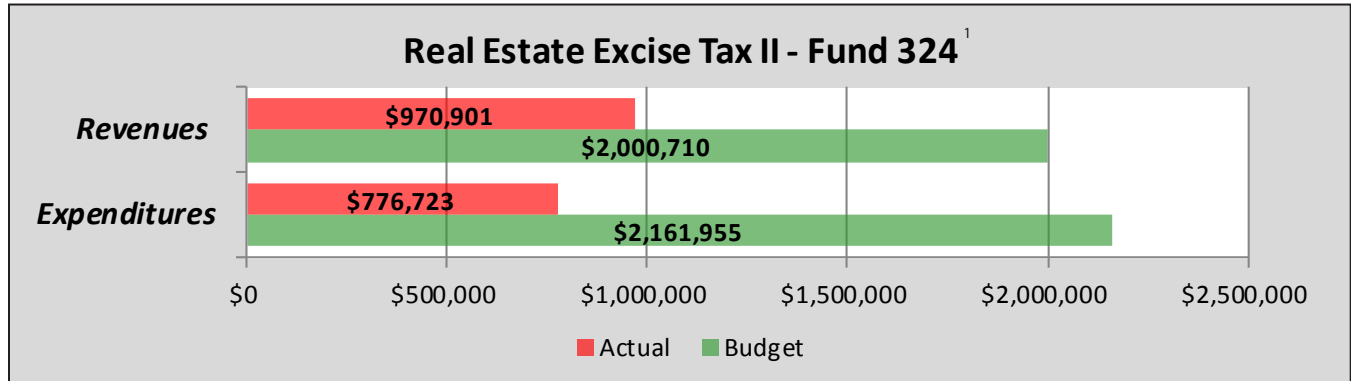
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ³ Most Conservations Futures funding is used to purchase development rights or land. These purchases are budgeted on a transaction by transaction basis as they occur.

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Capital Project Funds



Notes:

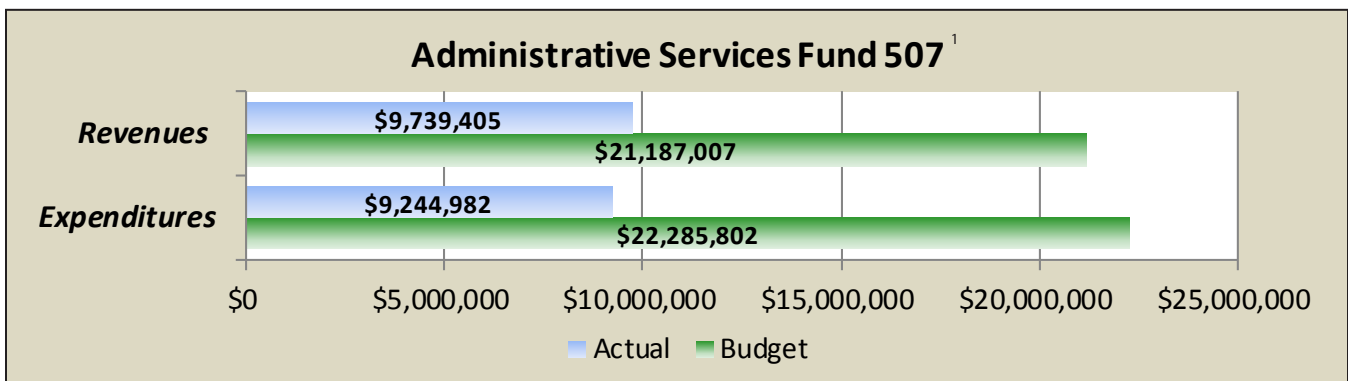
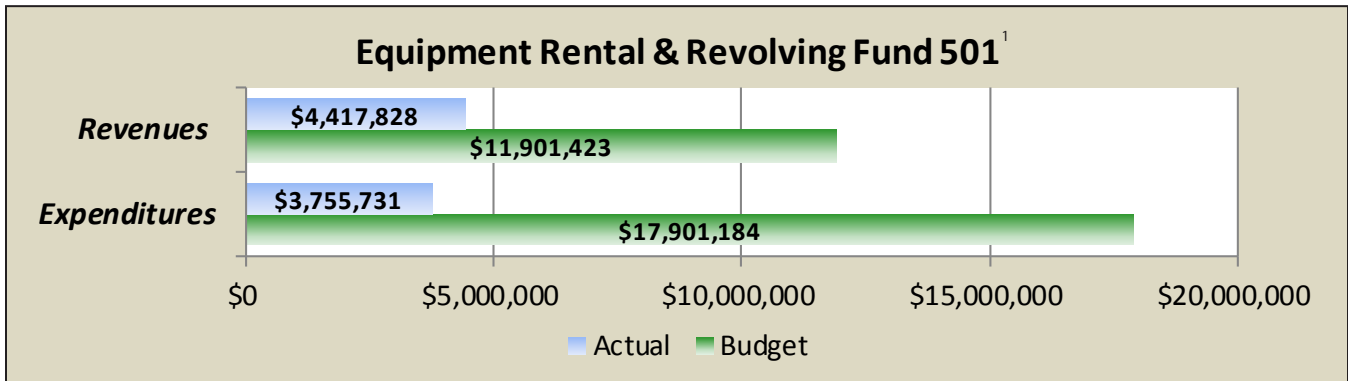
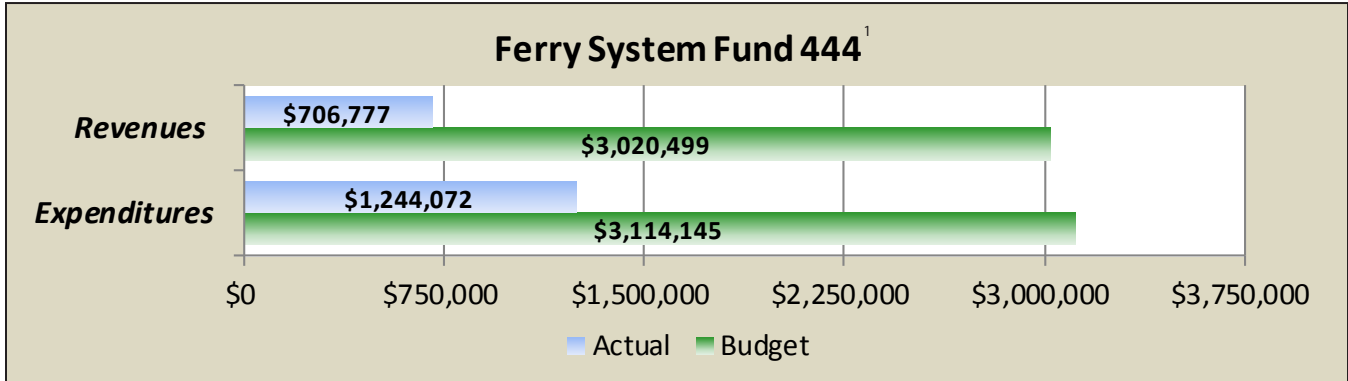
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ⁴ The Public Utilities Improvement Fund is used to finance capital projects for the county and other municipalities. Several projects are being continued into 2017.

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Enterprise and Internal Service Funds



Note:

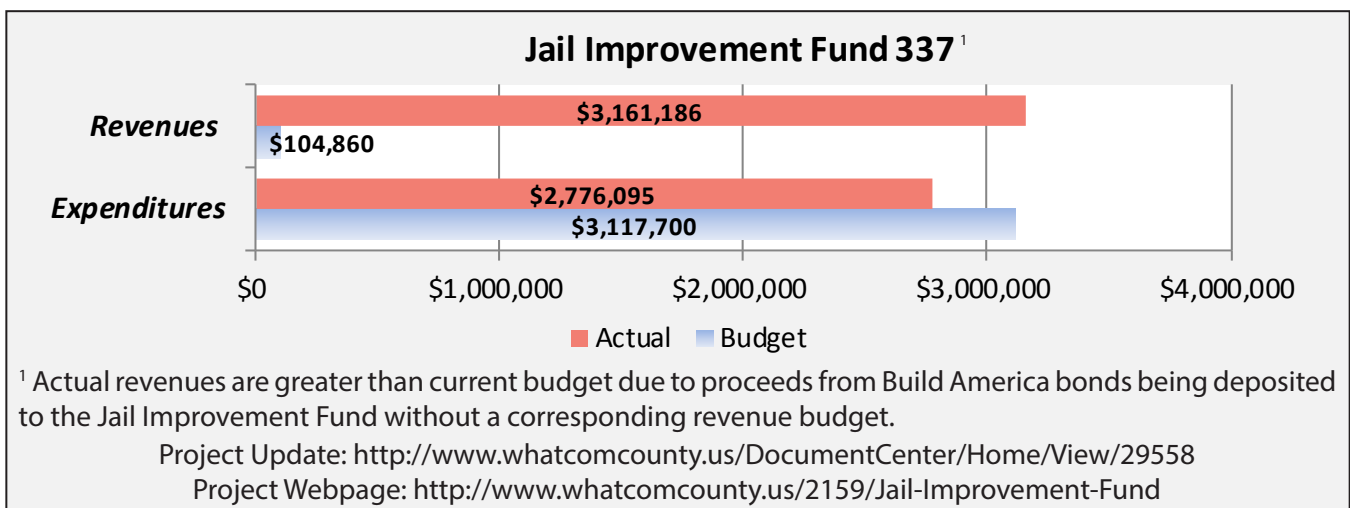
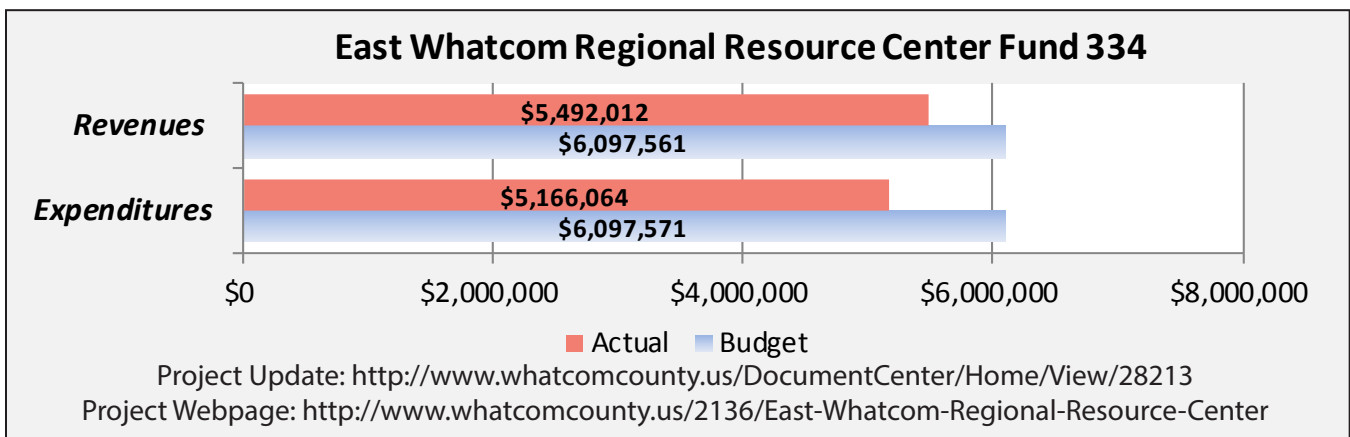
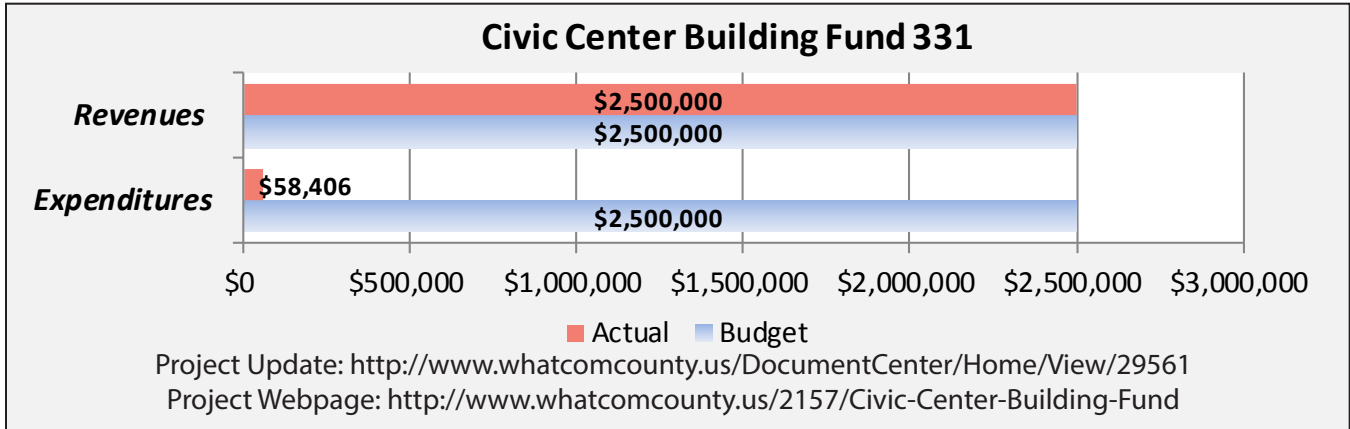
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Project Budget Funds

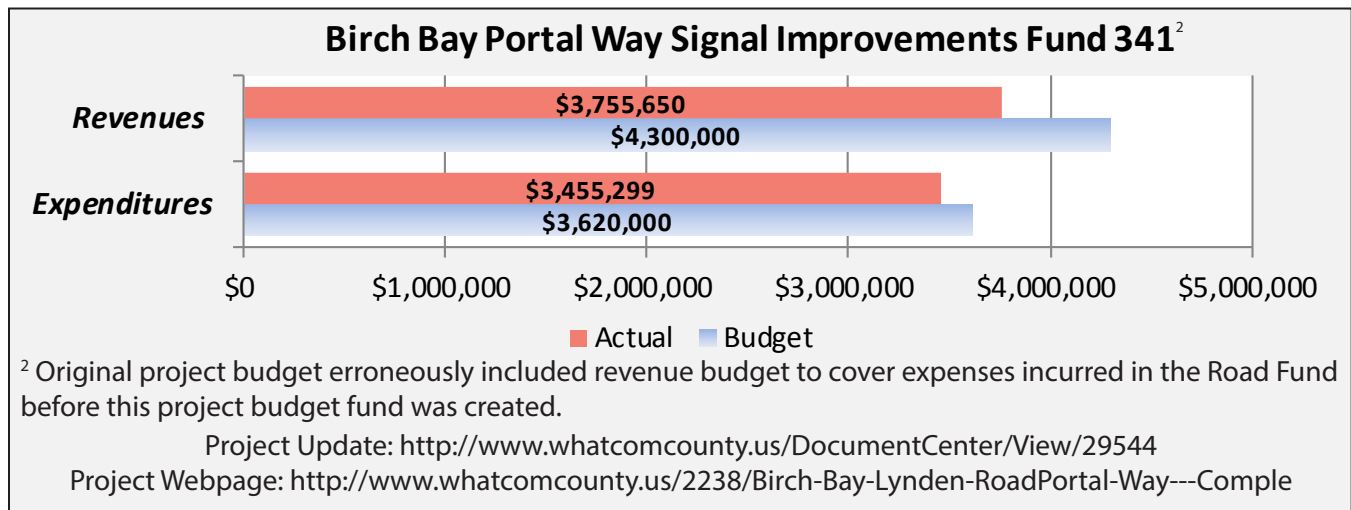
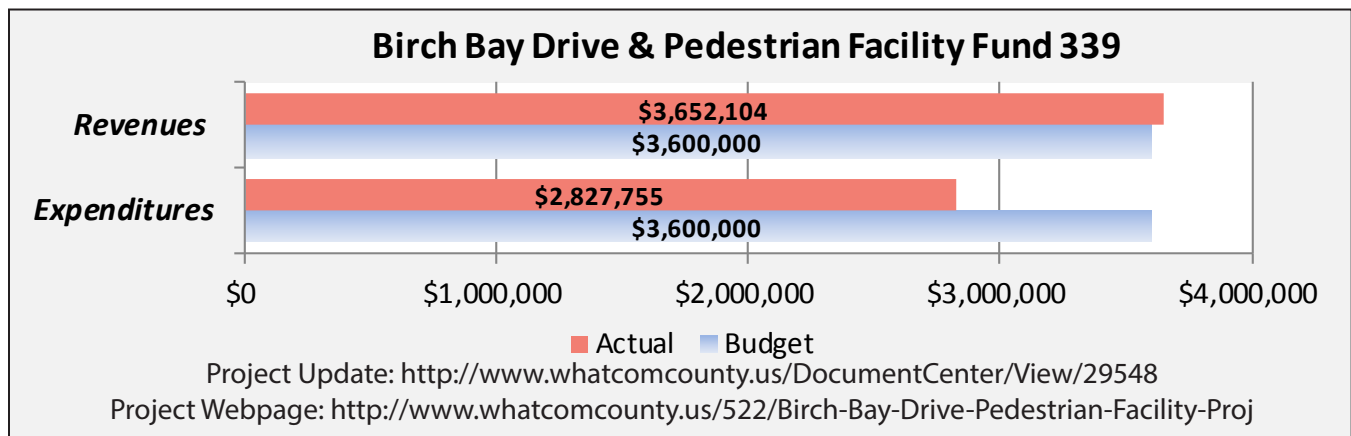
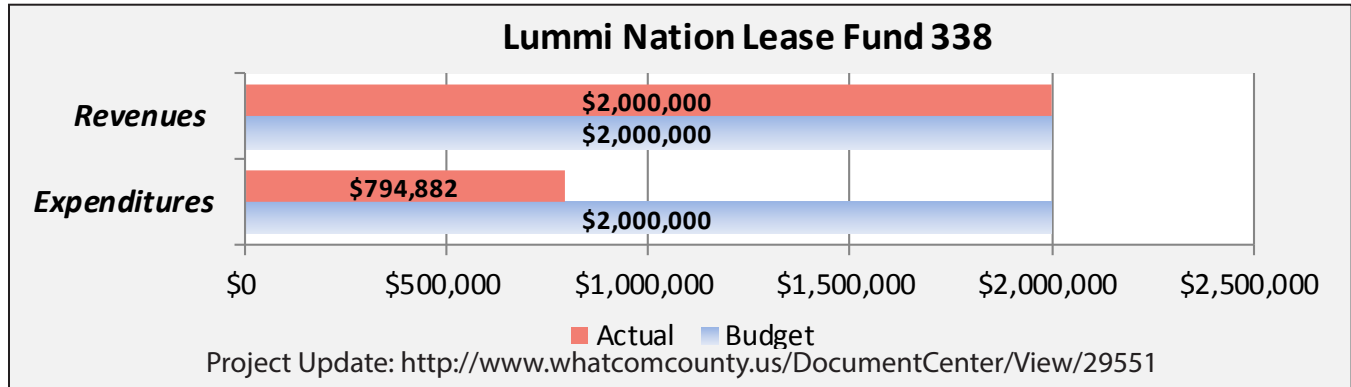


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Project Budget Funds, continued

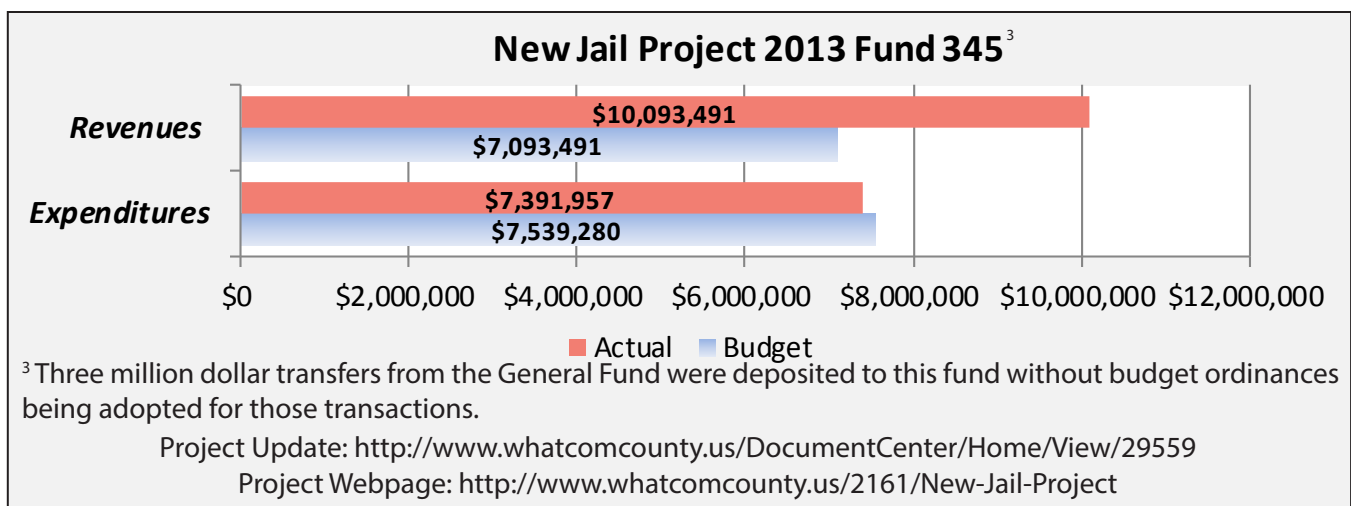
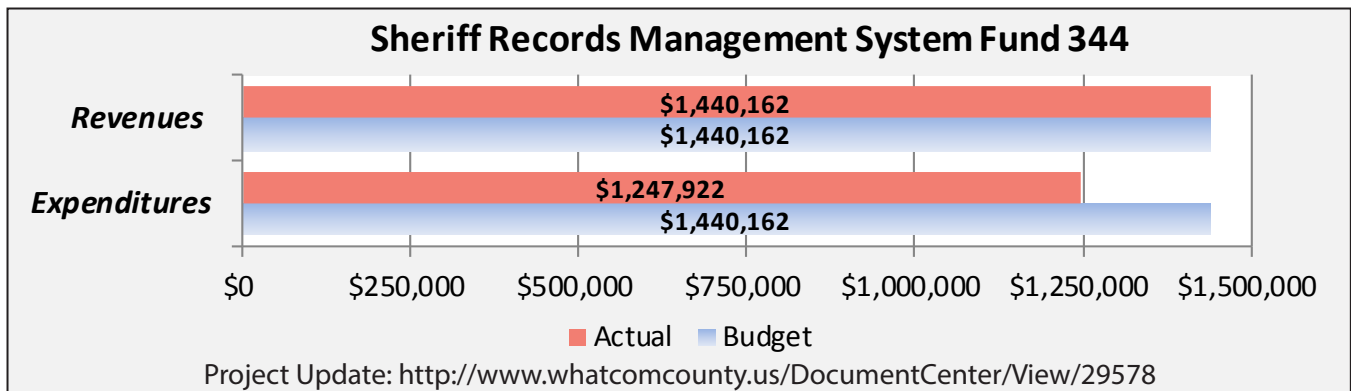
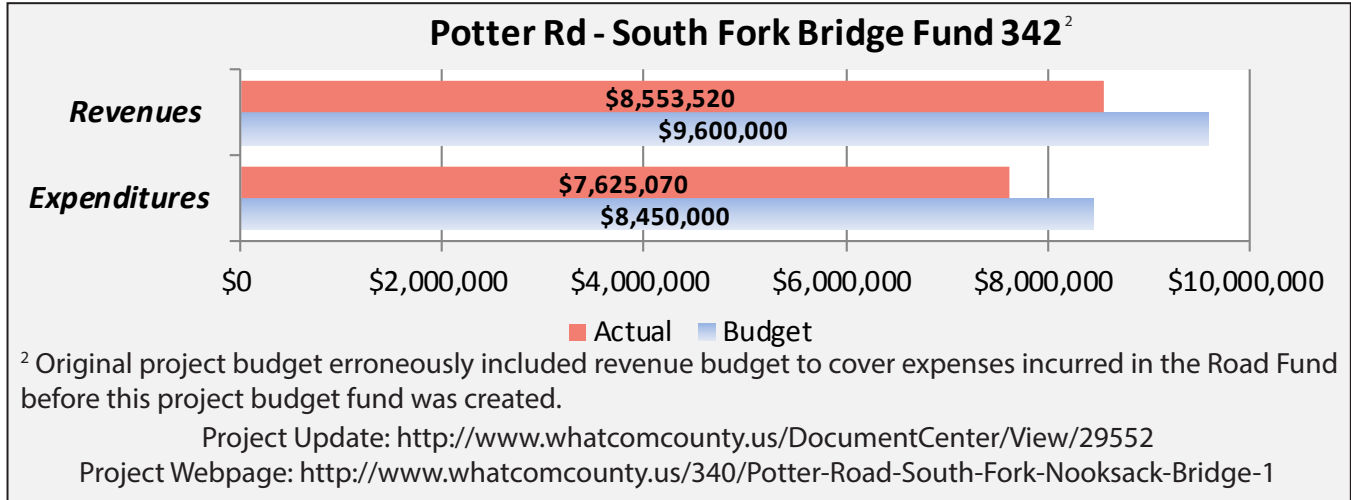


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Project Budget Funds, continued

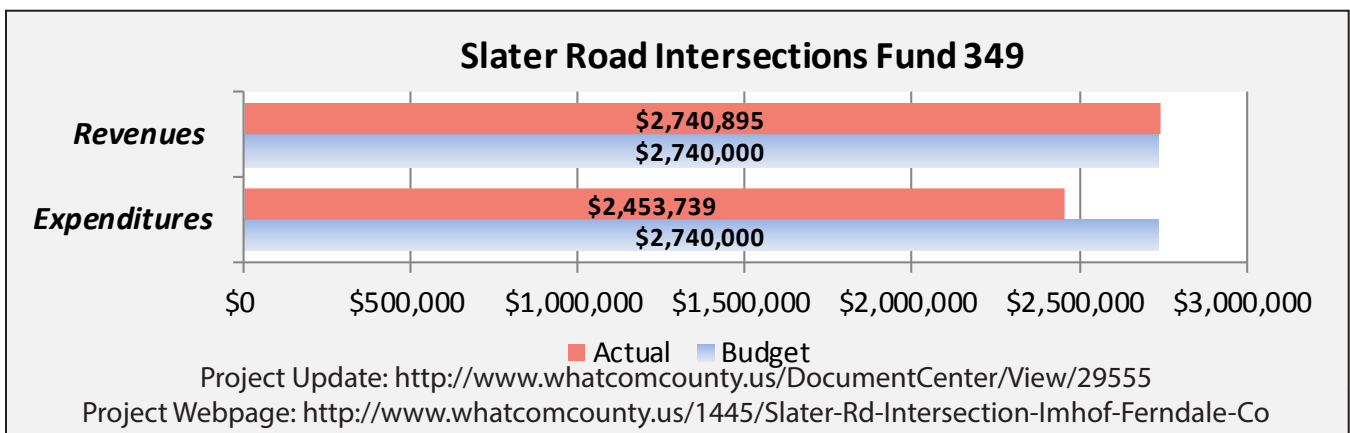
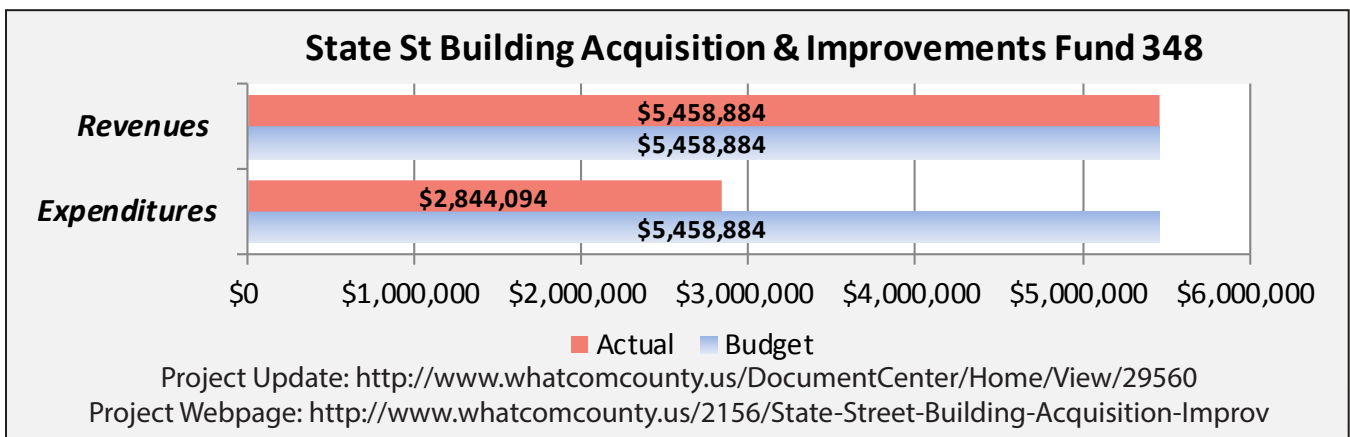
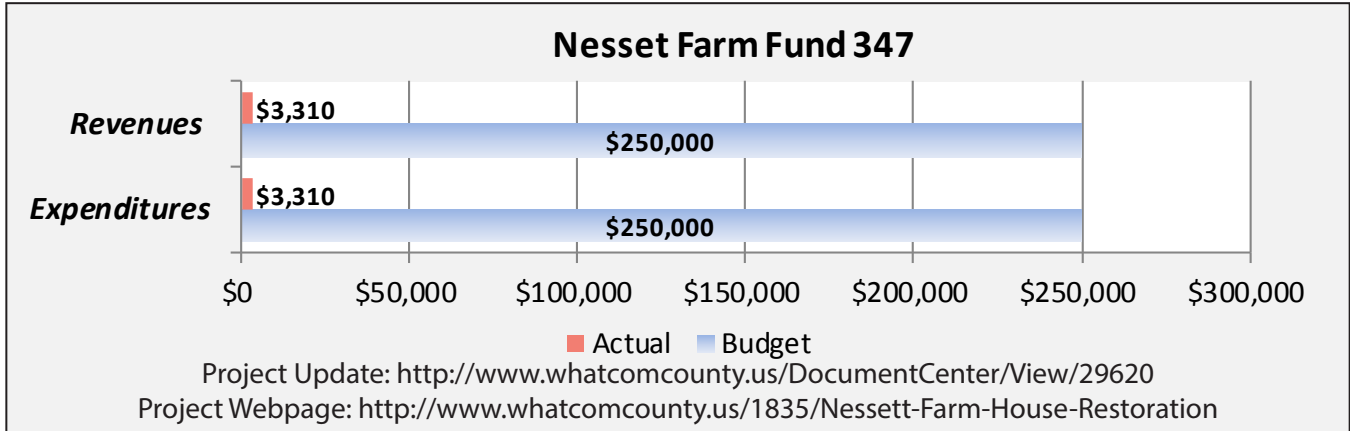


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Project Budget Funds, continued

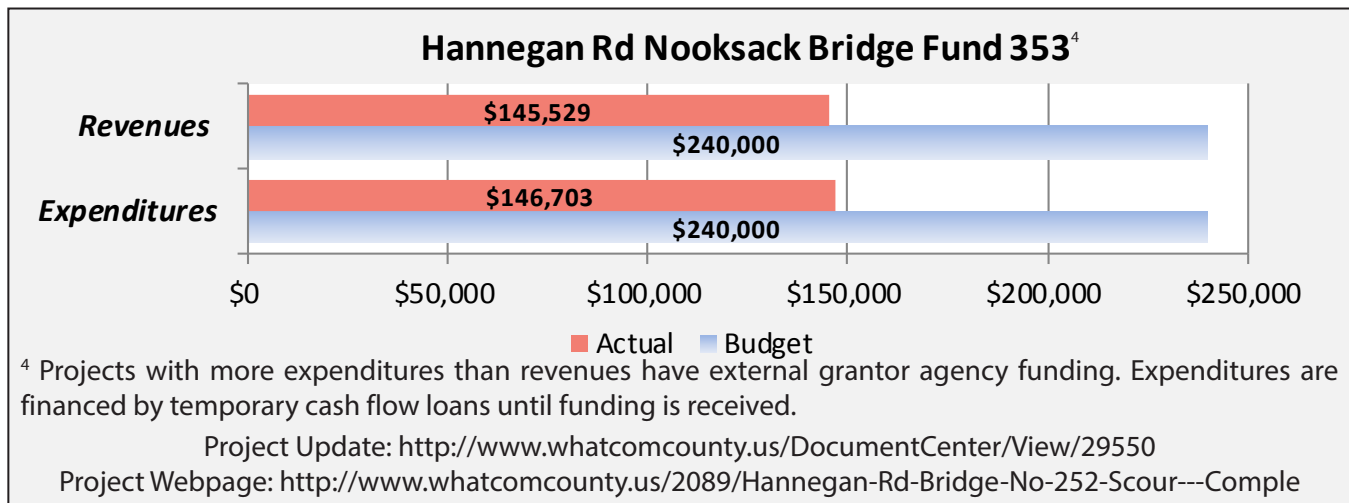
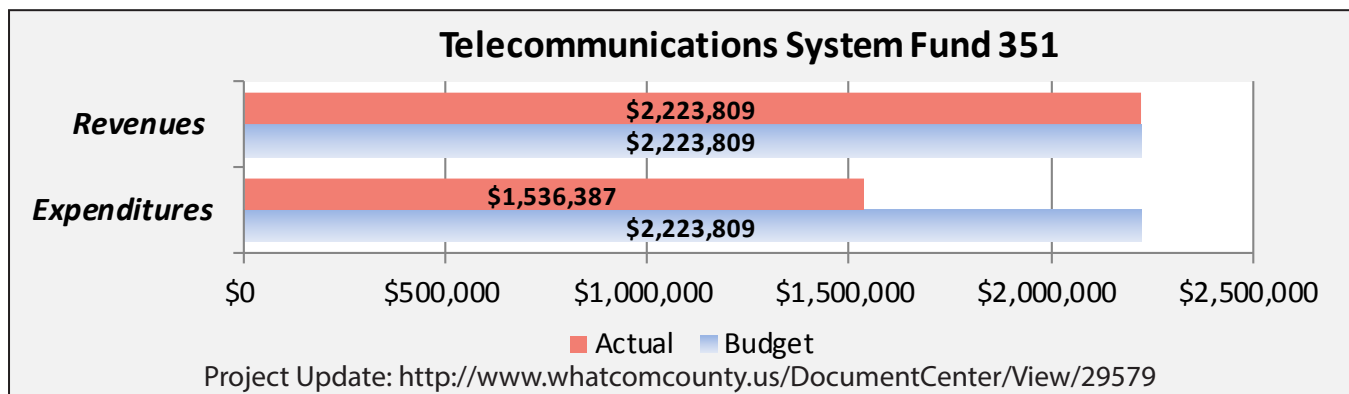
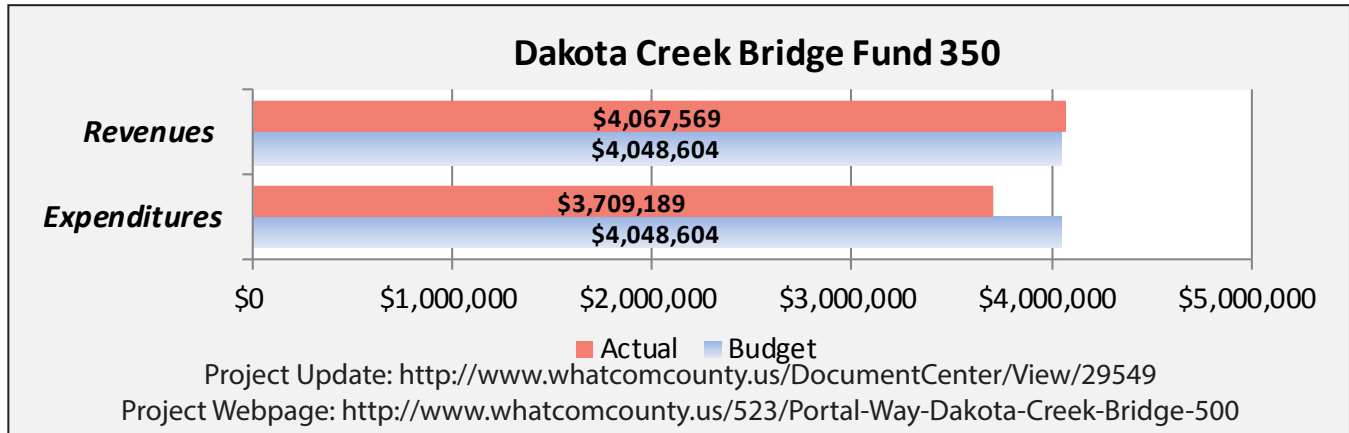


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For the Quarter Ended June 30, 2017



Project Budget Funds, continued

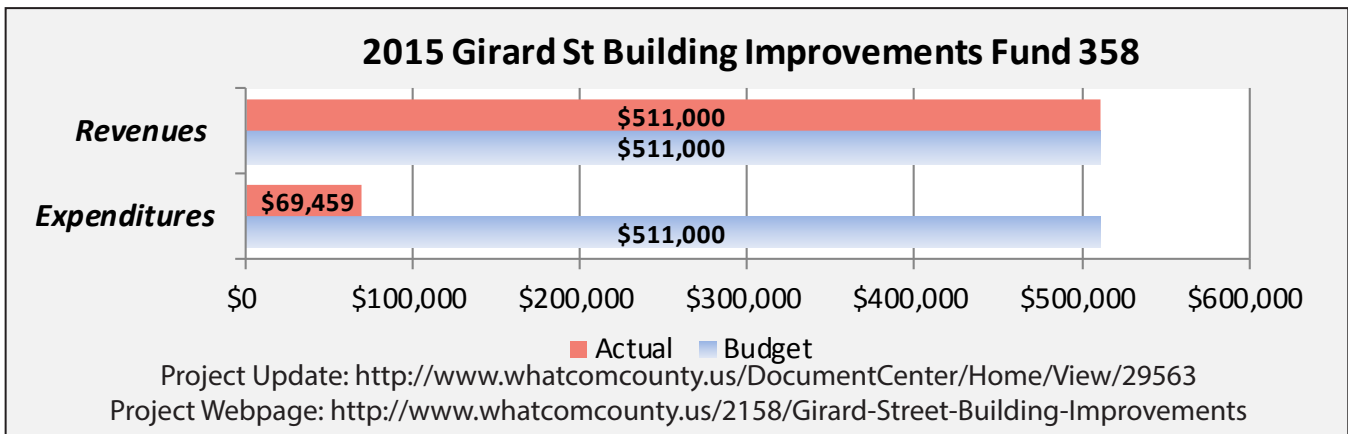
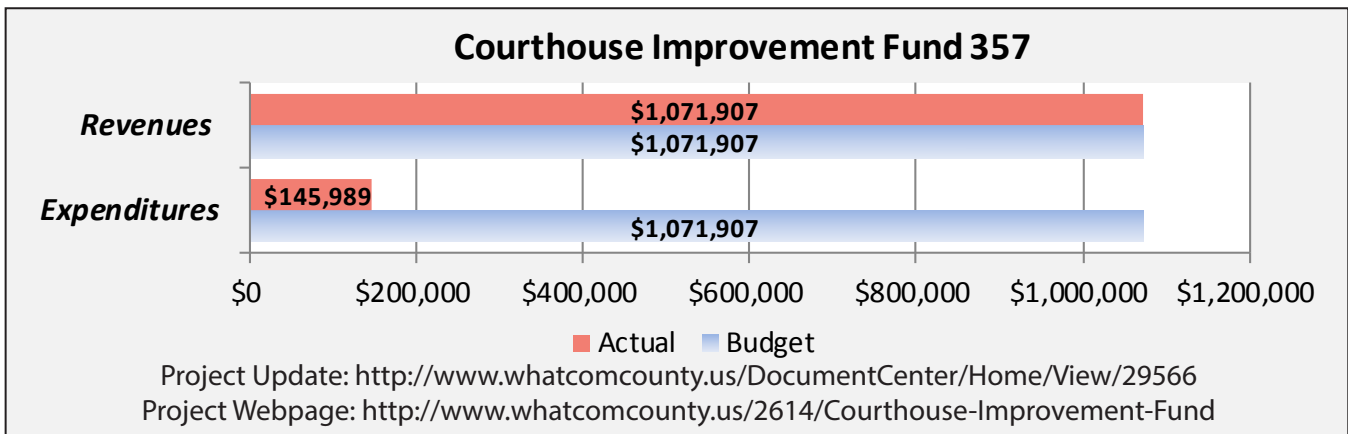
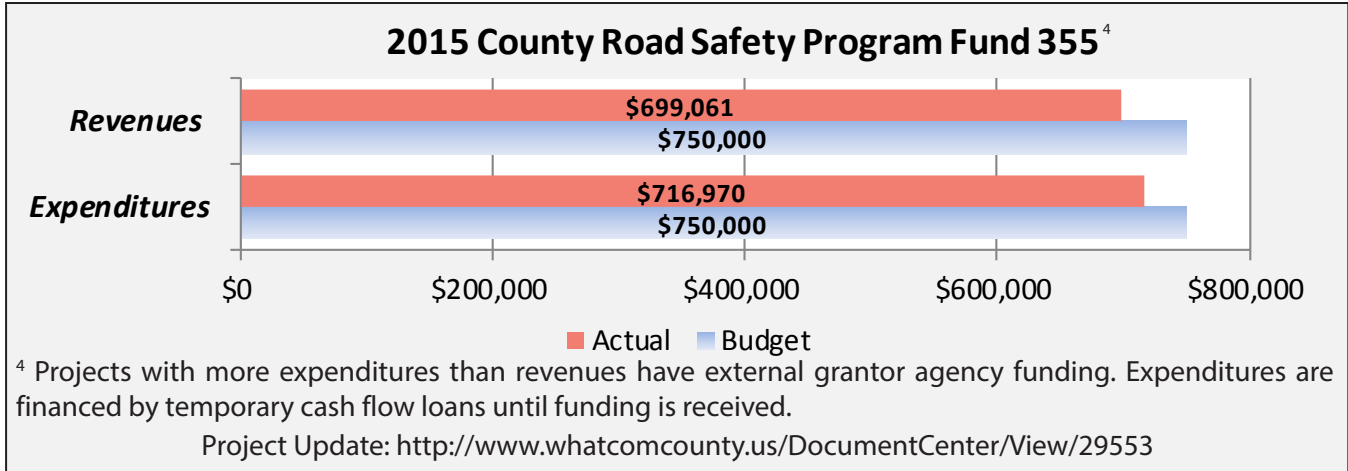


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For the Quarter Ended June 30, 2017



Project Budget Funds, continued

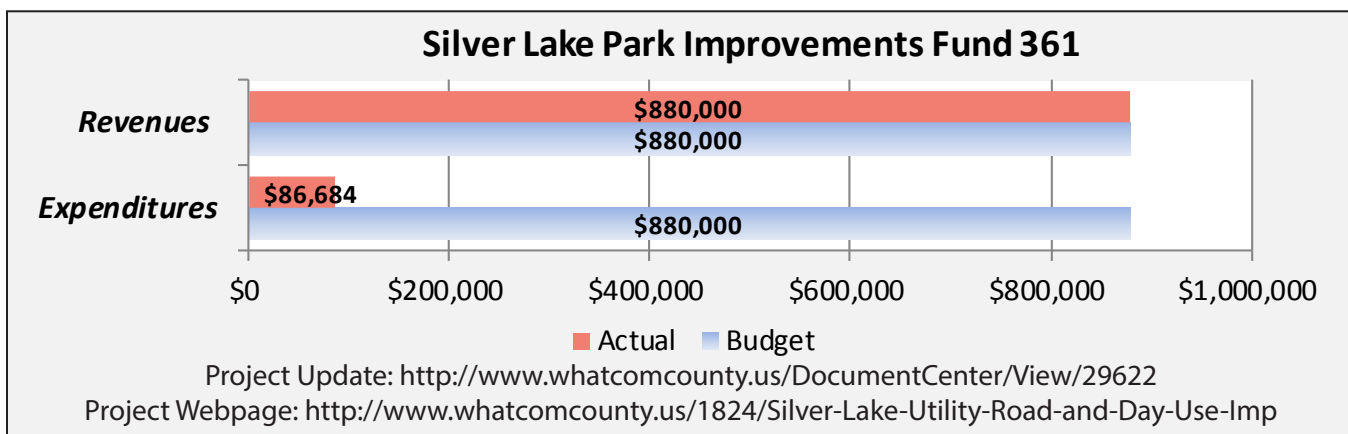
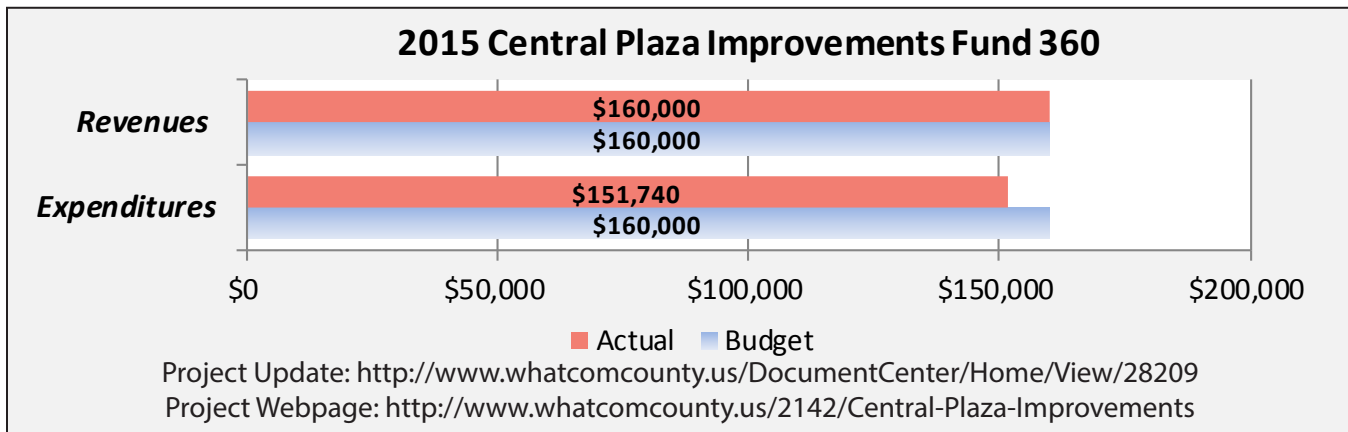
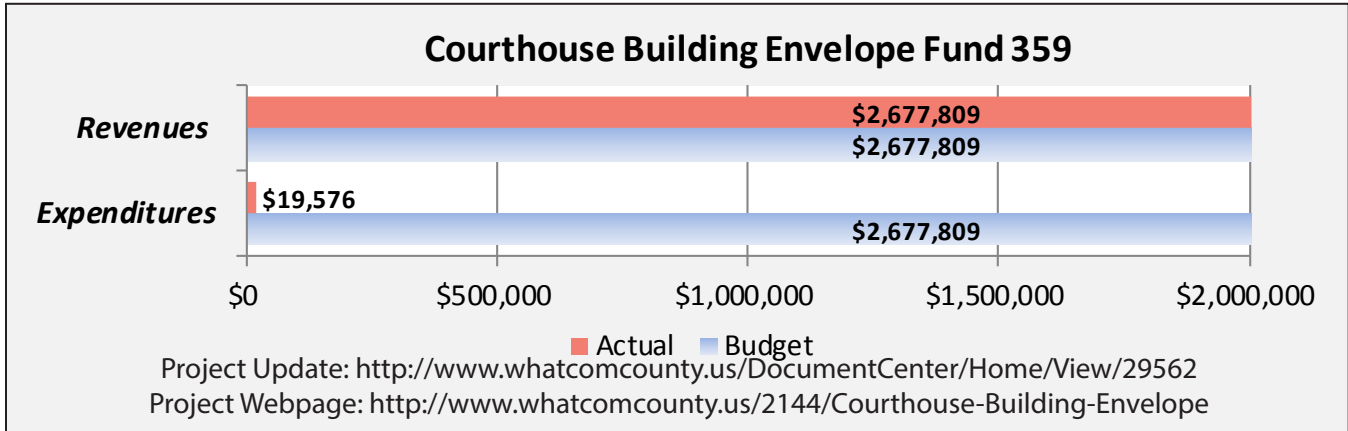


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For the Quarter Ended June 30, 2017



Project Budget Funds, continued

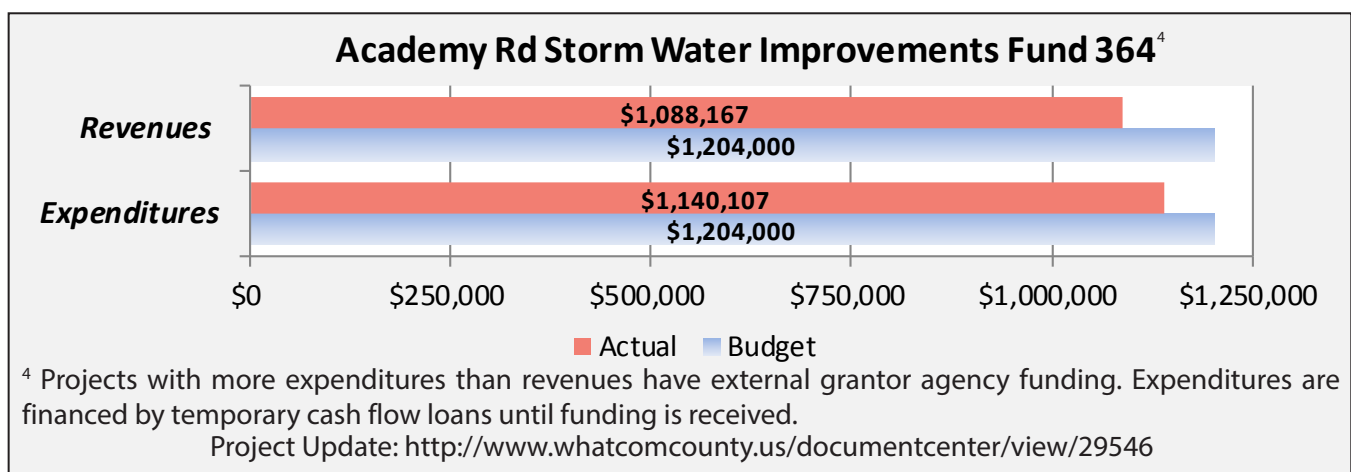
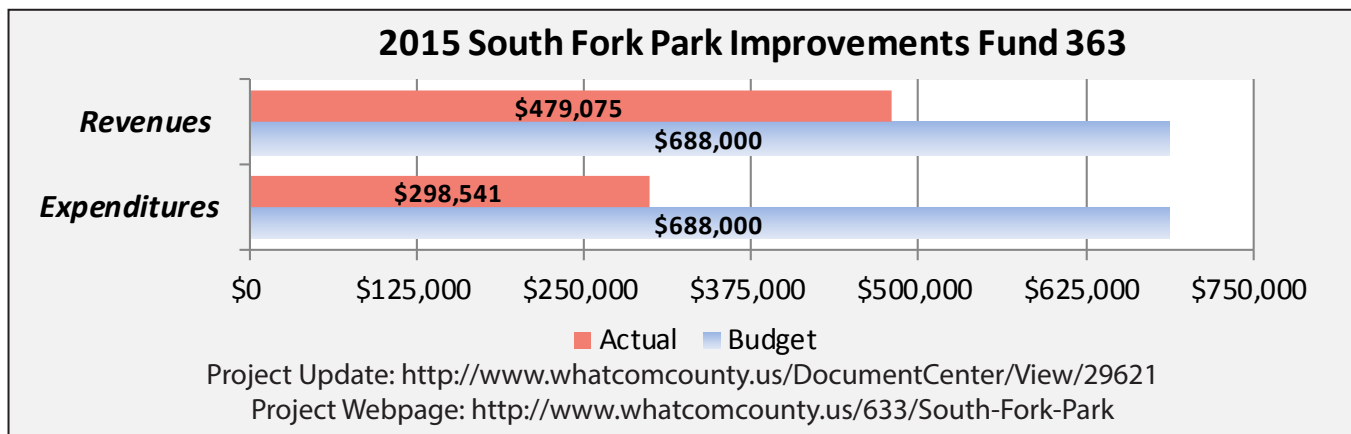
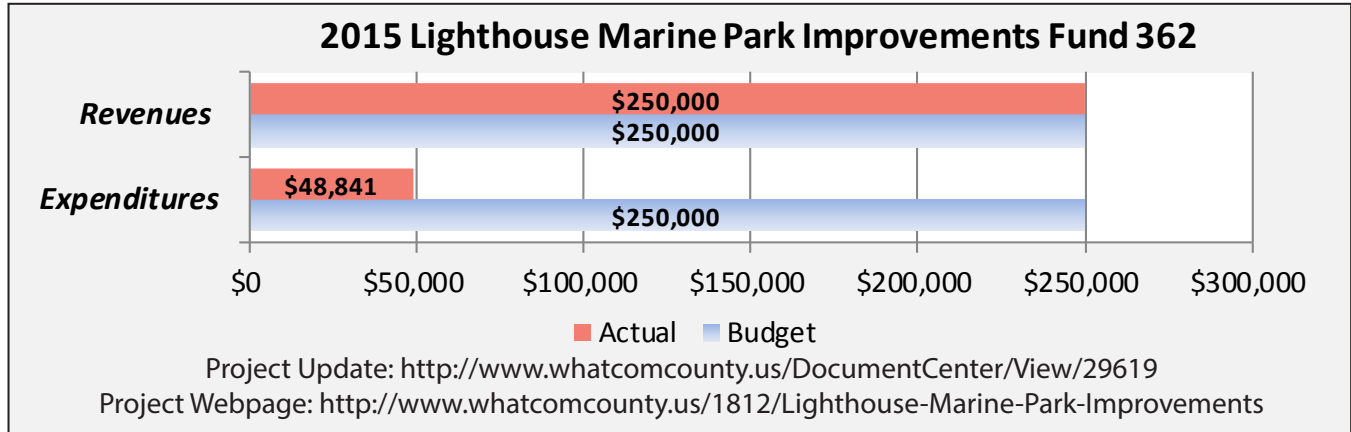


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For the Quarter Ended June 30, 2017



Project Budget Funds, continued

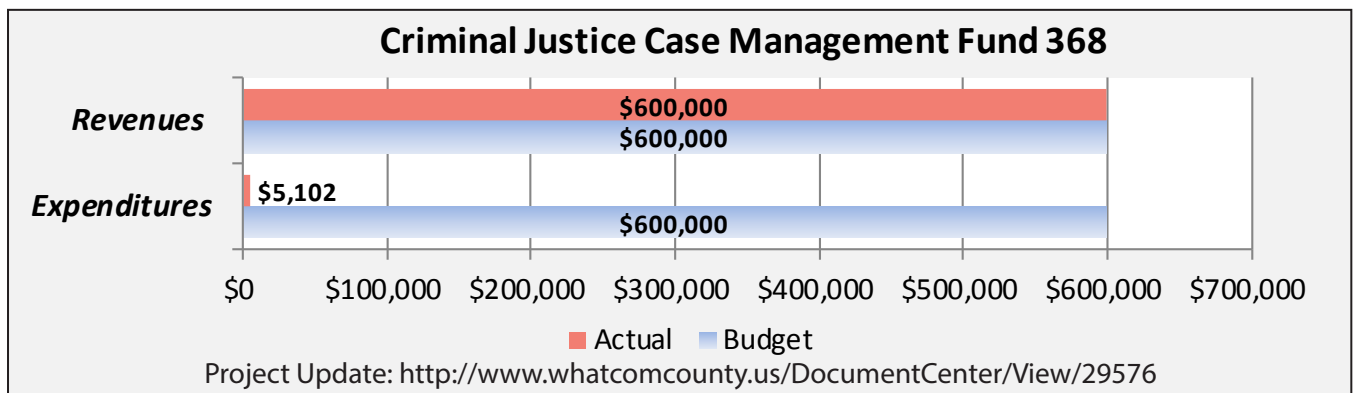
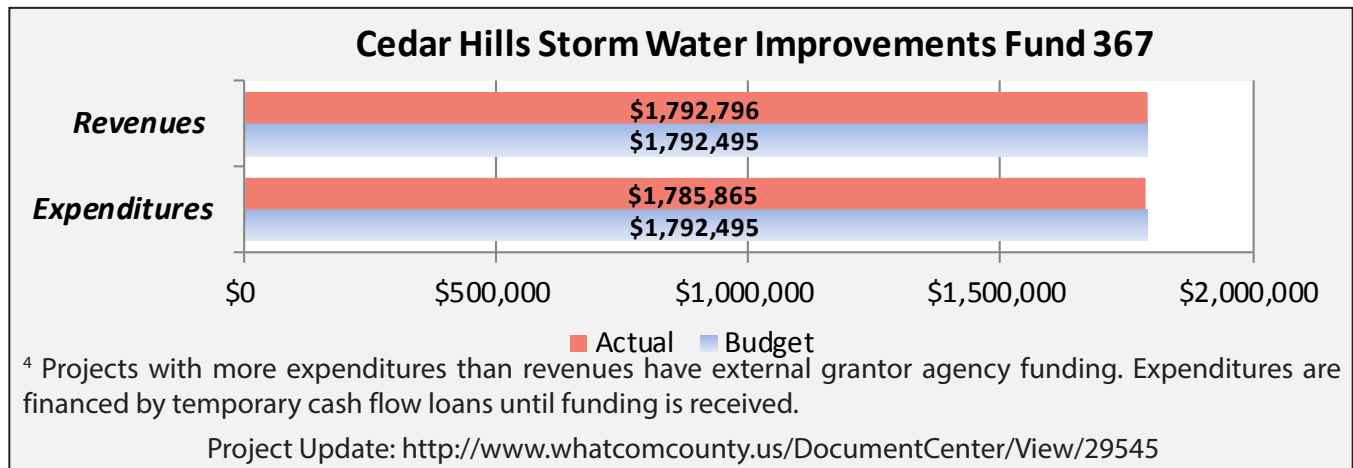
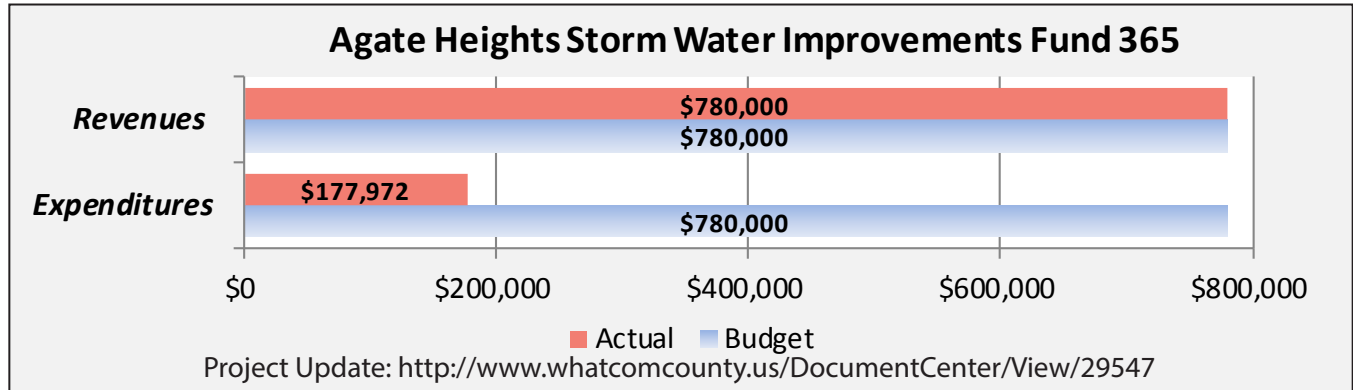


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Project Budget Funds, continued

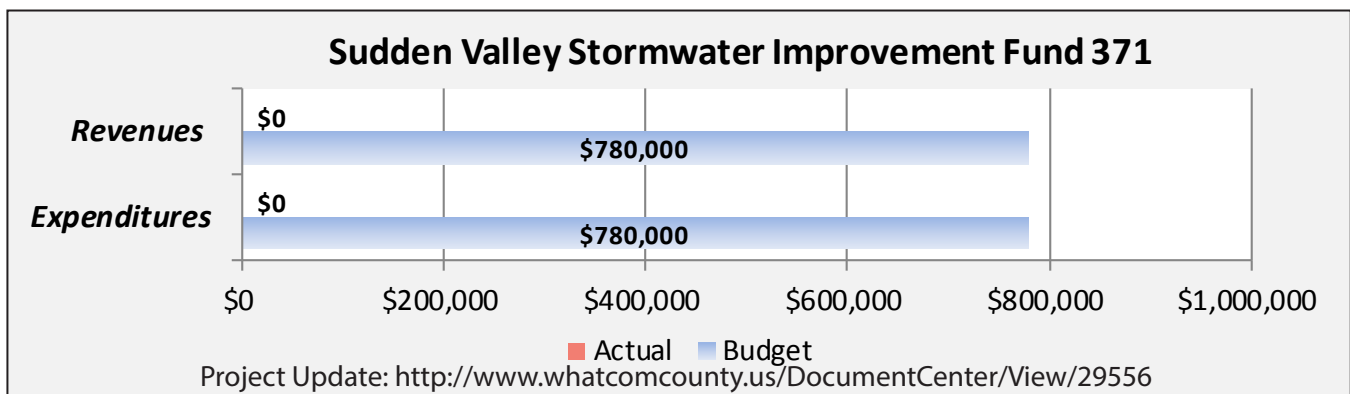
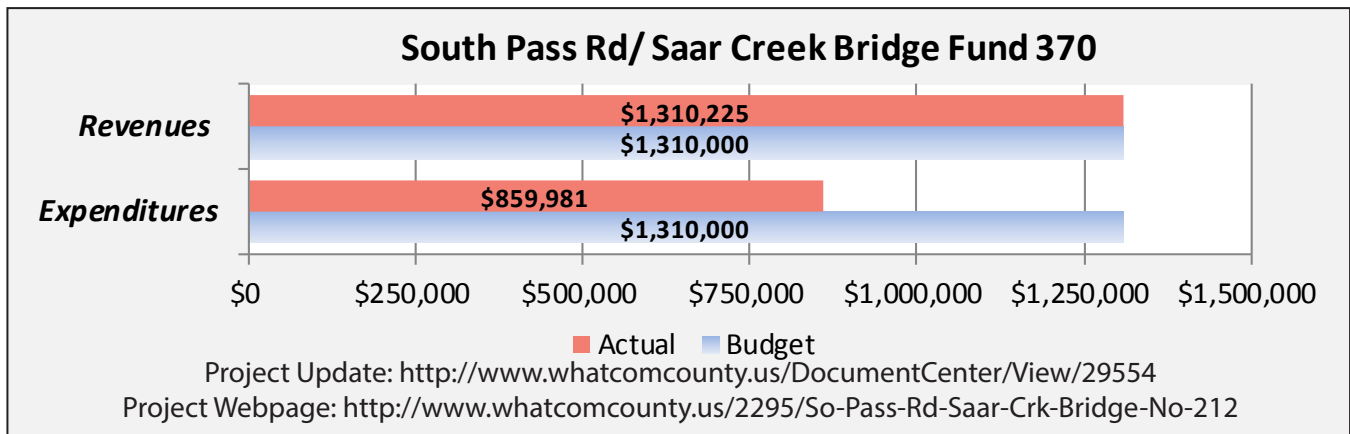
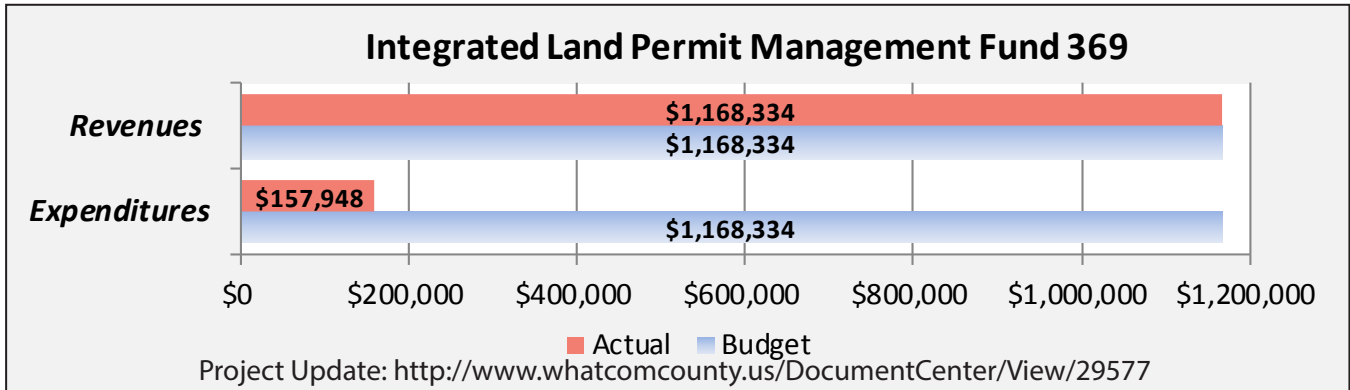


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Project Budget Funds, continued



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For the Quarter Ended June 30, 2017



Project Budget Funds, continued

