



**2018
Second
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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August 2, 2018

Whatcom County Second Quarter 2018 Financial Report

For the Quarter Ended June 30, 2018



Executive Summary

The following information presents Whatcom County's second quarter 2018 financial report. At the end of the second quarter the General Fund collected 50.49% of its budgeted revenues. Whatcom County's General Fund spent 42.72% of its budgeted expenditures. Revenues are in line with prior year experience. The percentage of expenditures is lower than normal because large capital project transfers budgeted in 2018 have not been made.

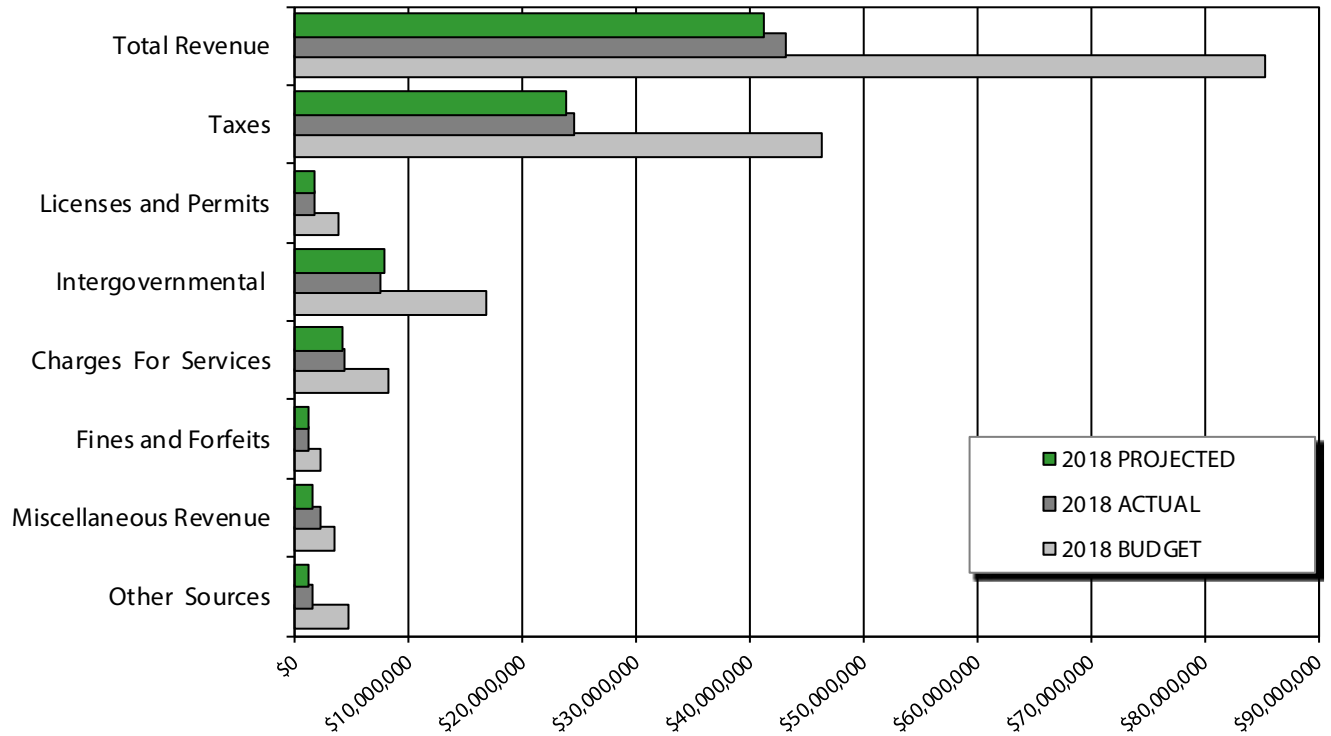
The estimated 2018 General Fund ending fund balance is projected to be approximately \$14.1 million.

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General Fund Revenue - Budget vs. Actual



	2018 Budget Adopted	2018 Budget Supp'ls	2018 Budget Amended	Actual as of 6/30/2018	% Collected To Date	Projected as of 6/30/2018
Taxes	45,244,980	1,030,000	46,274,980	24,506,722	52.96%	23,815,750
Licenses and Permits	3,459,894	252,000	3,711,894	1,631,251	43.95%	1,675,637
Intergovernmental	14,510,133	2,324,969	16,835,102	7,561,519	44.92%	7,778,305
Charges For Services	8,208,045	(78,000)	8,130,045	4,365,248	53.69%	4,079,388
Fines and Forfeits	2,239,750	(25,000)	2,214,750	1,212,264	54.74%	1,218,501
Miscellaneous Revenue	3,466,361	0	3,466,361	2,213,741	63.86%	1,427,979
Other Sources	4,499,213	154,973	4,654,186	1,572,763	33.79%	1,207,365
Total Revenue	81,628,376	3,658,942	85,287,318	43,063,508	50.49%	41,202,925

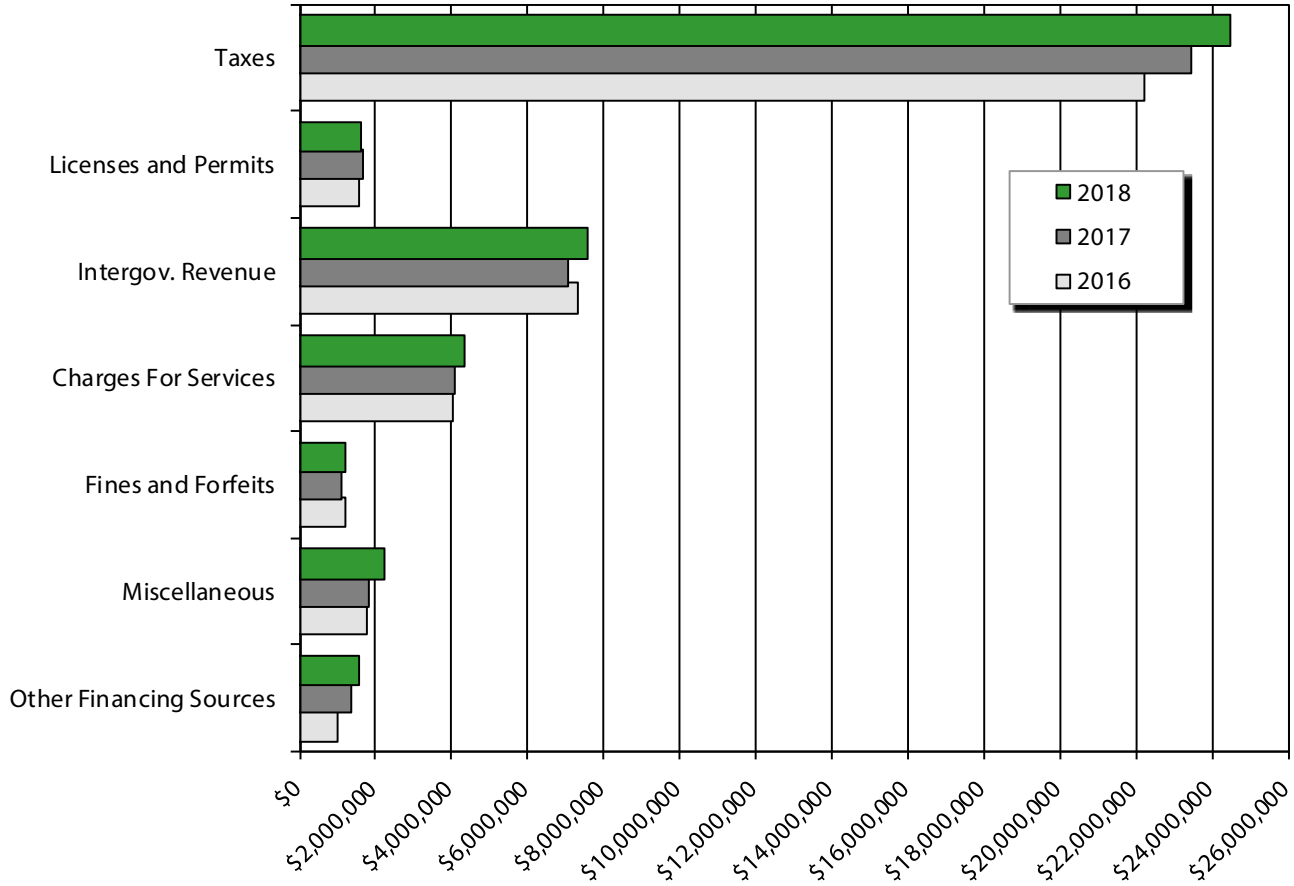
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2016	2017	2018
Taxes	22,231,517	23,452,907	24,506,722
Licenses and Permits	1,588,529	1,670,517	1,631,251
Intergov. Revenue	7,329,980	7,043,566	7,561,519
Charges For Services	4,030,263	4,105,109	4,365,248
Fines and Forfeits	1,223,244	1,099,867	1,212,264
Miscellaneous	1,763,699	1,836,820	2,213,741
Other Financing Sources	983,487	1,357,788	1,572,763
Total Revenue	39,150,719	40,566,574	43,063,508

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 \$1,053,817, or 4.5%, more than first half 2017 amounts. Property taxes have increased \$312,640 due to new construction valuations added to the tax rolls and increased delinquent tax collections. Sales taxes are \$749,204, or 10.4%, higher than first half 2017 collections. Approximately 2% of this sales tax increase is the result of a Department of Revenue audit adjustment. The balance of the increase is the result of a prosperous economy and new remote sellers sales tax provisions.

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 35% of the budget. Cable franchise fee revenues are 22% and marriage licenses, firearms permits and fire control permits account for the remaining 3%.

License and Permit Fees are \$39,266, or 2.35%, less than prior year amounts as a result of building permit revenues decreasing modestly as compared to first half 2017.

Intergovernmental Revenue

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

Revenues collected as of quarter end are \$517,956, or 7.35%, higher than first half 2017. Grant revenues fluctuate based on timing of program billings and additions/deletions of grant programs. This year's annual public defense support distribution of \$194,550 from the State of Washington was received in January rather than at the end of 2017. The County also received a retroactive payment in support of marijuana enforcement activities and an increased second quarter payment which are already \$112,000 greater than the annual amount previously expected (in accordance with ESSB 6032, section 901). In addition, the annual payment in lieu of taxes (PILT) payment from the federal government is \$362,000 more than budget. On the other hand, some quarterly billings to the state for various health and criminal justice programs have been administratively delayed until the third quarter (Medicaid Match, Child Support Enforcement) and a federal justice grant has been held up at the state level due to immigration challenges.

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 \$260,135, or 6.3%, over first half 2017. The various groupings in this revenue category have shown fluctuations. General government type fees increased \$75,000; primarily the result of increased vehicle registrations, a new technology fee in Planning & Development to help defray costs of the

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General Fund Revenue Notes, continued

new permit system, and increased real estate transaction processing fees. In the Security – Persons & Property grouping, reimbursable sheriff deputy overtime charges are down \$24,000 but adult probation fee collections are up \$55,000. Health related revenues are up \$97,000 due to a change to monthly Medicaid administration billings, instead of quarterly. In addition, Parks rifle range fees are up \$60,000 due to first half collection of annual contract revenues.

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 \$112,598, or 10.2%, above first half 2017 amounts. District Court traffic infraction collections have increased by \$58,000 and property tax penalty collections have increased by \$57,000.

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 \$376,920, or 20.5%, above first half 2017. Increases are principally due to improving interest rates on investment income and interest from delinquent tax collections.

Other Financing Sources

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

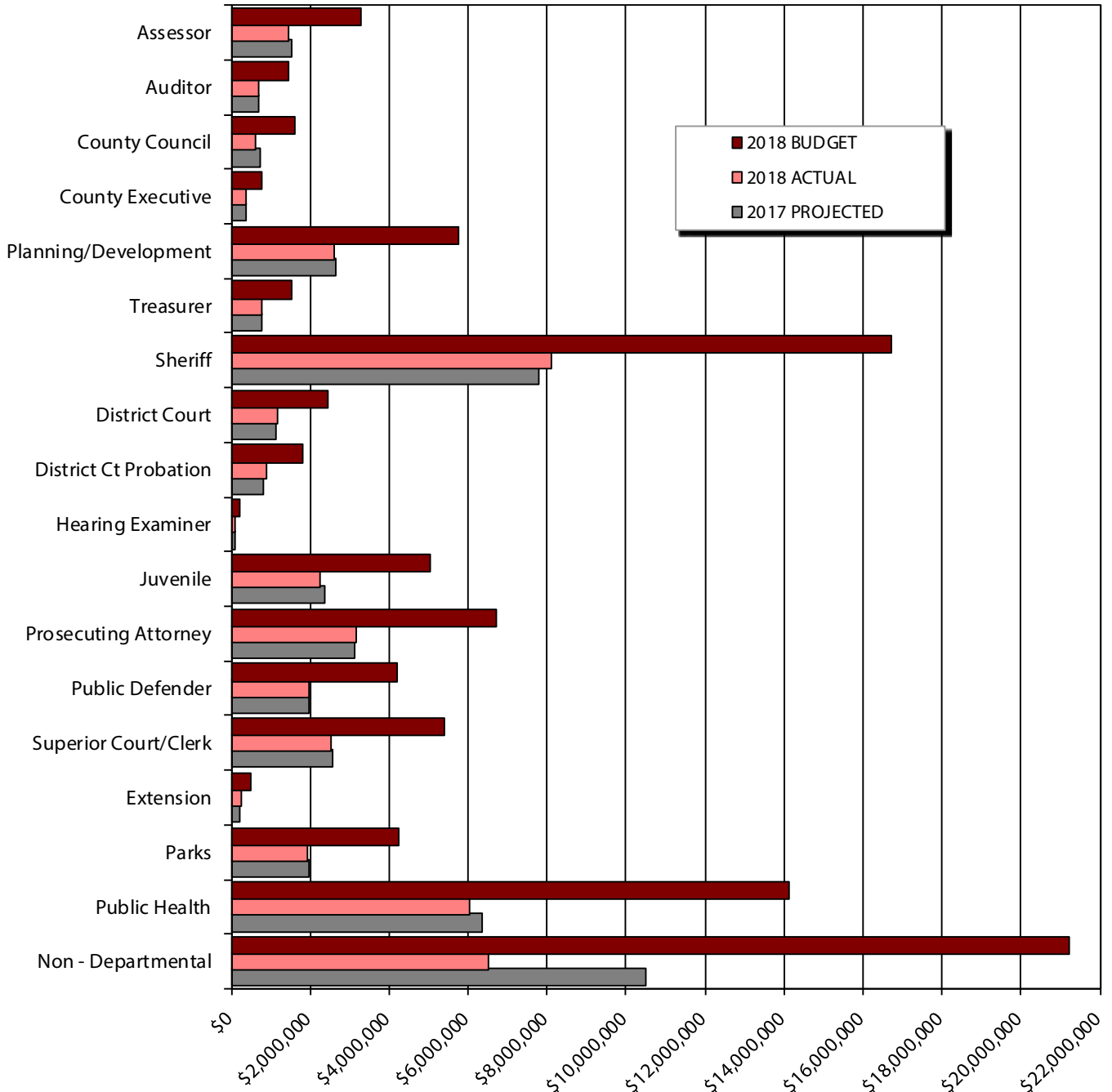
The Other Financing Sources category is \$214,974, or 15.8%, more than first half 2017 amounts. Timber sales revenue increased \$185,000 and operating transfers increased \$30,000. Timber sales fluctuate based on harvest plans and market conditions.

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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 2018 Budget	Budget Supp'ls	Amended Budget	Actual as of 6/30/18	% Expended To Date	Projected as of 6/30/18
Assessor	3,096,851	198,688	3,295,539	1,464,581	44.44%	1,538,251
Auditor	1,367,654	84,251	1,451,905	709,024	48.83%	680,915
County Council	1,288,444	312,369	1,600,813	624,928	39.04%	734,413
County Executive	732,667	44,997	777,664	370,035	47.58%	363,268
Planning & Development	5,470,416	296,038	5,766,454	2,629,453	45.60%	2,645,310
Treasurer	1,500,968	38,234	1,539,202	773,297	50.24%	760,063
Sheriff	14,967,526	1,745,332	16,712,858	8,109,098	48.52%	7,774,714
District Court	2,394,946	66,968	2,461,914	1,177,639	47.83%	1,141,271
District Court Probation	1,709,449	94,486	1,803,935	878,442	48.70%	835,819
Hearing Examiner	196,593	4,554	201,147	100,441	49.93%	96,858
Juvenile	4,902,110	152,260	5,054,370	2,254,079	44.60%	2,359,458
Prosecuting Attorney	6,585,840	135,488	6,721,328	3,149,068	46.85%	3,121,978
Public Defender	4,091,868	131,664	4,223,532	1,975,005	46.76%	1,964,897
Superior Court/Clerk	5,144,798	264,514	5,409,312	2,542,689	47.01%	2,554,018
Extension	486,554	28,675	515,229	239,917	46.57%	210,053
Park	4,089,396	166,432	4,255,828	1,943,728	45.67%	1,978,051
Public Health	12,648,363	1,476,850	14,125,213	6,019,456	42.61%	6,351,489
Non - Departmental	15,975,542	5,228,139	21,203,681	6,529,657	30.79%	10,484,304
Total General Fund Exp	86,649,985	10,469,939	97,119,924	41,490,537	42.72%	45,595,130

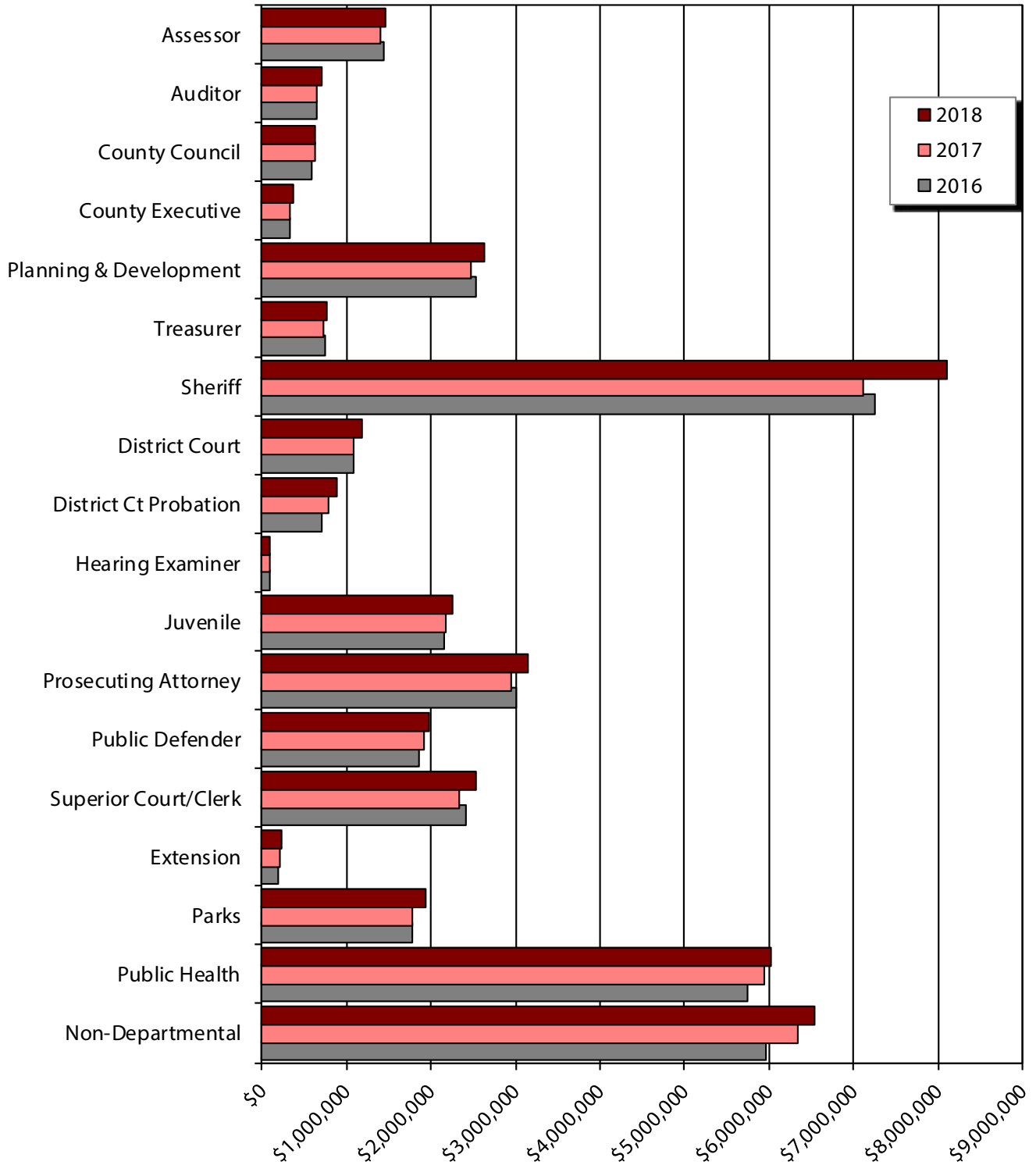
See page 9 for General Fund Expenditure Notes.

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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

	2016	2017	2018
Assessor	1,450,030	1,406,649	1,464,581
Auditor	641,517	653,625	709,024
County Council	591,458	636,415	624,928
County Executive	332,629	327,570	370,035
Planning & Development	2,540,150	2,478,557	2,629,453
Treasurer	751,627	735,445	773,297
Sheriff	7,257,395	7,121,394	8,109,098
District Court	1,093,948	1,093,715	1,177,639
District Ct Probation	719,003	786,815	878,442
Hearing Examiner	95,610	94,667	100,441
Juvenile	2,159,970	2,171,497	2,254,079
Prosecuting Attorney	3,012,506	2,947,875	3,149,068
Public Defender	1,857,177	1,921,449	1,975,005
Superior Court /Clerk	2,421,419	2,341,541	2,542,689
Extension	199,392	214,587	239,917
Parks	1,774,138	1,777,507	1,943,728
Public Health	5,751,256	5,937,806	6,019,456
Non-Departmental	5,969,003	6,347,811	6,529,657
TOTAL	38,618,228	38,994,925	41,490,537

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the first half were 42.72% of the approved budget. Generally, the General Fund expends approximately 46% of its budget in the first half. The lower percentage is due to large transfers, budgeted in Non-Departmental for capital projects, were not made in the first half.

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General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/18	<u>18,039,161</u>
Revenues	
Budgeted Revenues 2018	81,628,376
Continuing Appropriations from 2017	254,183
Supplemental Budgets 2018	<u>3,404,759</u>
Total Revenue	<u>85,287,318</u>
Expenditures	
Budgeted Expenditures 2018	86,649,985
Continuing Appropriations from 2017	435,867
Supplemental Budgets 2018	<u>10,034,072</u>
Total Expenditures	<u>97,119,924</u>
Adjusted Surplus (Deficit)	(11,832,606)
Other Considerations	
Estimated Budget Lapse ¹	<u>6,798,395</u>
Projected Ending Fund Balance 12/31/18	<u>13,004,950</u>
Interfund Loan Adjustment²	<u>1,114,931</u>
Adjusted Fund Balance 12/31/18	<u><u>14,119,881</u></u>

Notes:

¹ The estimated budget lapse is 7%.

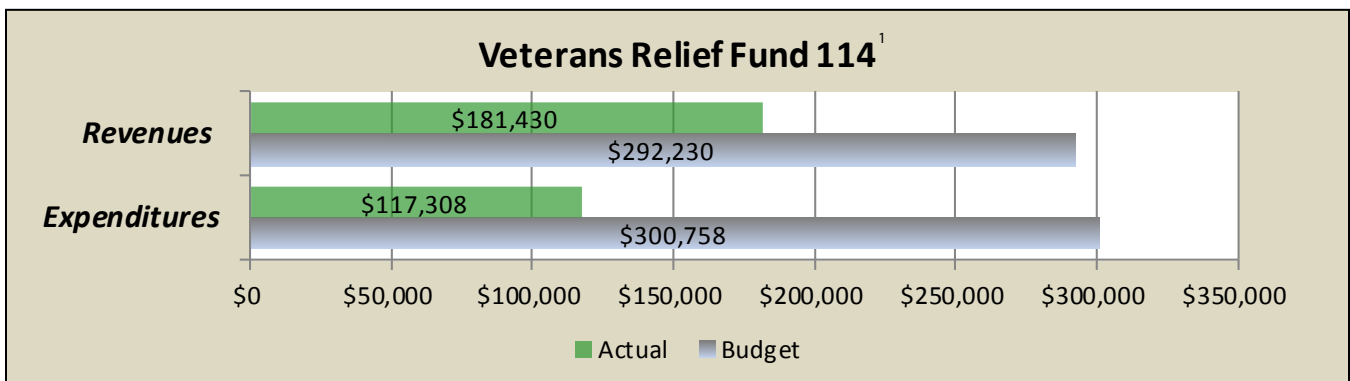
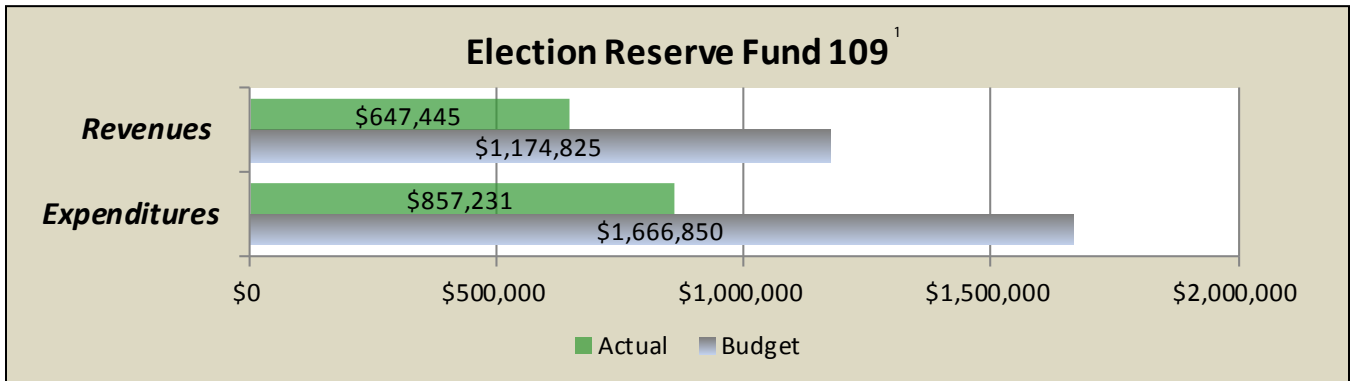
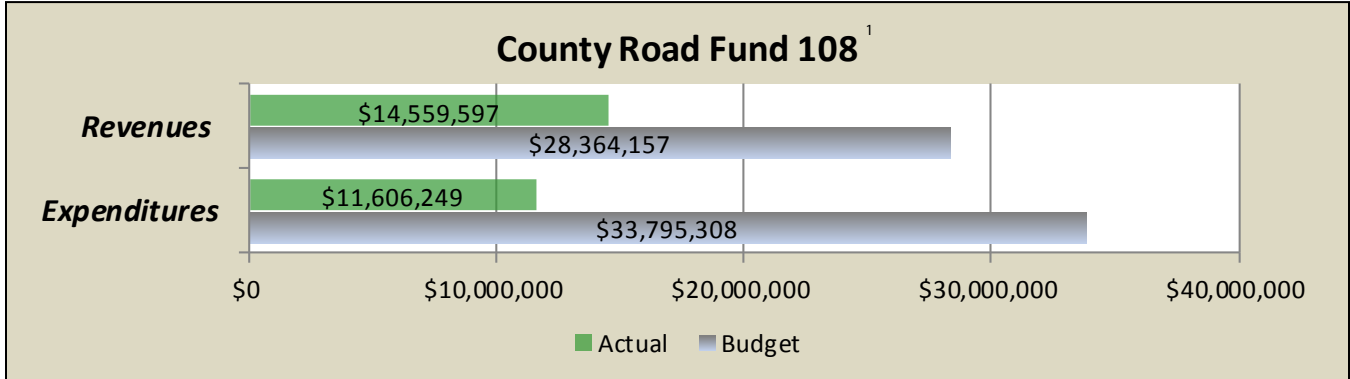
² Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the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

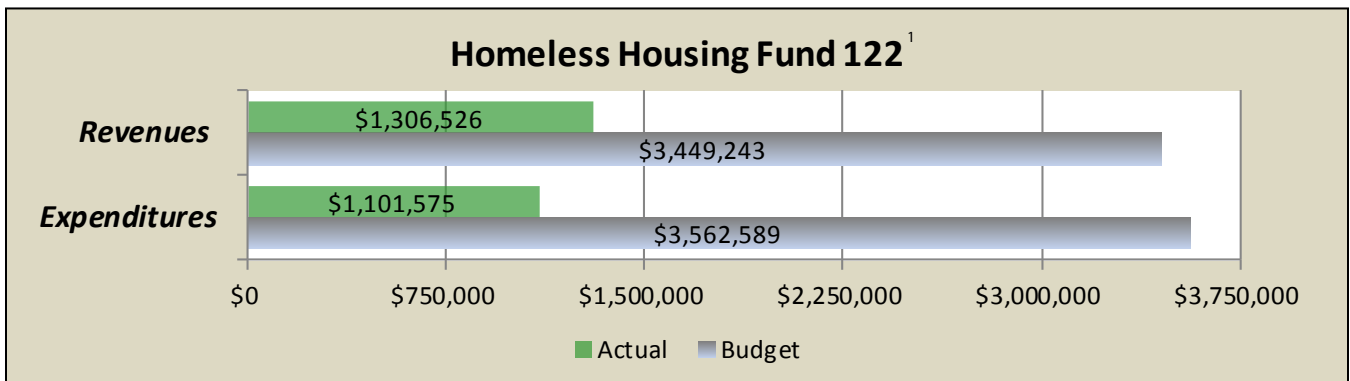
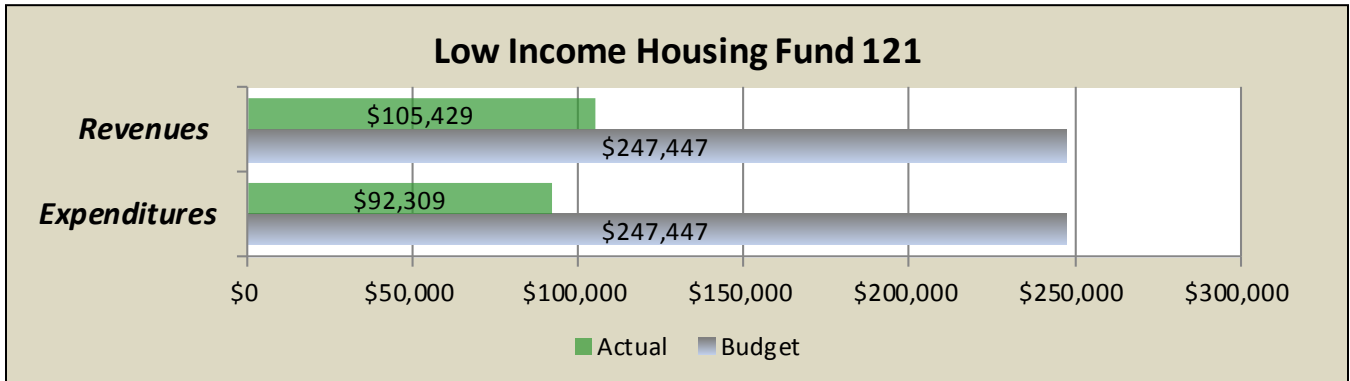
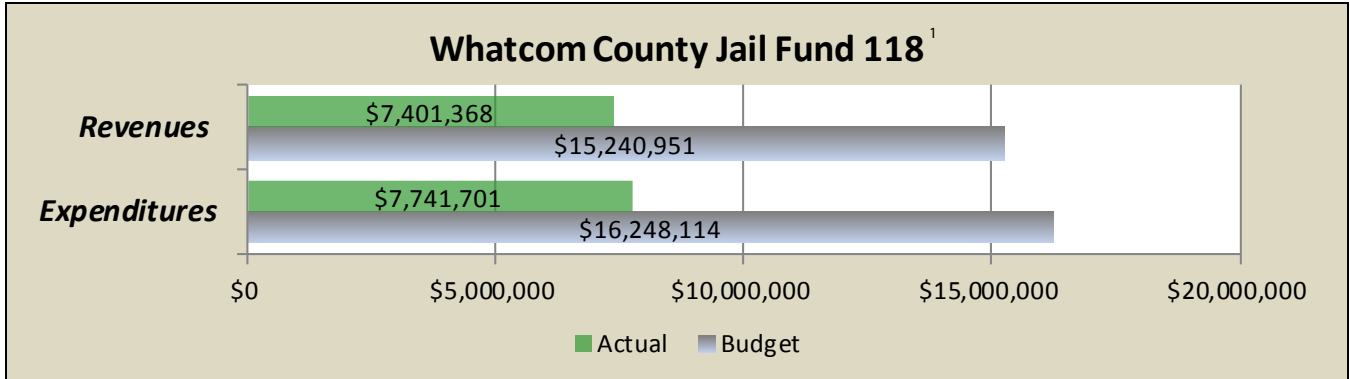
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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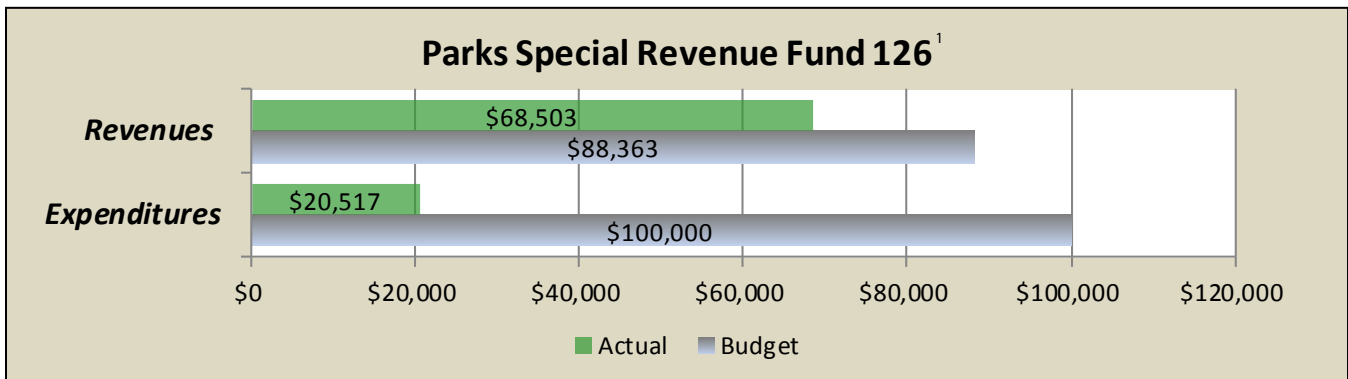
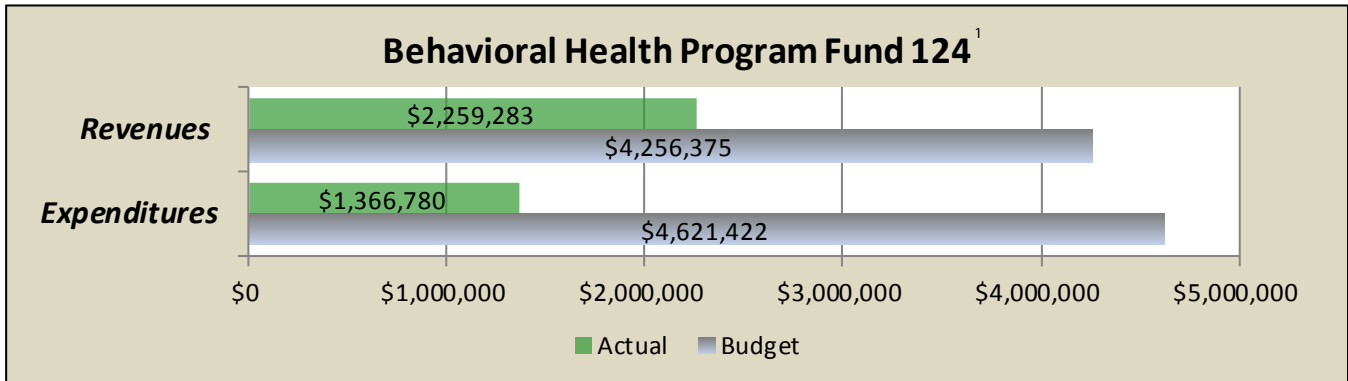
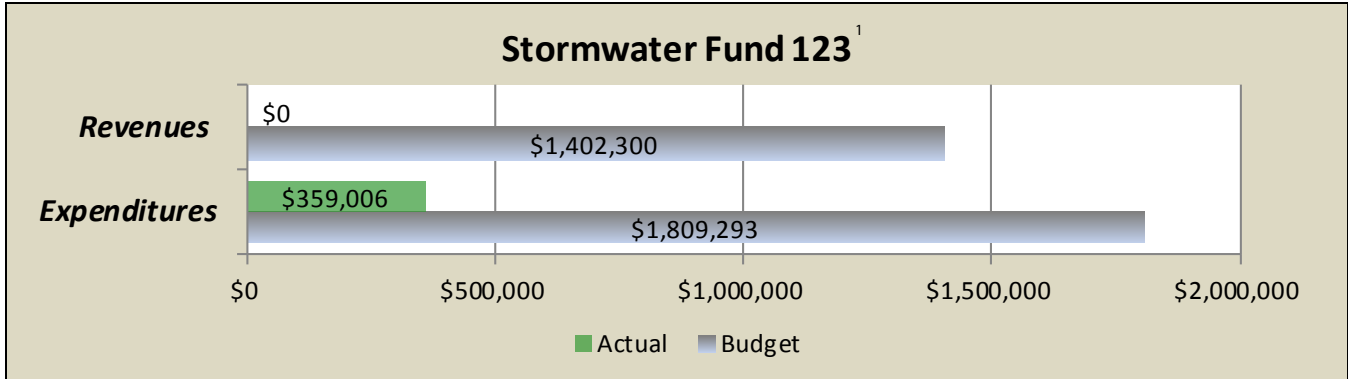
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Special Revenue Funds and Other Funds, continued



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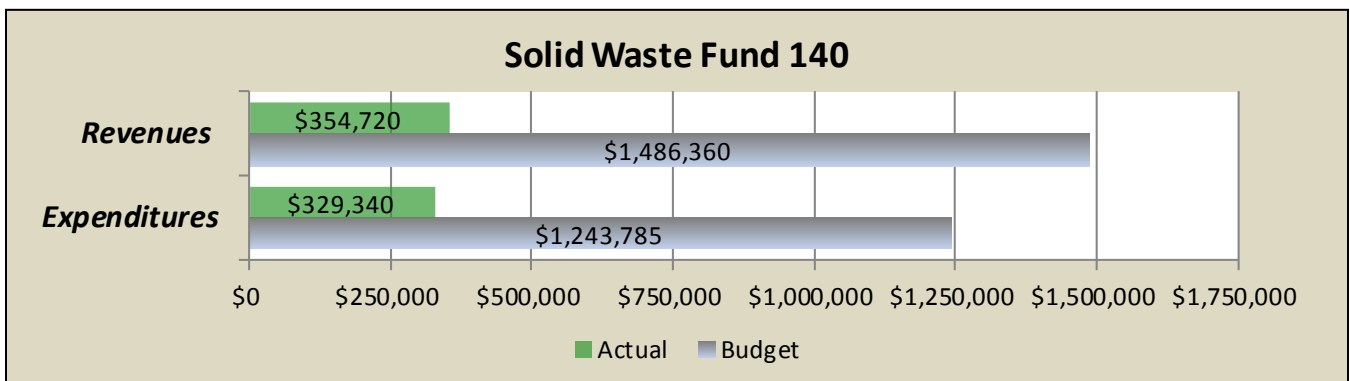
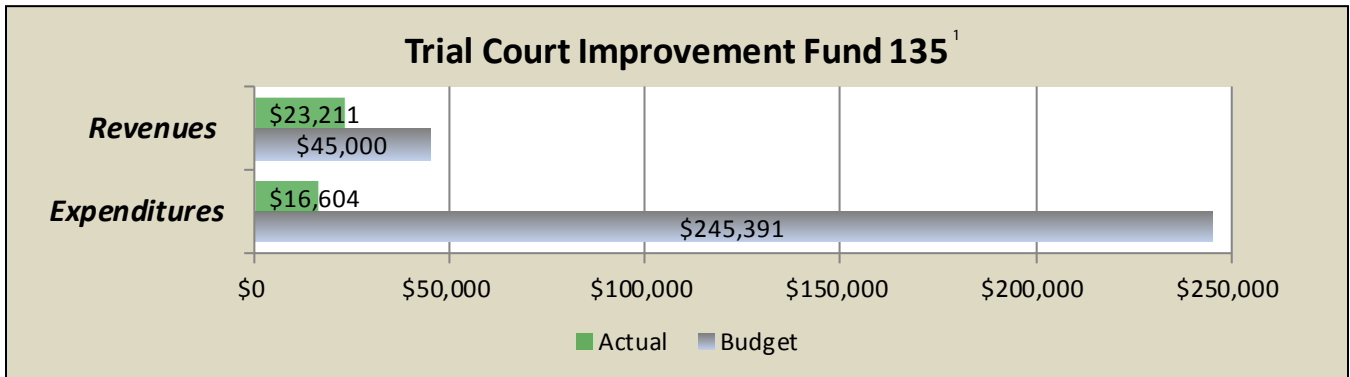
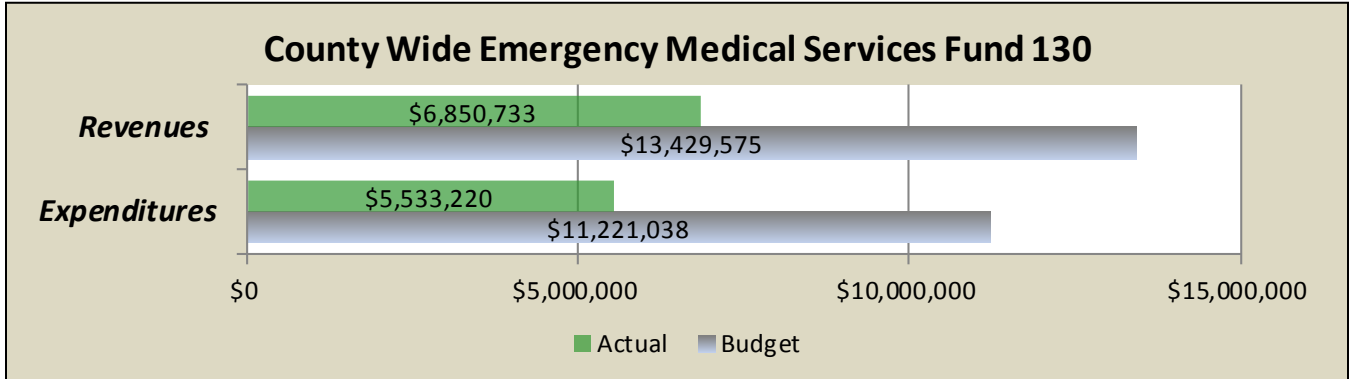
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Special Revenue Funds and Other Funds, continued



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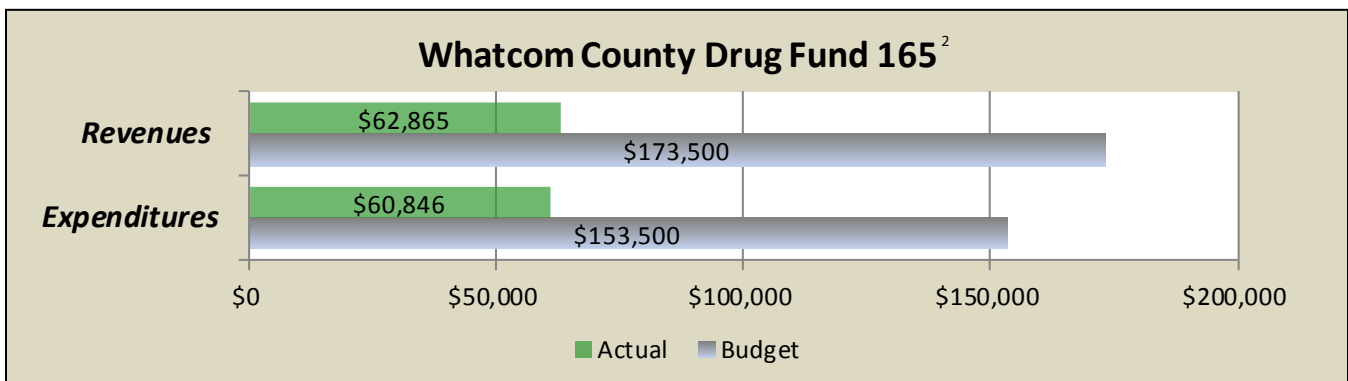
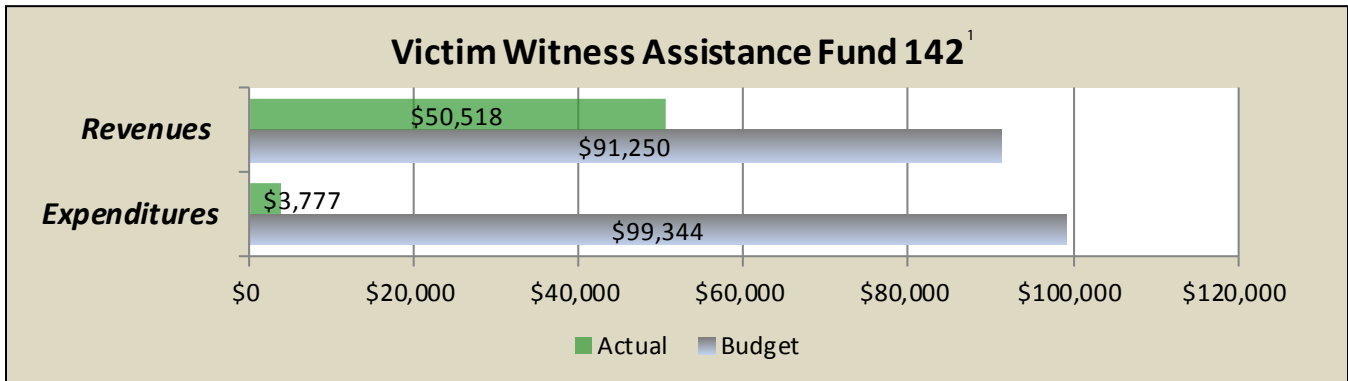
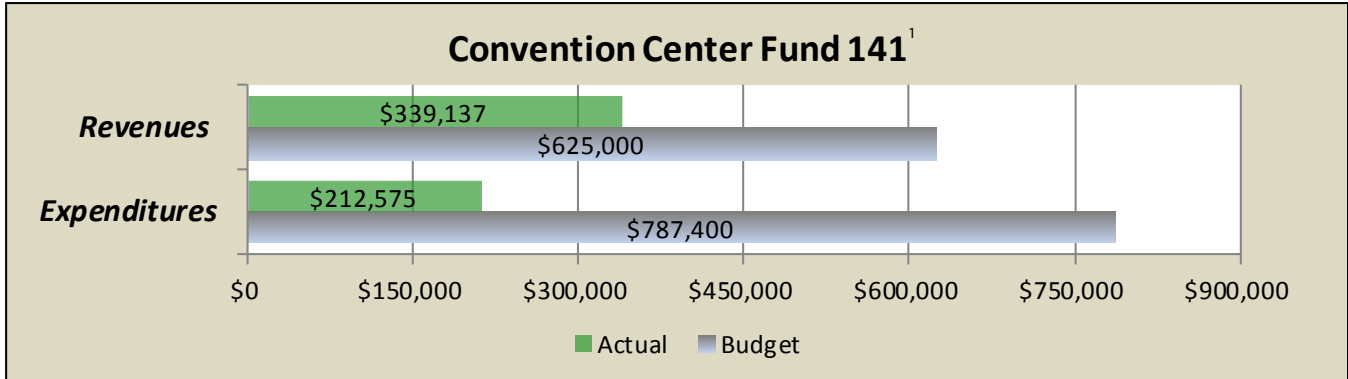
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Special Revenue Funds and Other Funds, continued



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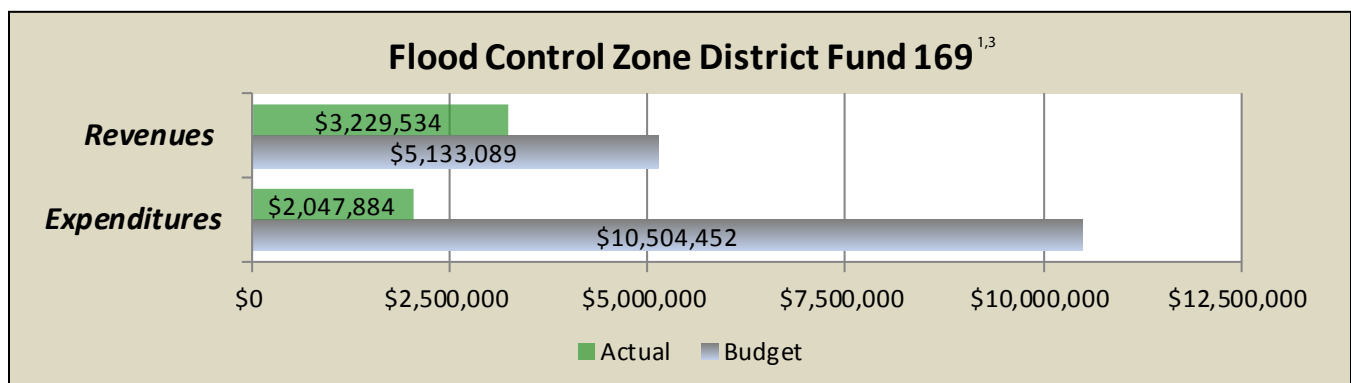
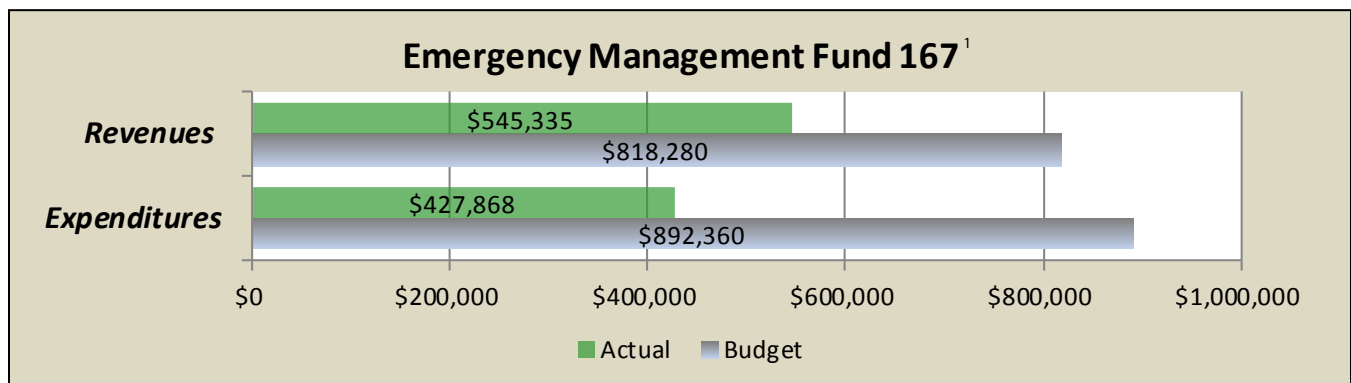
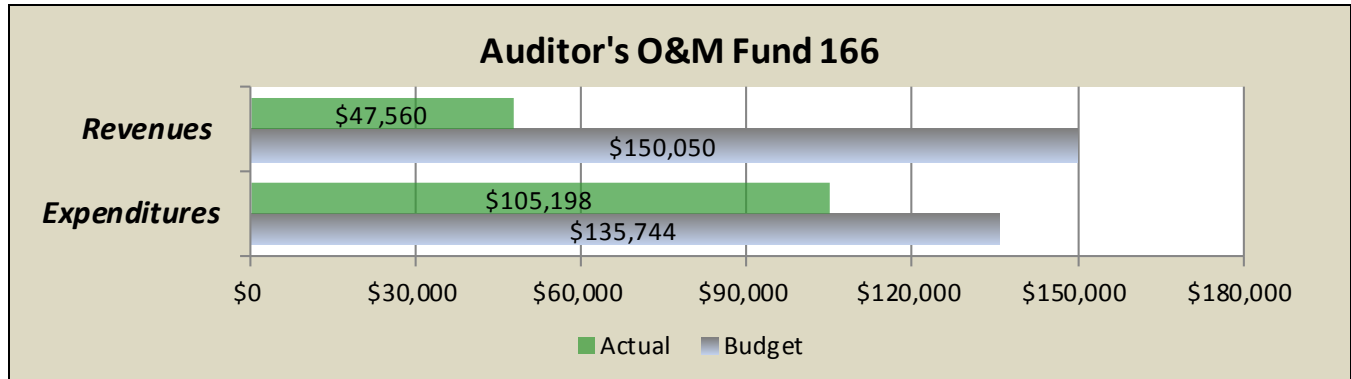
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

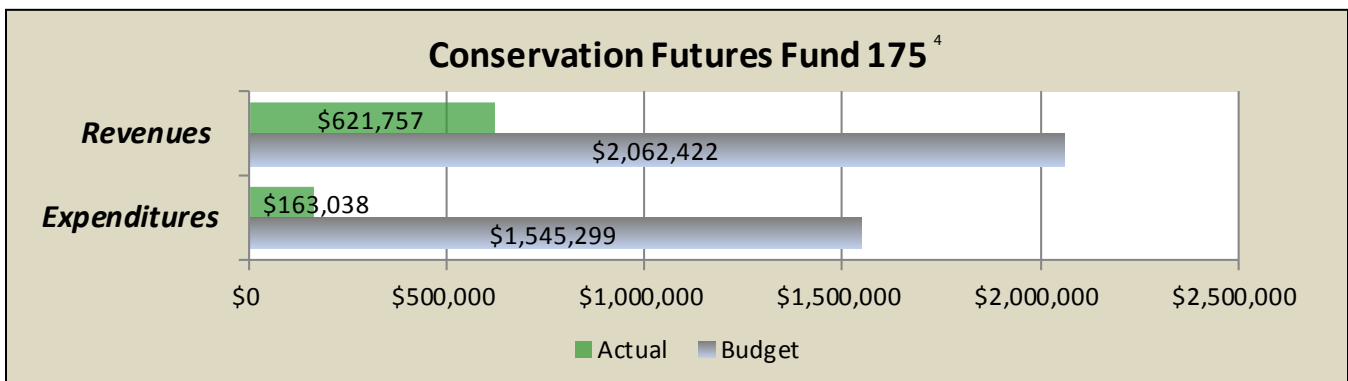
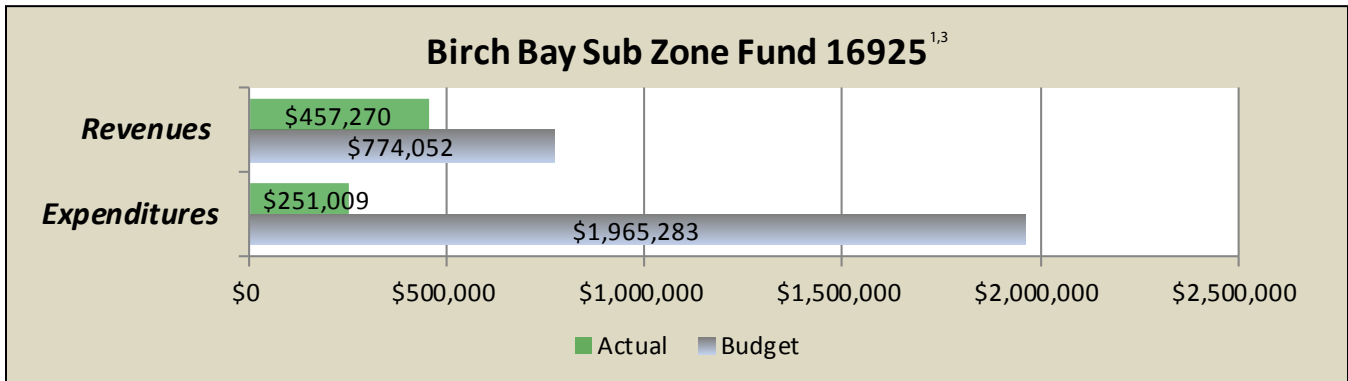
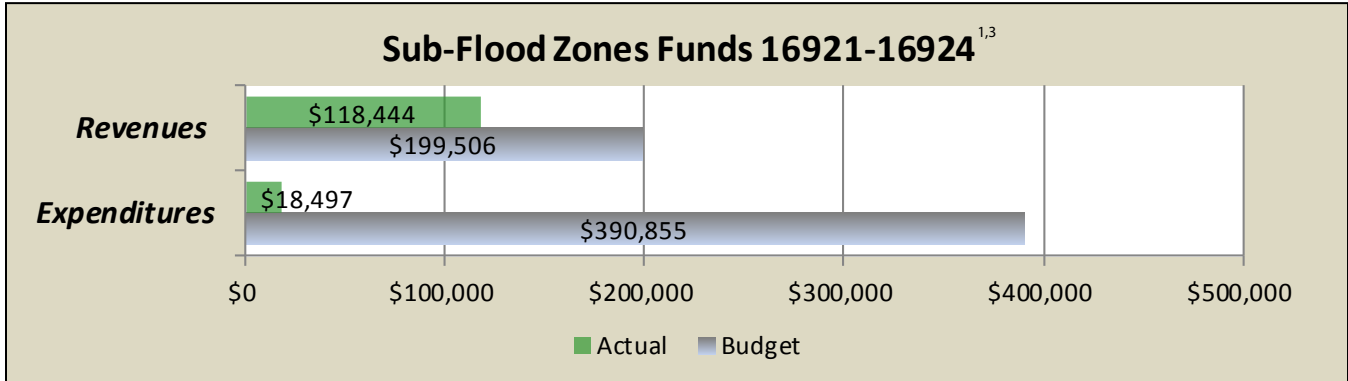
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



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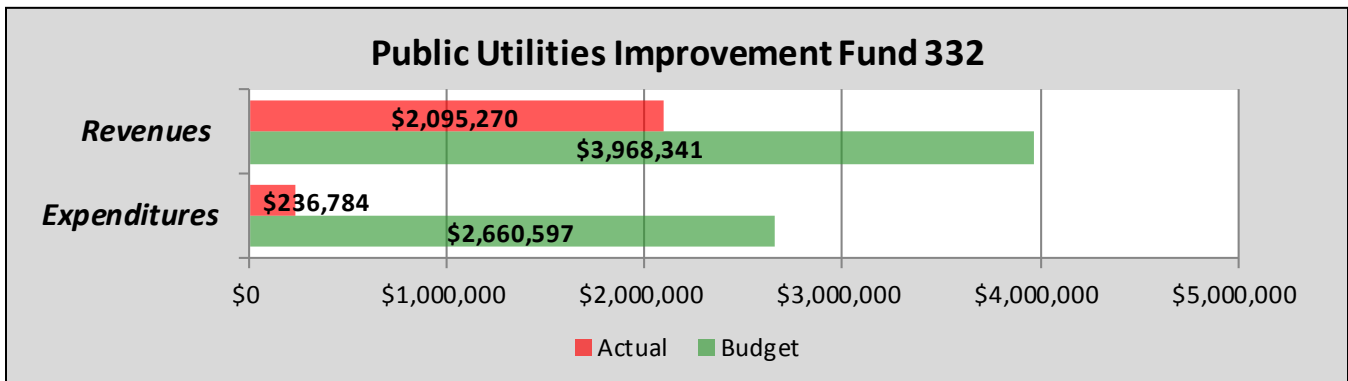
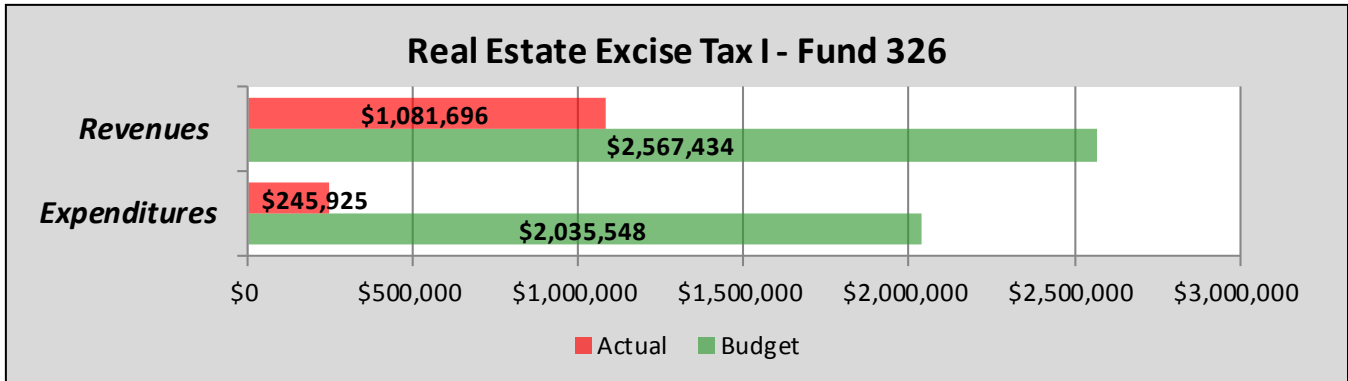
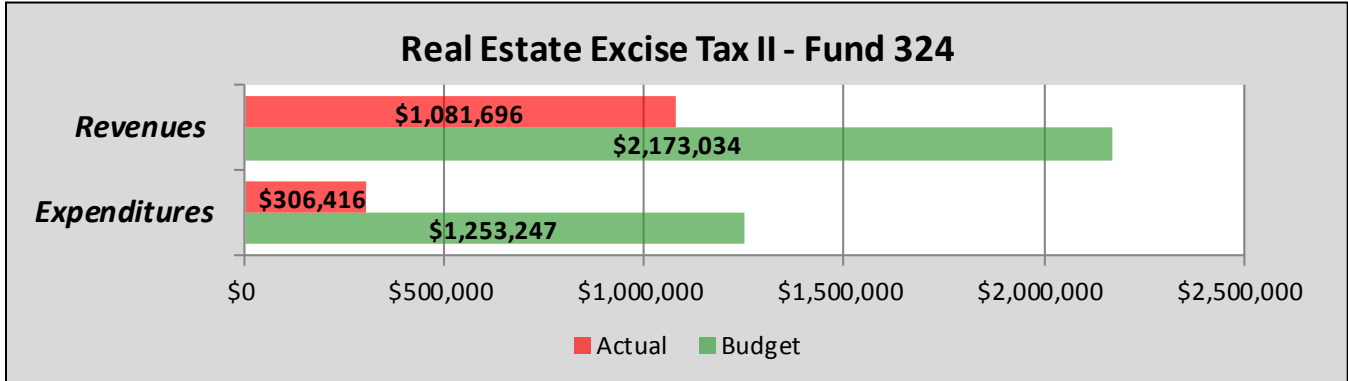
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ⁴ Most Conservations Futures funding 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

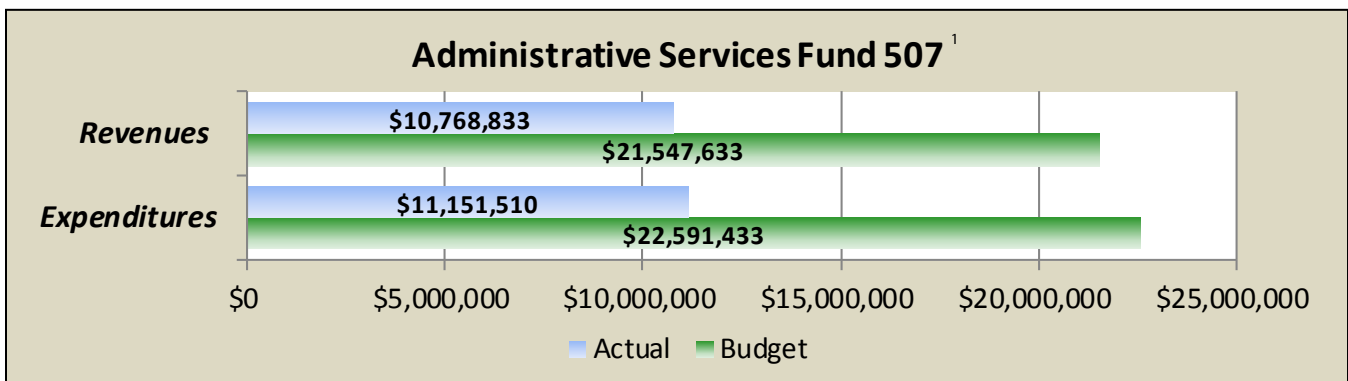
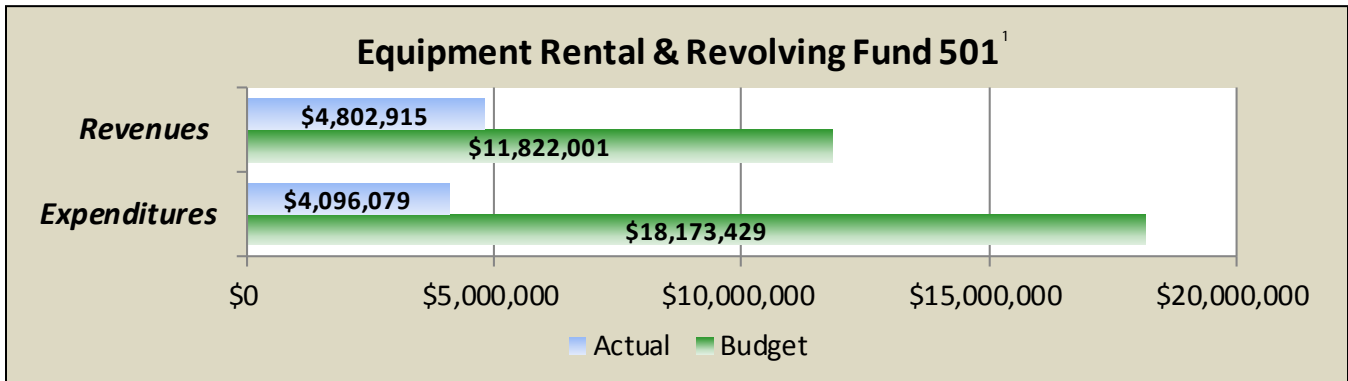
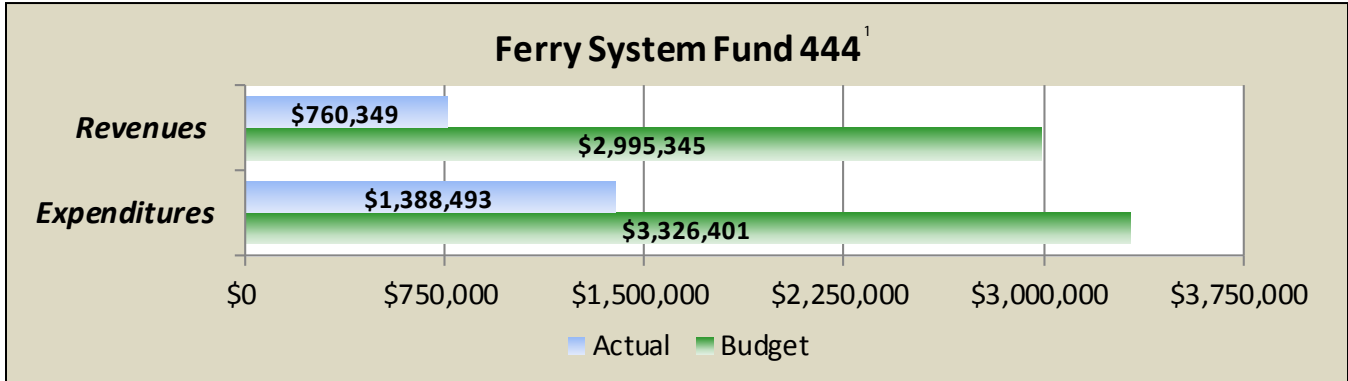


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Enterprise and Internal Service Funds



Note:

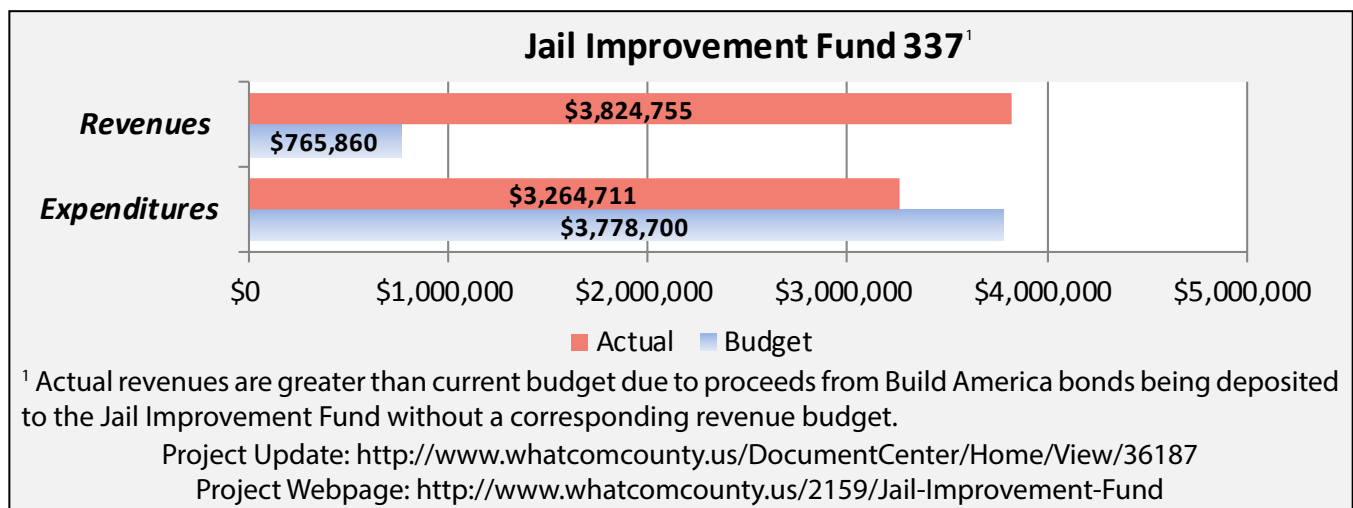
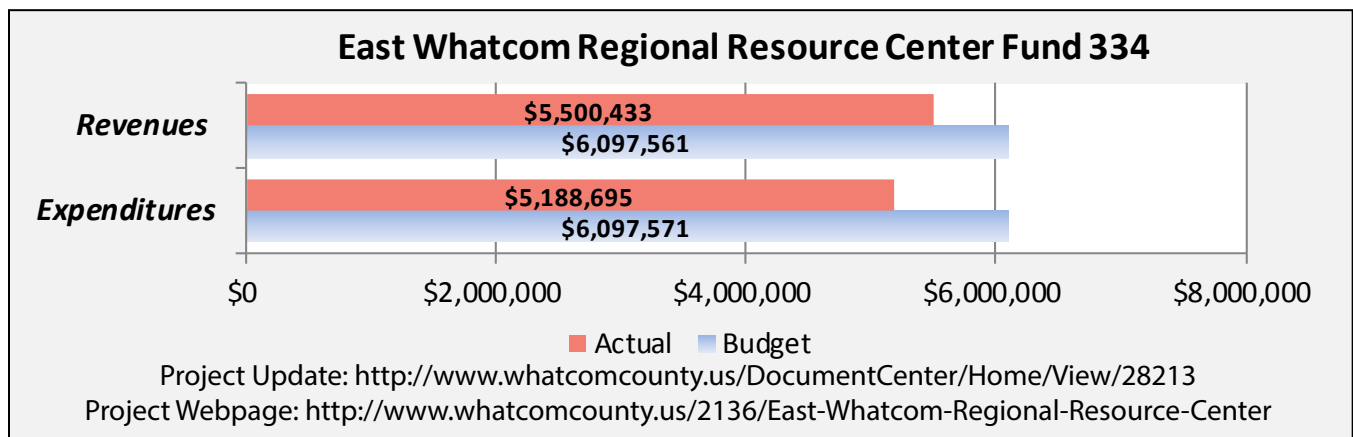
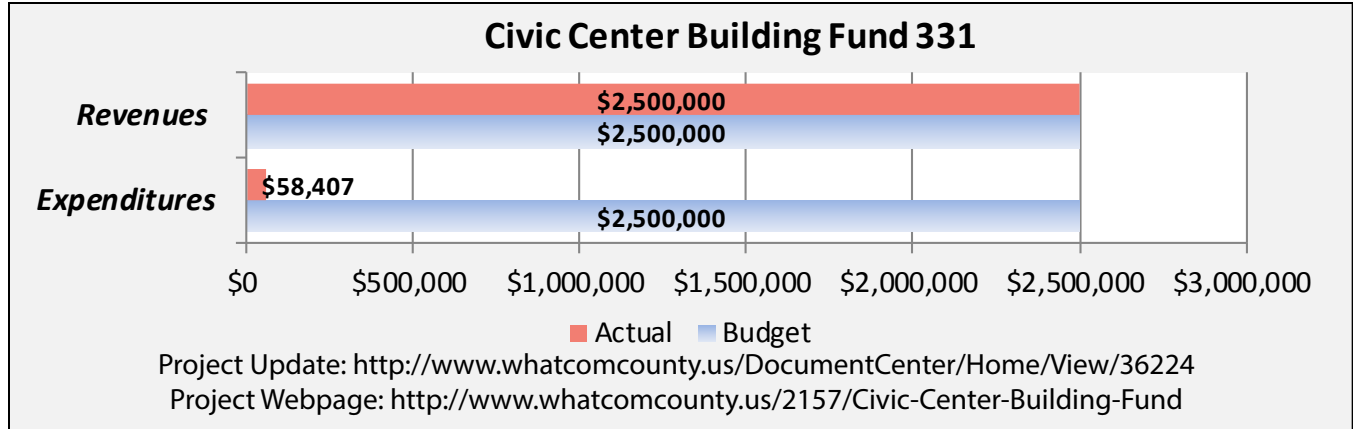
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Project Budget Funds

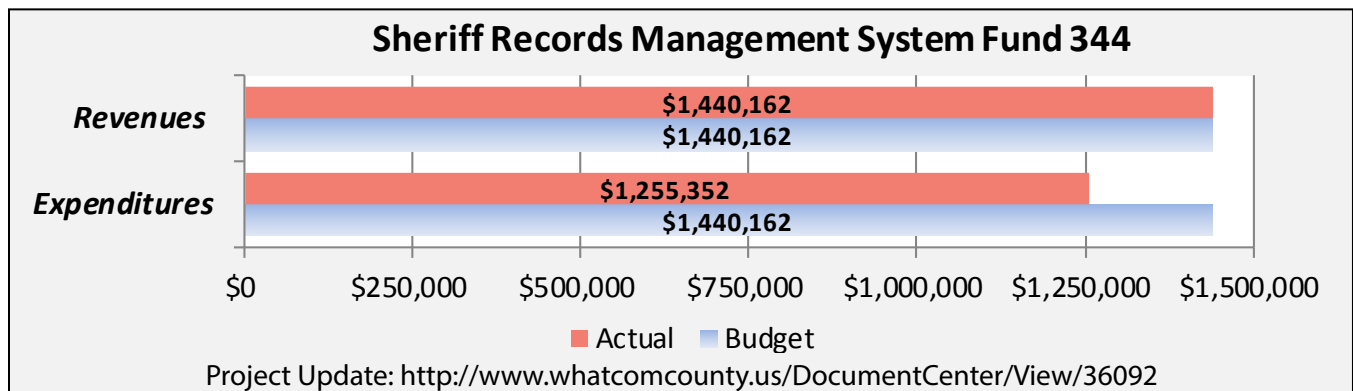
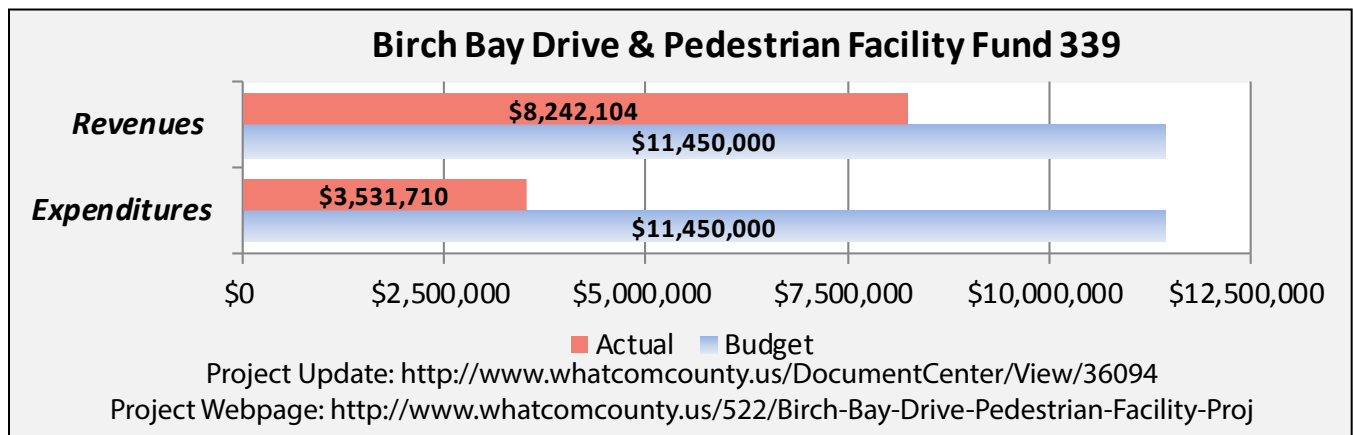
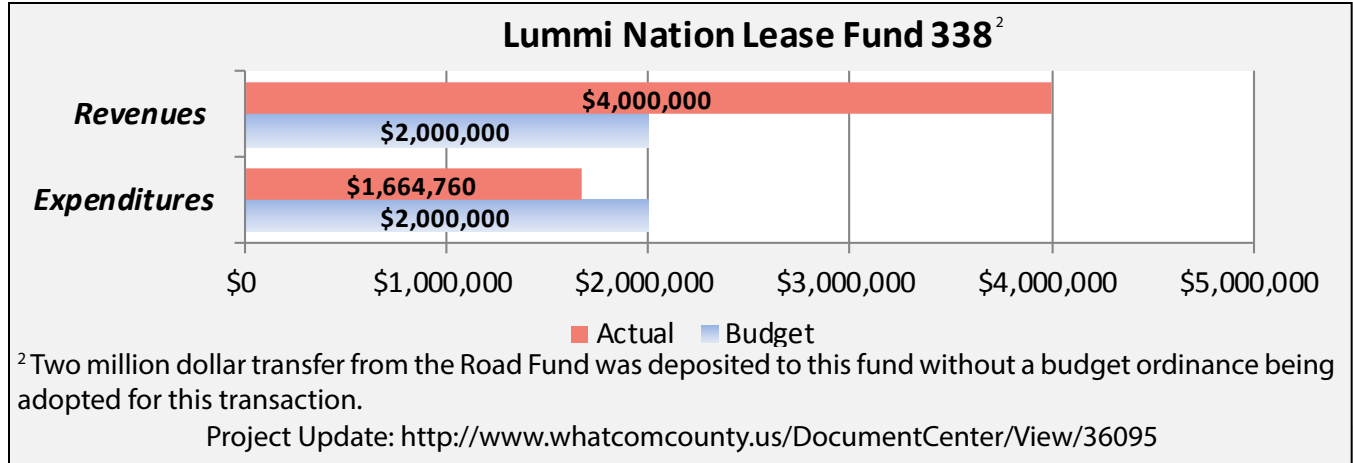


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Project Budget Funds, continued

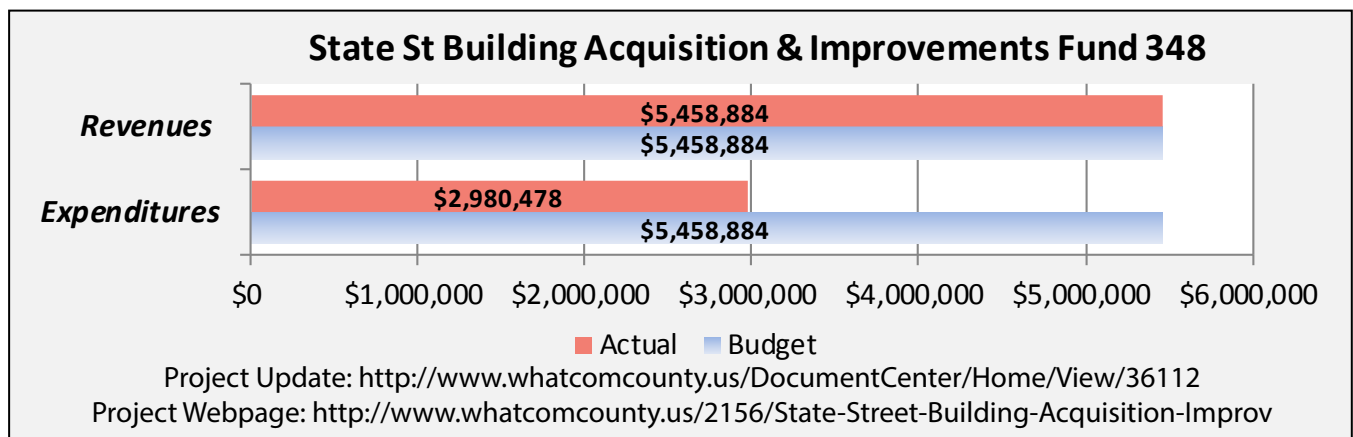
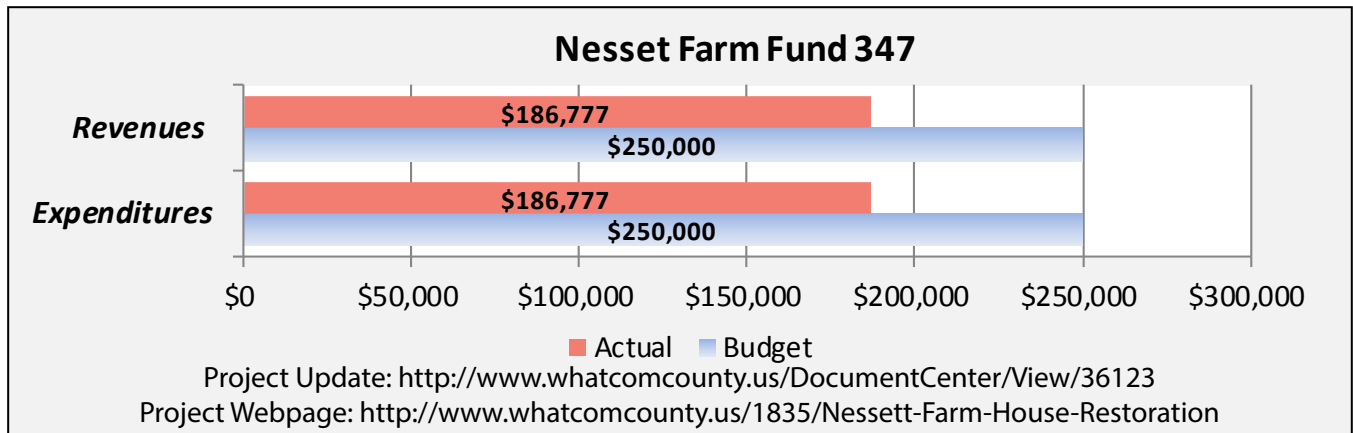
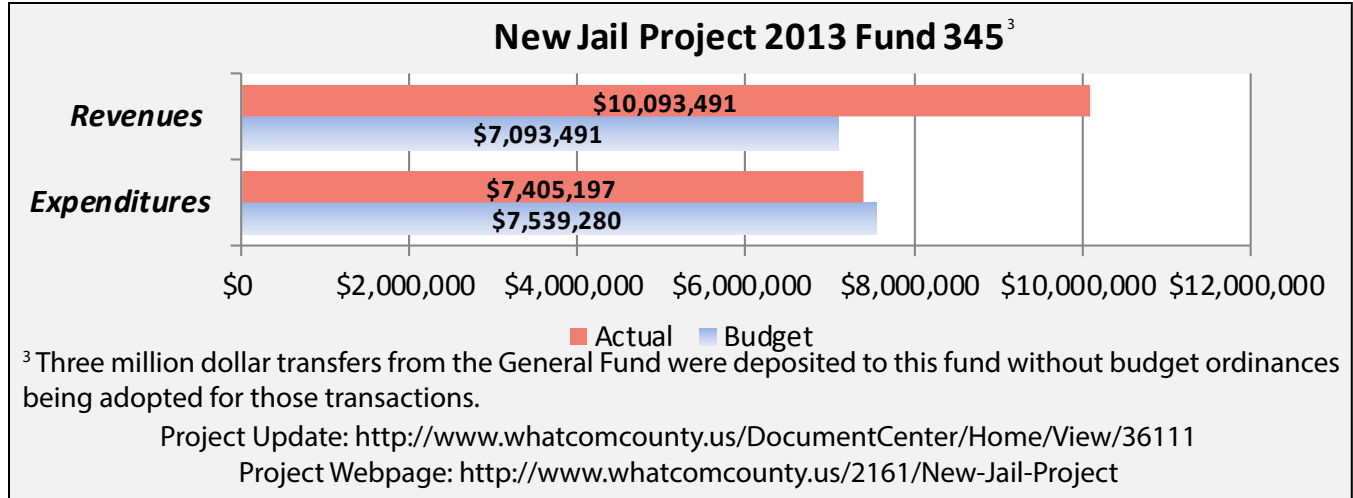


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Project Budget Funds, continued

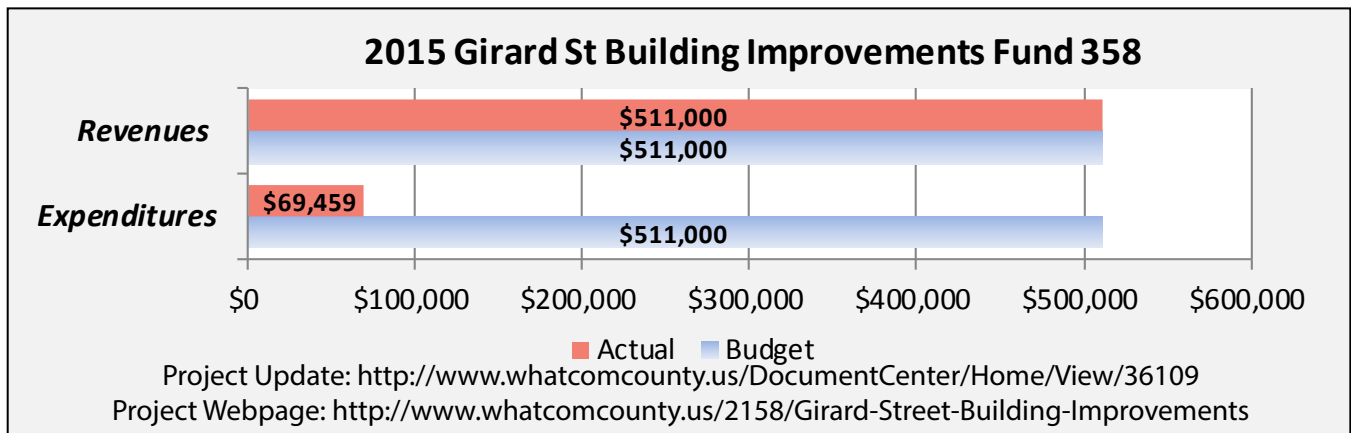
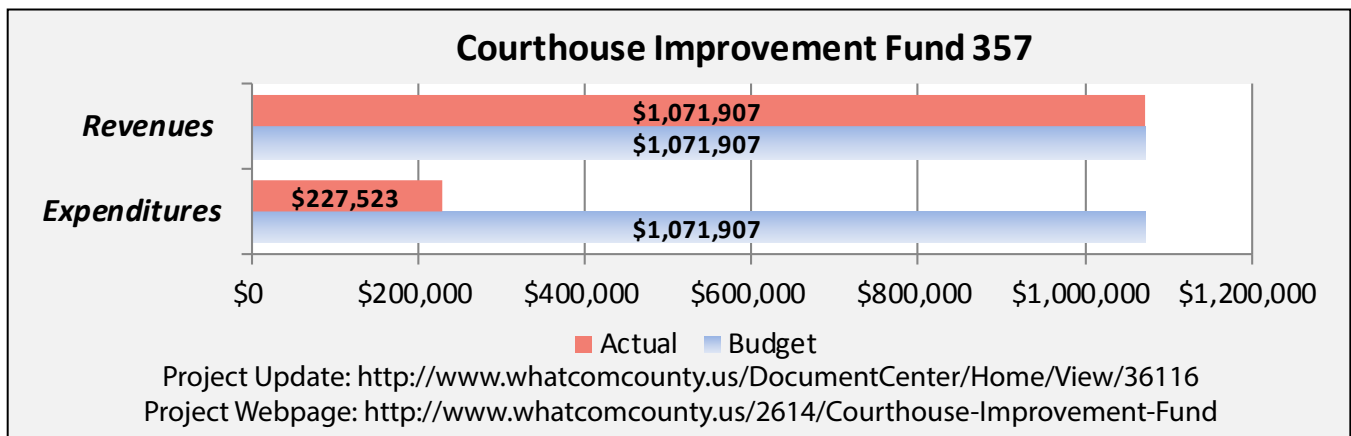
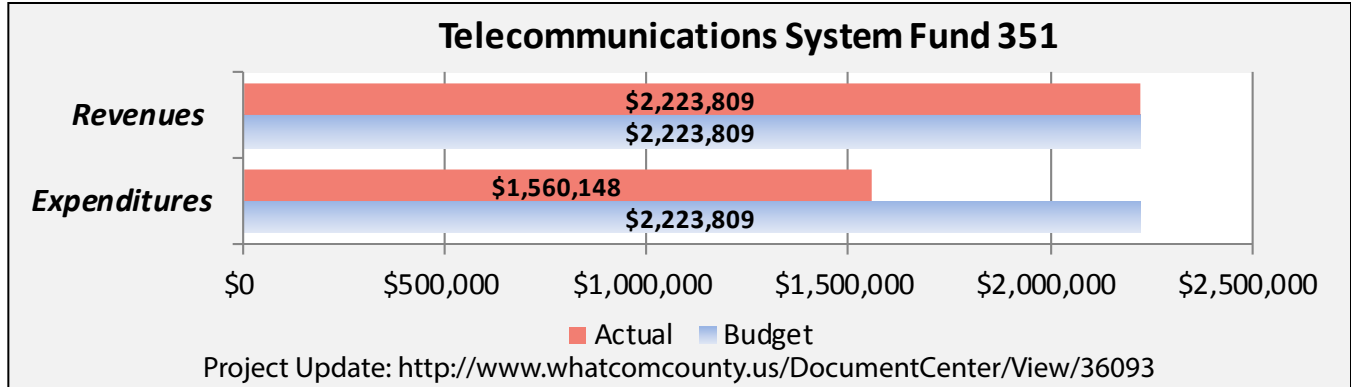


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For the Quarter Ended June 30, 2018



Project Budget Funds, continued

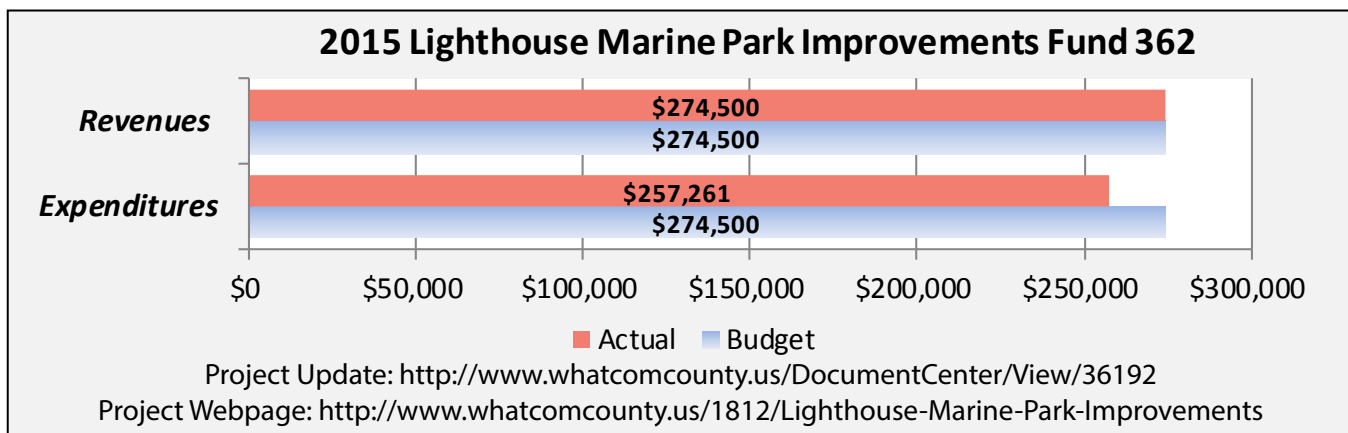
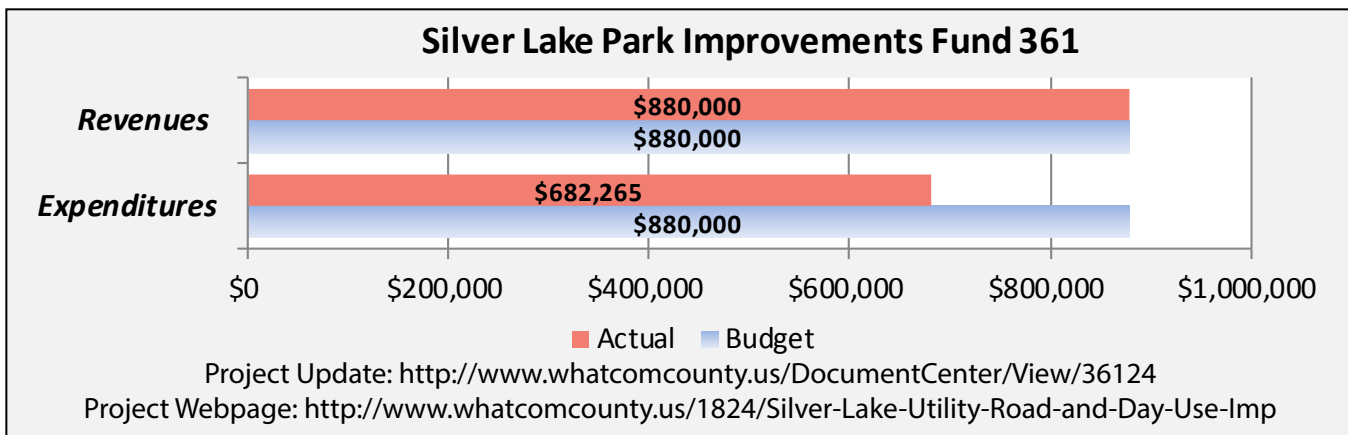
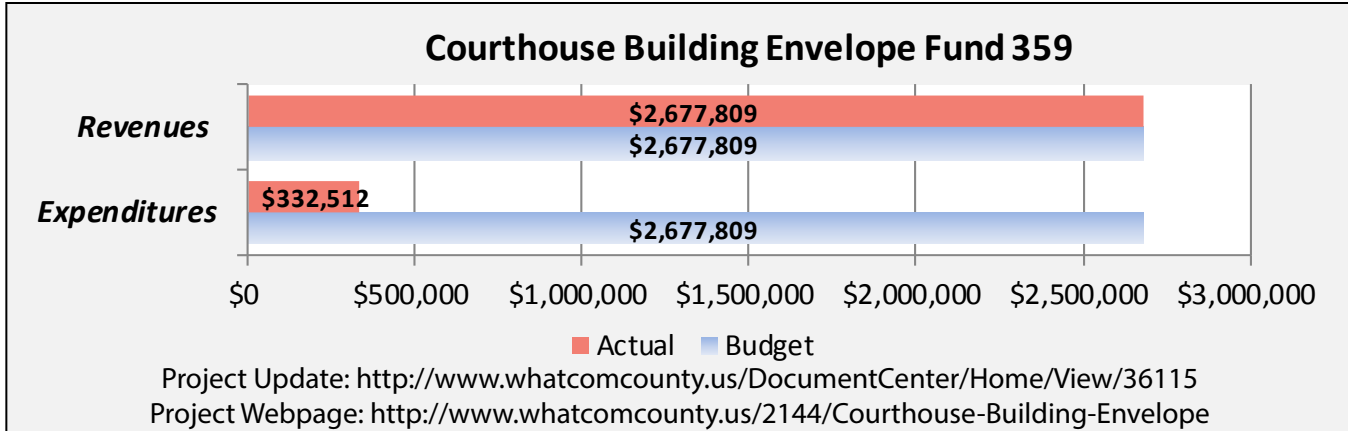


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For the Quarter Ended June 30, 2018



Project Budget Funds, continued

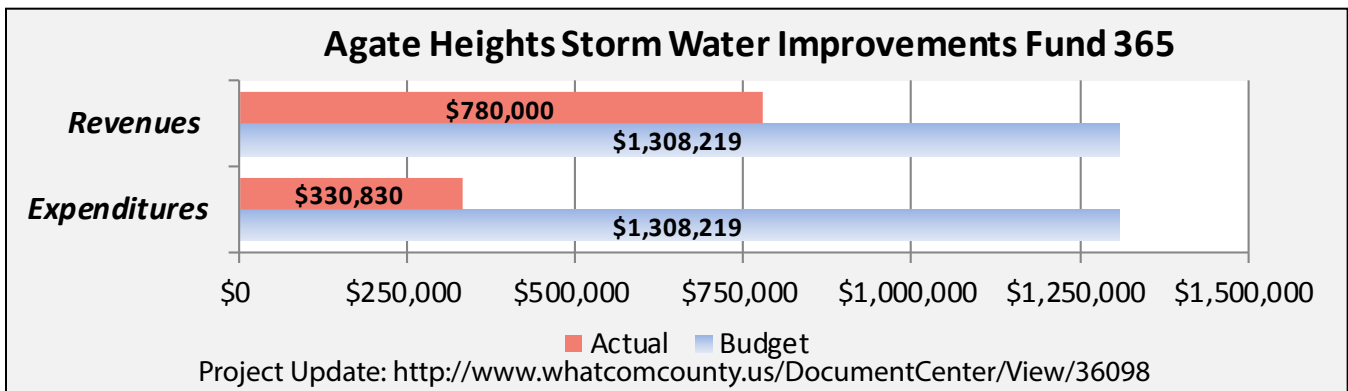
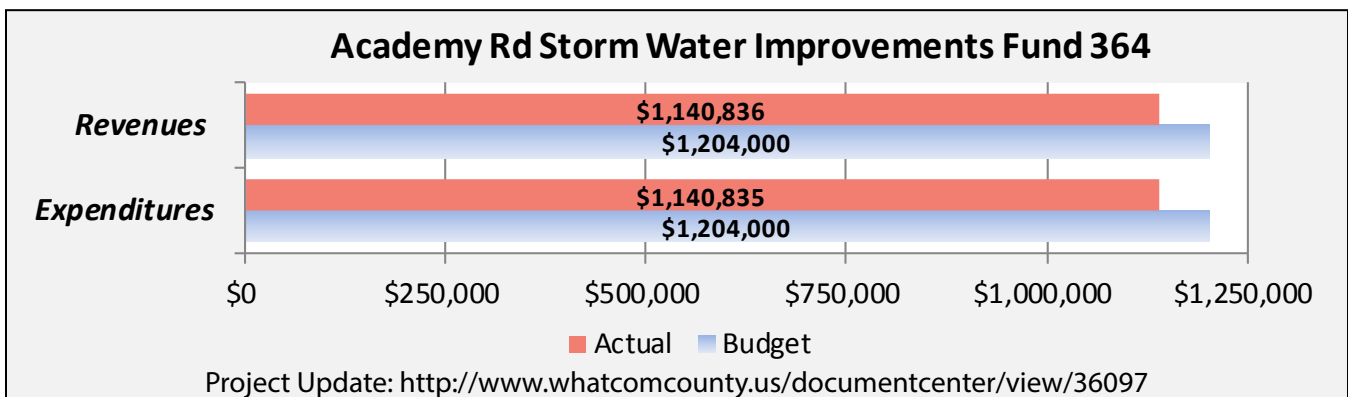
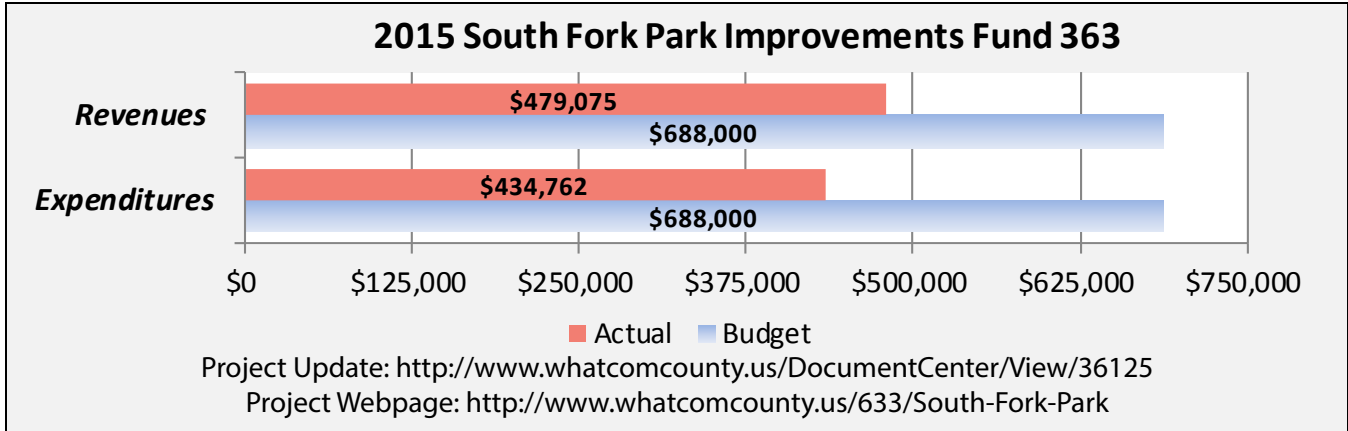


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For the Quarter Ended June 30, 2018



Project Budget Funds, continued

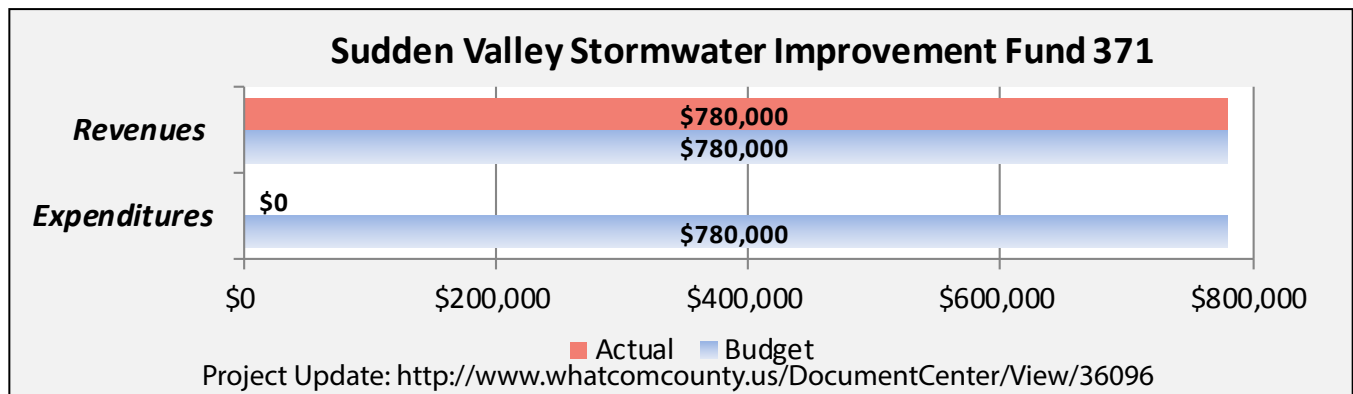
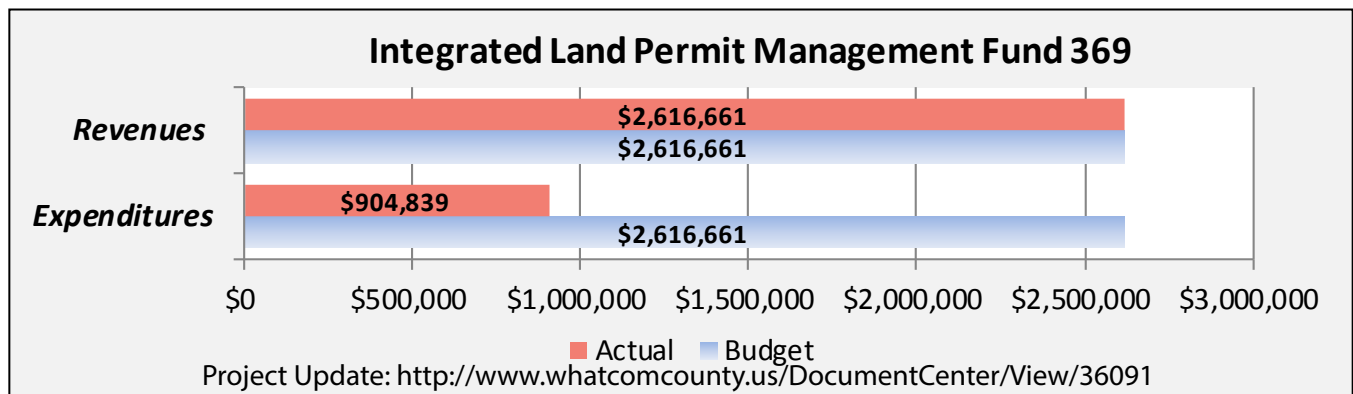
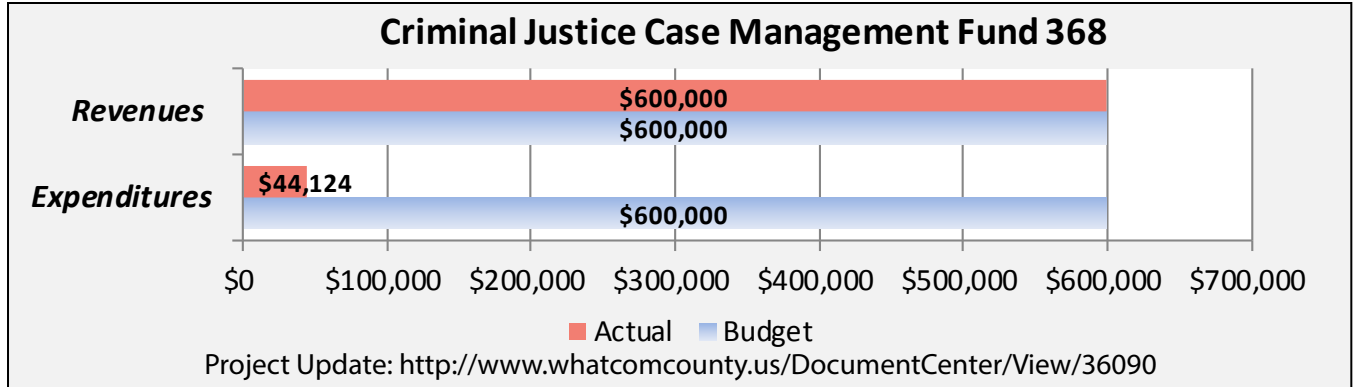


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For the Quarter Ended June 30, 2018



Project Budget Funds, continued



Whatcom County Second Quarter 2018 Financial Report

For the Quarter Ended June 30, 2018



Project Budget Funds, continued

