



**2018
Third
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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November 16, 2018

Whatcom County Third Quarter 2018 Financial Report

For the Quarter Ended September 30, 2018



Executive Summary

The following information presents Whatcom County's third quarter 2018 financial report. At the end of the third quarter the General Fund collected 67.4% of its budgeted revenues. Whatcom County's General Fund spent 62.88% of its budgeted expenditures. The expenditure percentage is lower than normal because large capital projects were not transferred as of the end of the third quarter.

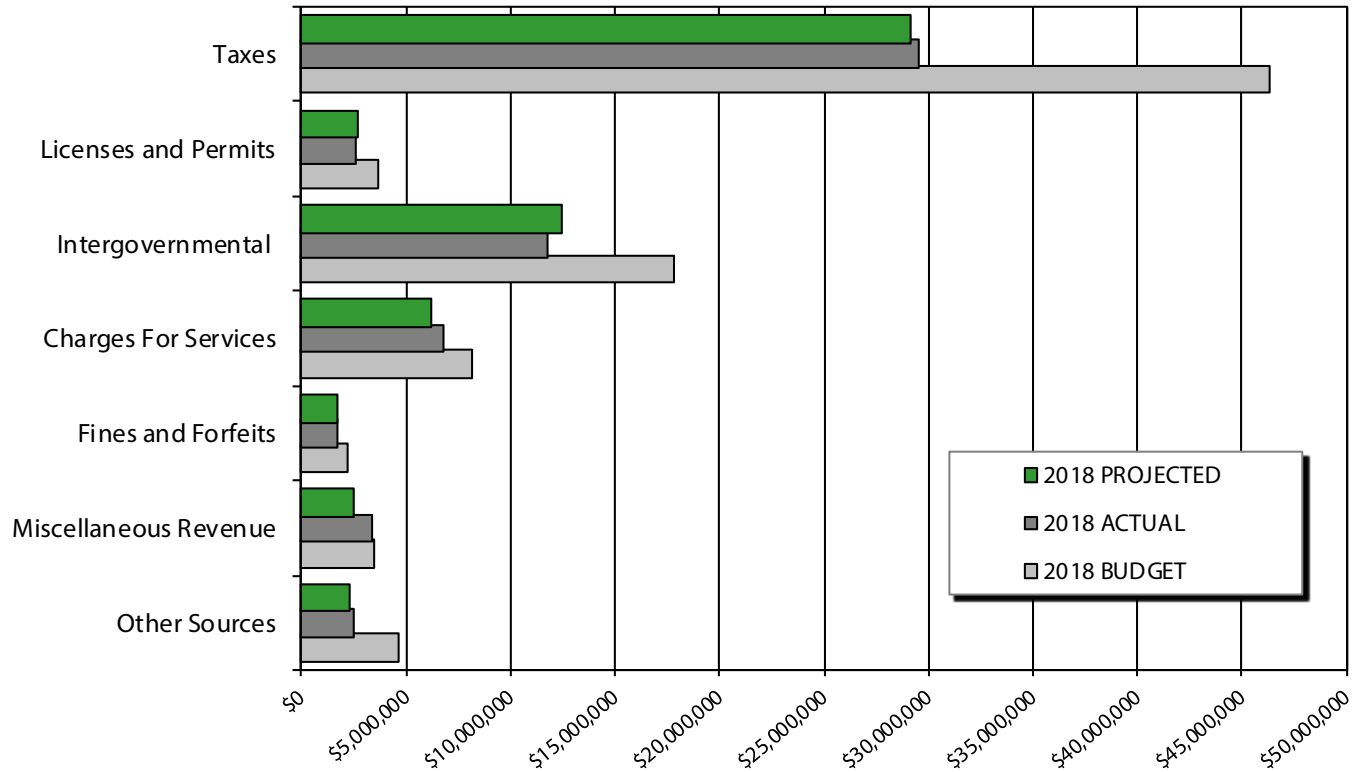
The estimated 2018 General Fund ending fund balance is projected to be approximately \$15.3 million.

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General Fund Revenue - Budget vs. Actual



	2018 Budget Adopted	2018 Budget Supp'ls	2018 Budget Amended	Actual as of 9/30/2018	% Collected To Date	Projected as of 9/30/2018
Taxes	45,244,980	1,030,000	46,274,980	29,507,414	63.77%	29,112,148
Licenses and Permits	3,459,894	252,000	3,711,894	2,619,839	70.58%	2,732,720
Intergovernmental	14,510,133	3,277,102	17,787,235	11,731,143	65.95%	12,473,052
Charges For Services	8,208,045	(64,485)	8,143,560	6,742,017	82.79%	6,162,449
Fines and Forfeits	2,239,750	(25,000)	2,214,750	1,699,322	76.73%	1,704,053
Miscellaneous Revenue	3,466,361	51,000	3,517,361	3,353,870	95.35%	2,445,455
Other Sources	4,499,213	154,973	4,654,186	2,514,460	54.03%	2,326,484
Total Revenue	81,628,376	4,675,590	86,303,966	58,168,065	67.40%	56,956,361

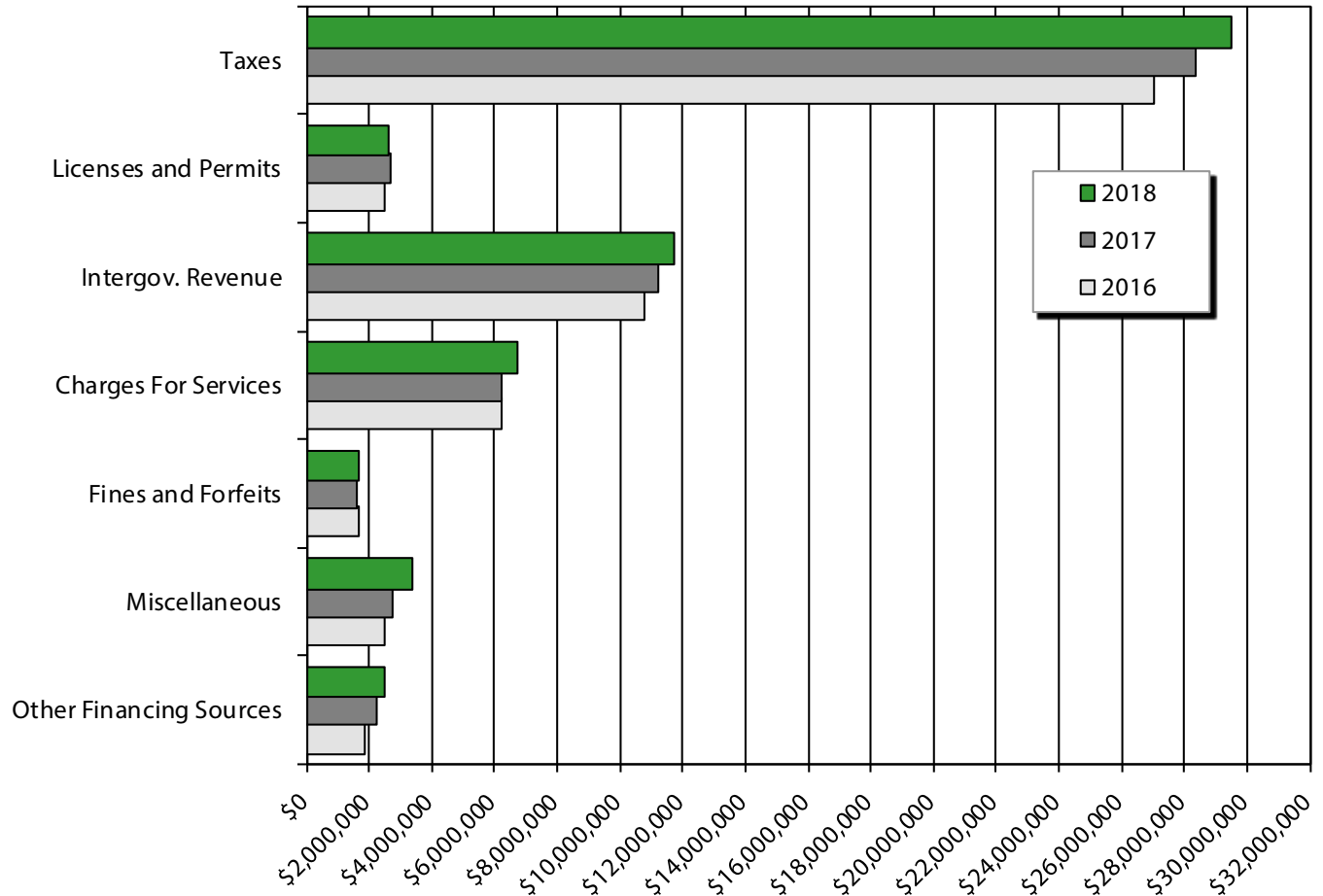
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2016	2017	2018
Taxes	27,030,362	28,341,997	29,507,414
Licenses and Permits	2,520,538	2,668,784	2,619,839
Intergov. Revenue	10,780,413	11,245,819	11,731,142
Charges For Services	6,204,983	6,259,260	6,742,014
Fines and Forfeits	1,706,326	1,590,168	1,699,323
Miscellaneous	2,516,963	2,767,879	3,353,869
Other Financing Sources	1,863,461	2,231,084	2,514,461
Total Revenue	52,623,046	55,104,991	58,168,062

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 \$1,165,417 or 4.1%, more than third quarter 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 \$1,153,165, or 10.3%, higher than first three quarters 2017. 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 \$48,945 less than prior year amounts as a result of building permit revenues decreasing modestly as compared to third quarter 2017.

Intergovernmental Revenue

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

Revenues collected as of quarter end are \$485,327, or 4.3%, higher than third quarter 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 increased quarterly payments which are already \$175,000 greater than budget. 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 the Child Support Enforcement grant have been administratively delayed until the fourth quarter 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 \$482,750, or 7.7%, over third quarter 2017. The various groupings in this revenue category have shown fluctuations. General government type fees increased \$157,000; primarily the result of increased vehicle registrations, a new technology fee in Planning & Development to help defray costs of the new permit system, and increased real estate transaction processing fees. In the Security – Persons & Property grouping, reimbursable sheriff deputy overtime charges are down \$33,290 but adult probation fee

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General Fund Revenue Notes, continued

collections are up \$78,980. Health related revenues are up \$336,140 due to a change to monthly Medicaid administration billings, instead of quarterly. In addition, Parks rifle range fees are up \$16,640 over third quarter 2017 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 \$109,155, or 6.9%, above third quarter 2017 amounts. District Court traffic infraction collections have increased by \$81,000 and property tax penalty collections have increased by \$38,800.

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 \$585,990, or 21.2%, above third quarter 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%).

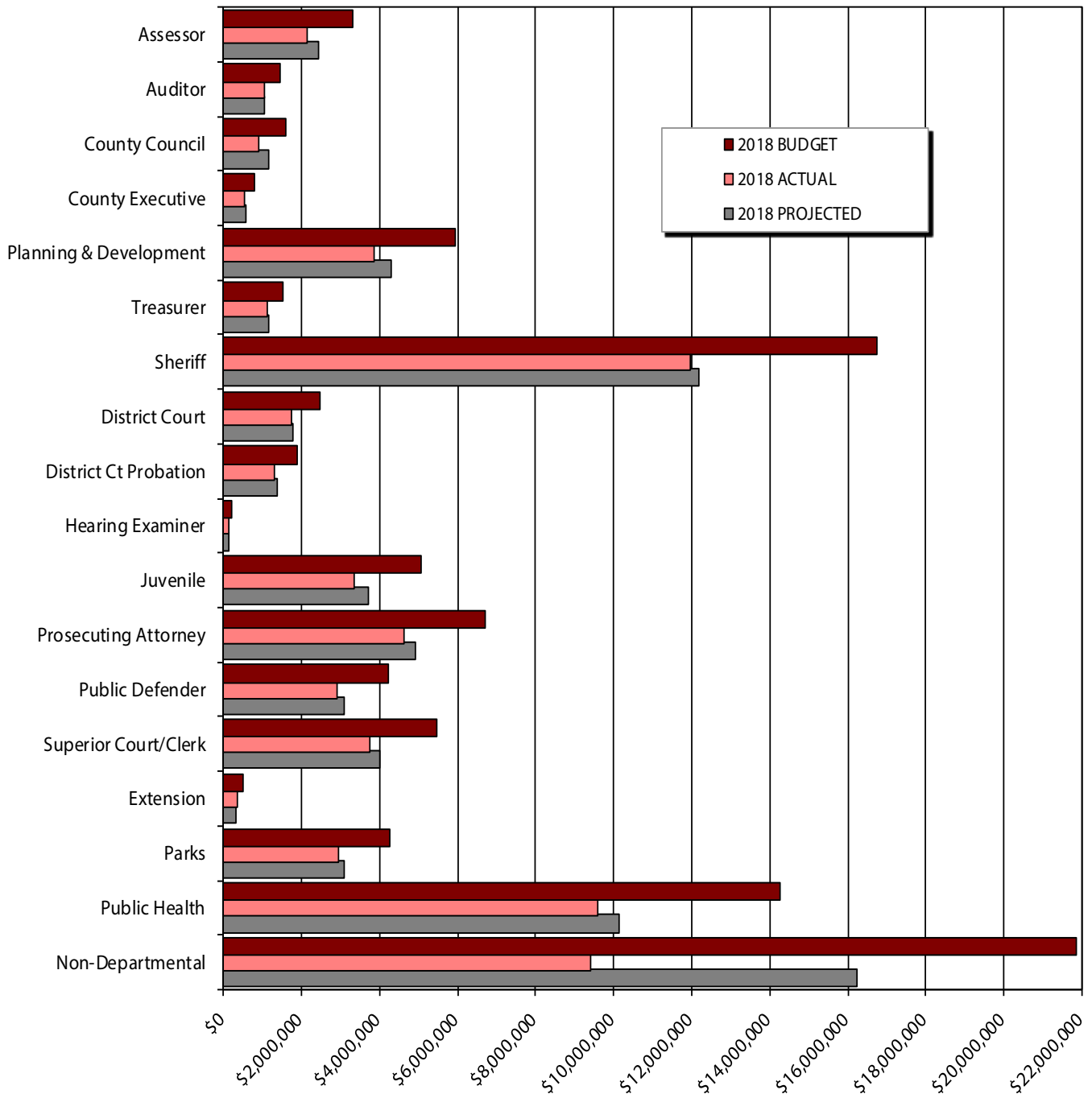
The Other Financing Sources category is \$283,380, or 12.7%, more than third quarter 2017 amounts. Timber sales revenue increased \$208,014 and operating transfers increased \$199,360. Timber sales fluctuate based on harvest plans and market conditions. Operating transfers vary based on timing of departmental billings.

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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 9/30/18	% Expended To Date	Projected as of 9/30/18
Assessor	3,096,851	228,688	3,325,539	2,147,511	64.58%	2,428,893
Auditor	1,367,654	84,251	1,451,905	1,038,398	71.52%	1,065,232
County Council	1,288,444	312,369	1,600,813	921,142	57.54%	1,155,280
County Executive	732,667	44,997	777,664	545,759	70.18%	568,837
Planning & Development	5,470,416	482,596	5,953,012	3,852,971	64.72%	4,300,576
Treasurer	1,500,968	38,234	1,539,202	1,122,745	72.94%	1,157,134
Sheriff	14,967,526	1,758,847	16,726,373	11,952,786	71.46%	12,192,989
District Court	2,394,946	66,968	2,461,914	1,745,634	70.91%	1,792,622
District Court Probation	1,709,449	169,486	1,878,935	1,310,698	69.76%	1,370,358
Hearing Examiner	196,593	4,554	201,147	148,706	73.93%	147,721
Juvenile	4,902,110	152,260	5,054,370	3,339,799	66.08%	3,697,335
Prosecuting Attorney	6,585,840	135,488	6,721,328	4,634,148	68.95%	4,905,820
Public Defender	4,091,868	131,664	4,223,532	2,924,633	69.25%	3,086,072
Superior Court/Clerk	5,144,798	314,514	5,459,312	3,768,585	69.03%	4,007,940
Extension	486,554	28,675	515,229	354,384	68.78%	328,868
Park	4,089,396	166,432	4,255,828	2,964,654	69.66%	3,102,060
Public Health	12,648,363	1,603,877	14,252,240	9,606,414	67.40%	10,132,199
Non-Departmental	15,975,542	5,867,831	21,843,373	9,391,949	43.00%	16,242,339
Total General Fund Exp	86,649,985	11,591,731	98,241,716	61,770,916	62.88%	71,682,275

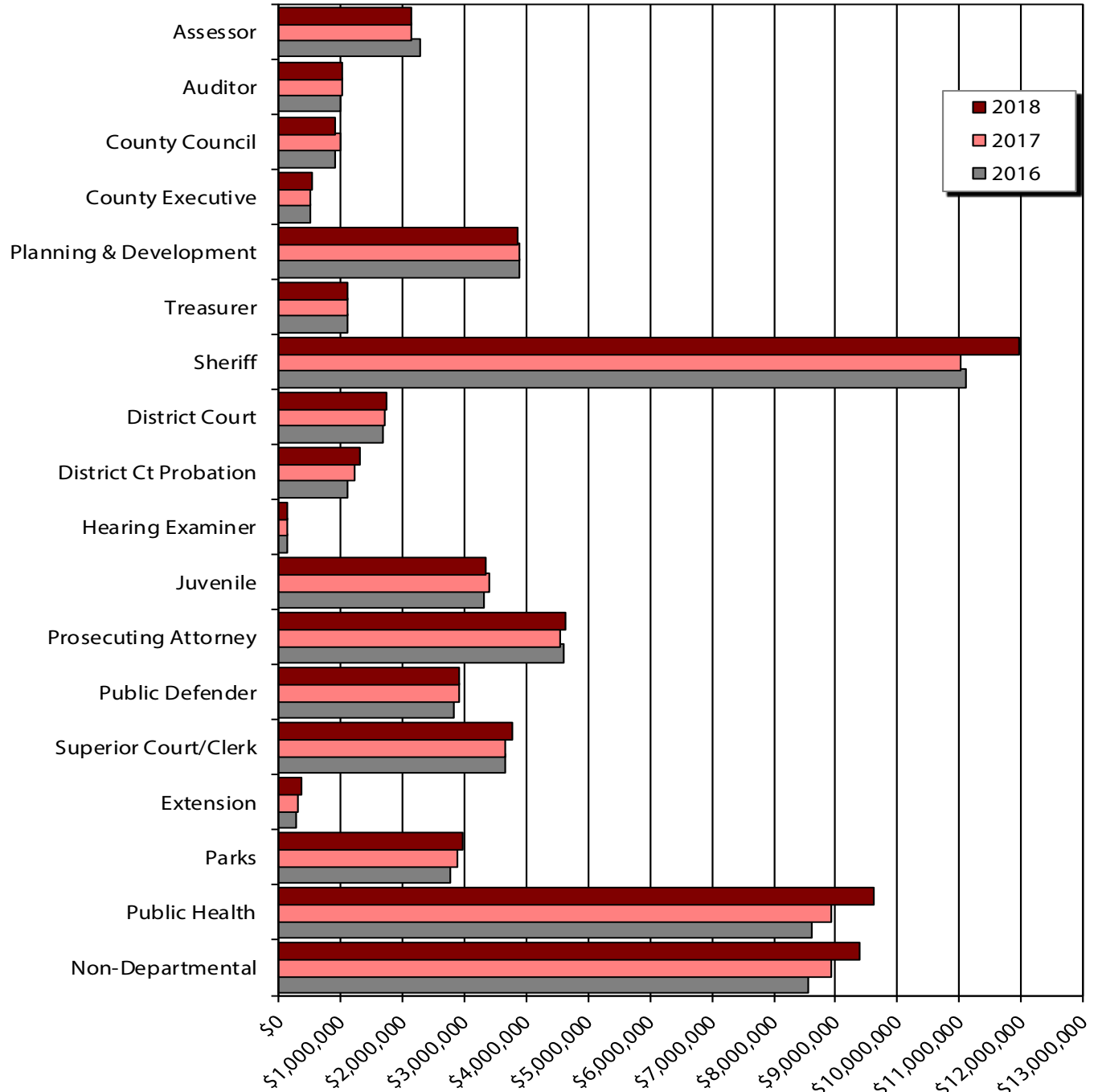
See page 9 for General Fund Expenditure Notes.

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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	2,297,678	2,138,250	2,147,511
Auditor	983,722	1,014,689	1,038,398
County Council	906,166	995,658	921,142
County Executive	510,411	514,768	545,759
Planning & Development	3,876,744	3,896,394	3,852,971
Treasurer	1,109,853	1,116,730	1,122,745
Sheriff	11,092,754	11,022,238	11,952,786
District Court	1,685,125	1,719,522	1,745,634
District Ct Probation	1,112,915	1,230,745	1,310,698
Hearing Examiner	144,843	145,226	148,706
Juvenile	3,301,930	3,389,333	3,339,799
Prosecuting Attorney	4,603,753	4,547,479	4,634,148
Public Defender	2,832,820	2,914,002	2,924,633
Superior Court/Clerk	3,667,379	3,663,139	3,768,585
Extension	269,567	320,251	354,384
Parks	2,775,413	2,879,249	2,964,654
Public Health	8,605,425	8,920,100	9,606,414
Non-Departmental	8,550,872	8,916,292	9,391,949
TOTAL	58,327,370	59,344,065	61,770,916

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the third quarter were 62.88% of the approved budget. This percentage is less than 2017 third quarter of 67.7% due to large transfers, budgeted in Non-Departmental for capital projects, will not be made until the fourth quarter.

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General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/18	<u>20,902,784</u>
Revenues	
Budgeted Revenues 2018	81,628,376
Increased Revenue Estimates	1,000,000
Continuing Appropriations from 2017	254,183
Supplemental Budgets 2018	<u>4,421,407</u>
Total Revenue	<u>87,303,966</u>
Expenditures	
Budgeted Expenditures 2018	86,649,985
Estimated grant lapse	(1,500,000)
Continuing Appropriations from 2017	435,867
Supplemental Budgets 2018	<u>11,155,864</u>
Total Expenditures	<u>96,741,716</u>
Adjusted Surplus (Deficit)	(9,437,750)
Other Considerations	
Estimated Budget Lapse ¹	<u>2,692,251</u>
Projected Ending Fund Balance 12/31/18	<u>14,157,285</u>
Interfund Loan Adjustment²	<u>1,114,931</u>
Adjusted Fund Balance 12/31/18	<u><u>15,272,216</u></u>

Notes:

¹ The estimated budget lapse is 3% of expenditures net of capital project funding transfers.

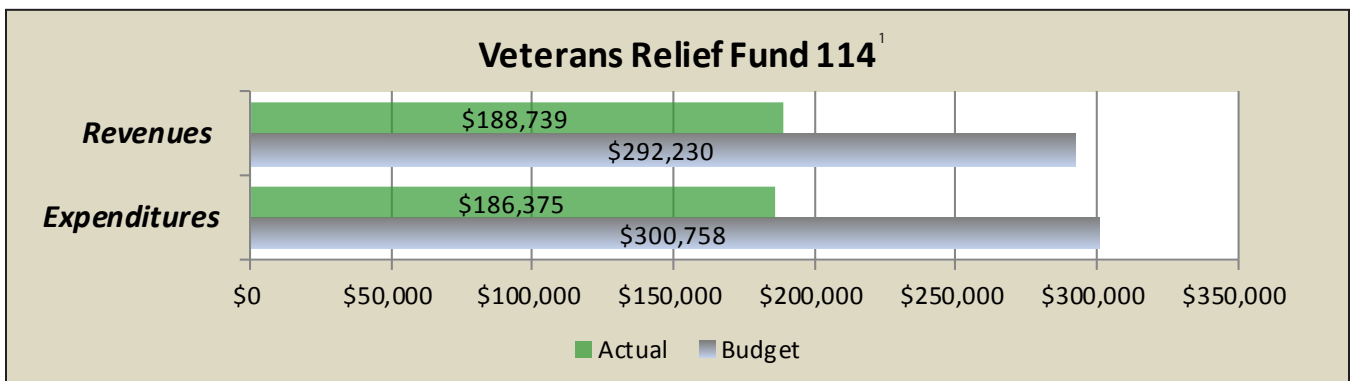
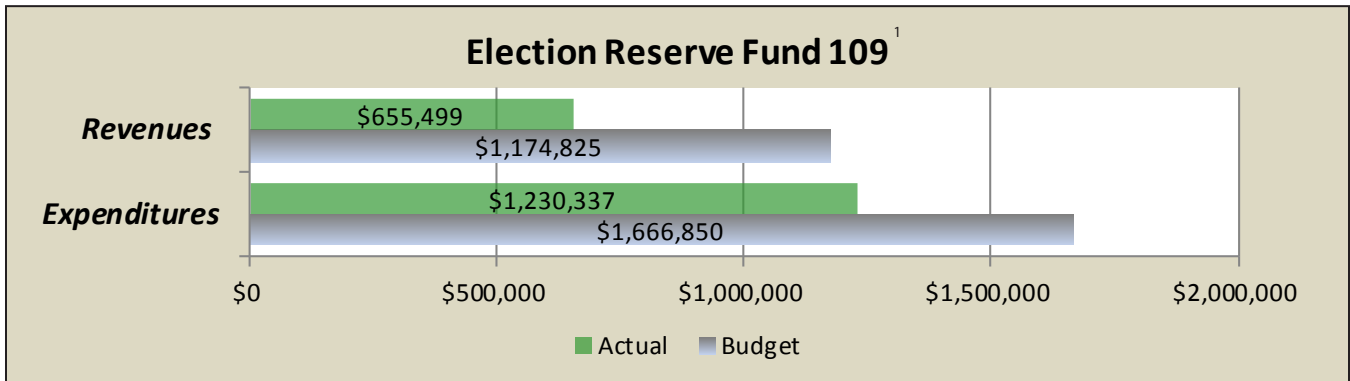
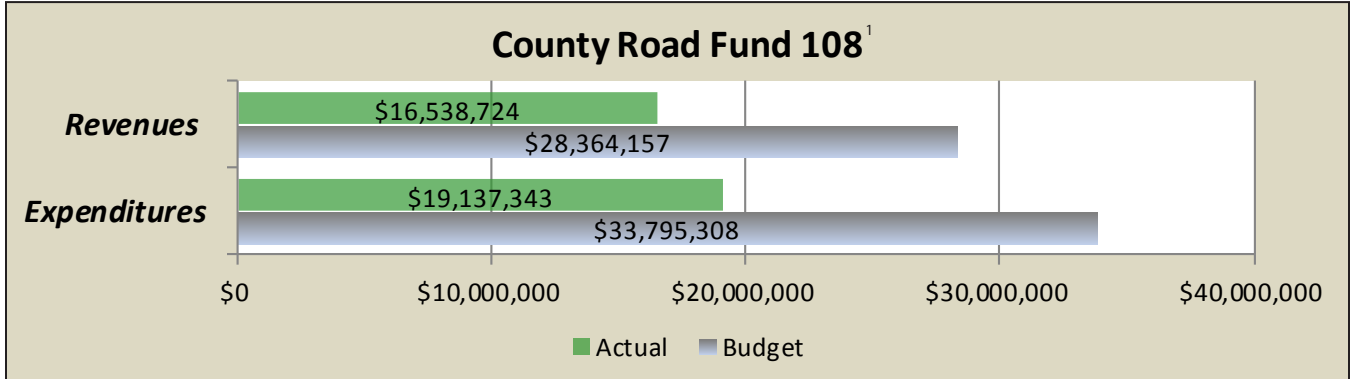
² Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the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

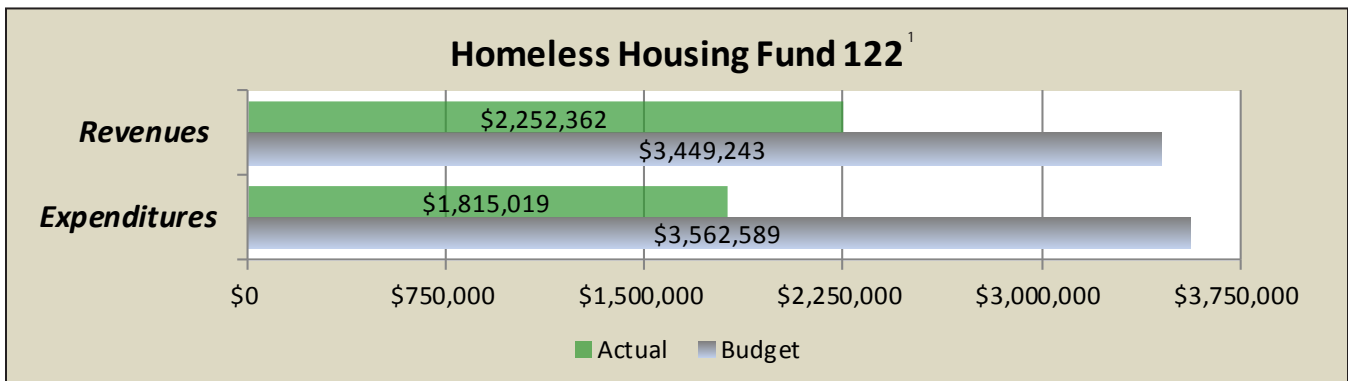
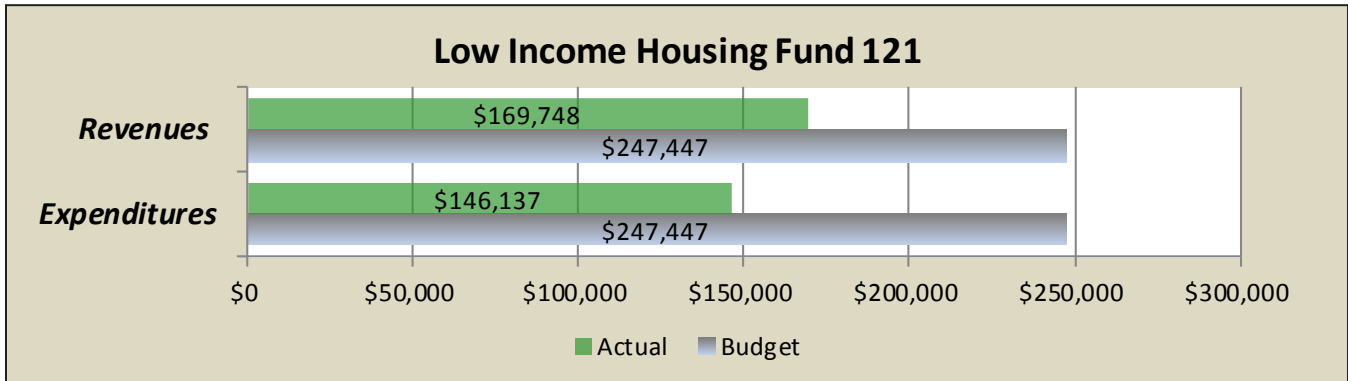
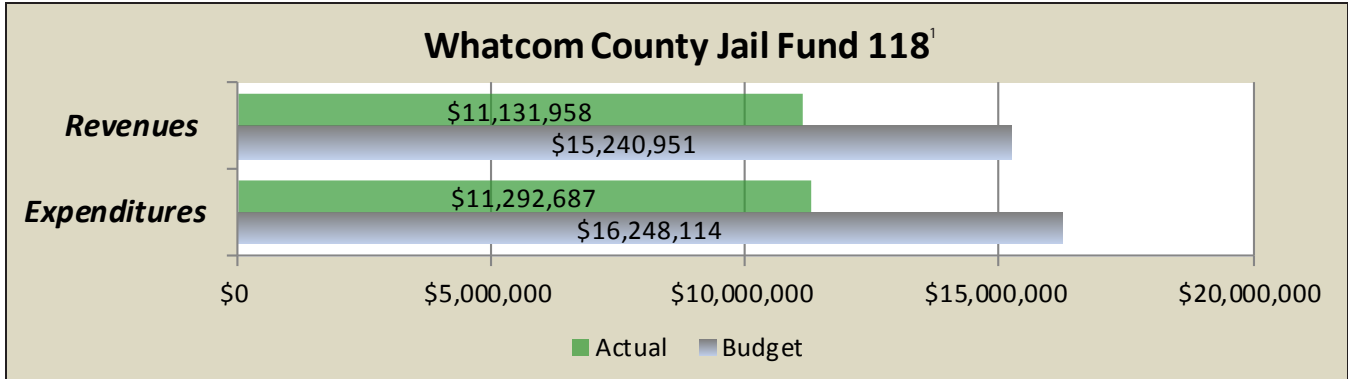
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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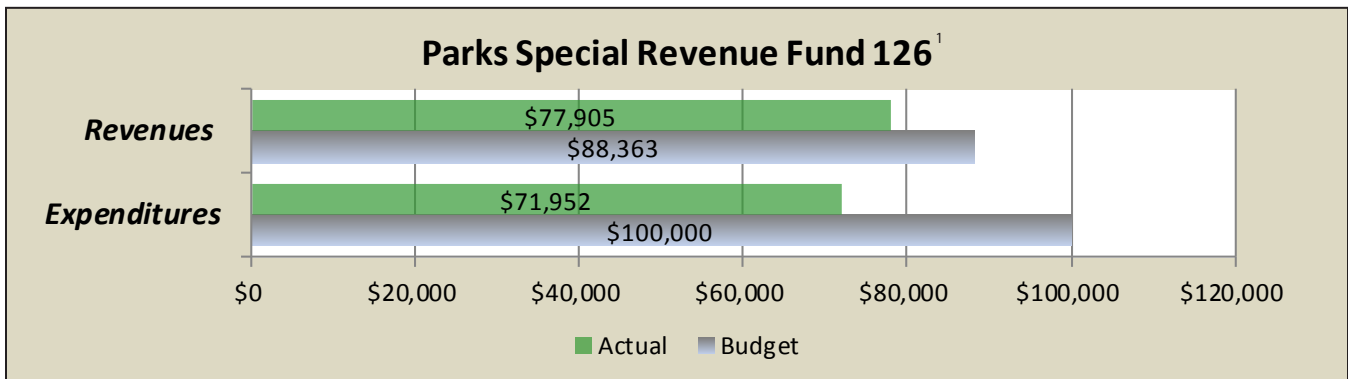
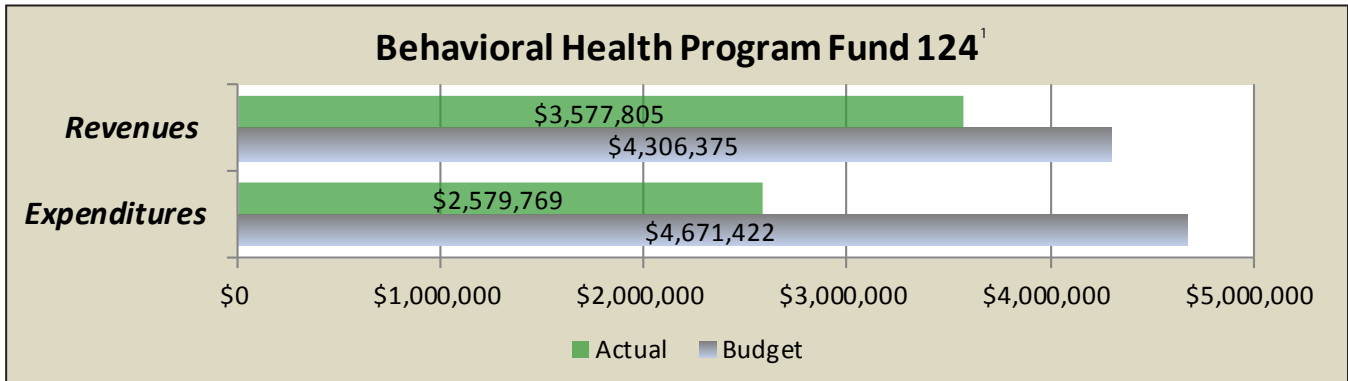
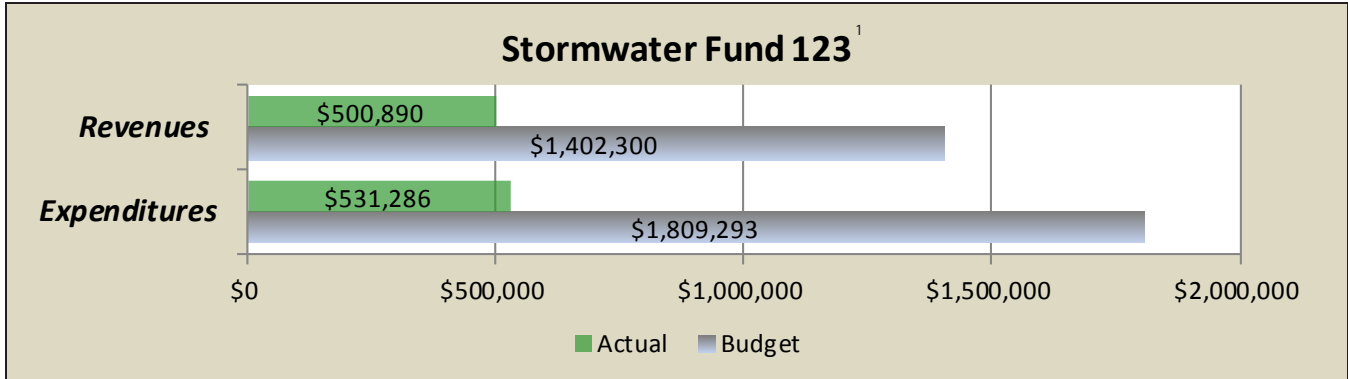
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Special Revenue Funds and Other Funds, continued



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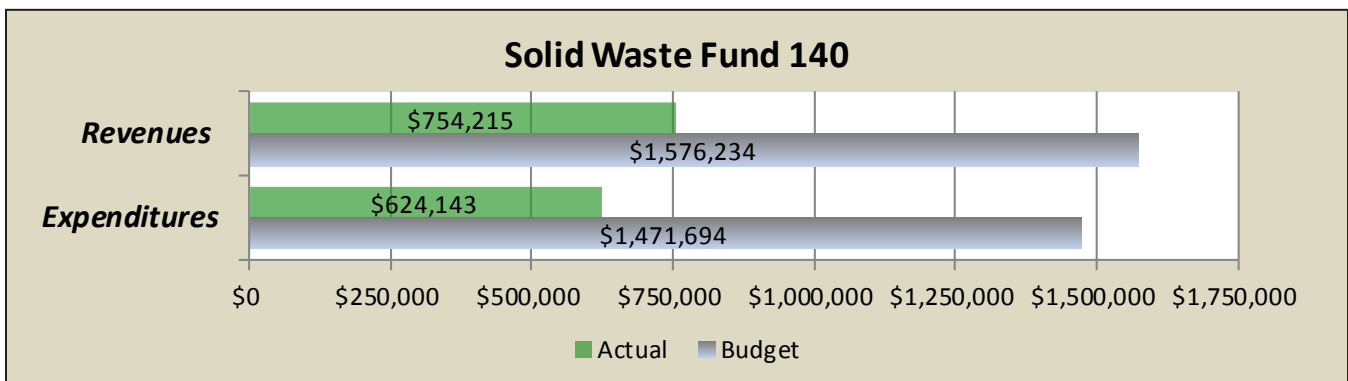
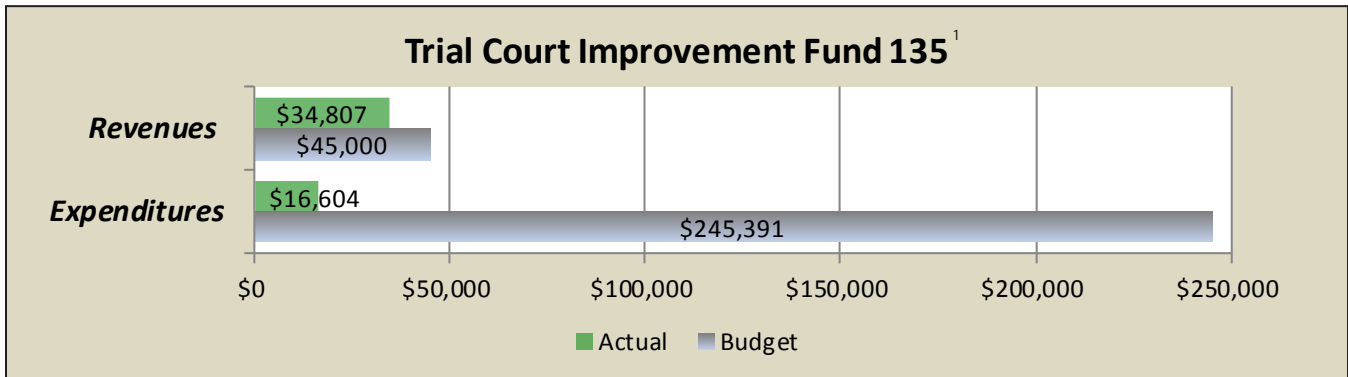
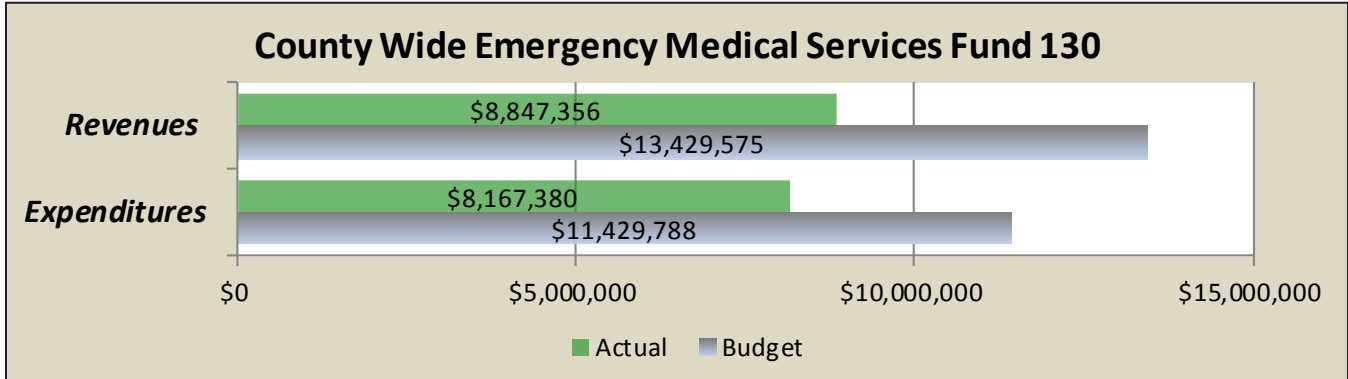
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Special Revenue Funds and Other Funds, continued



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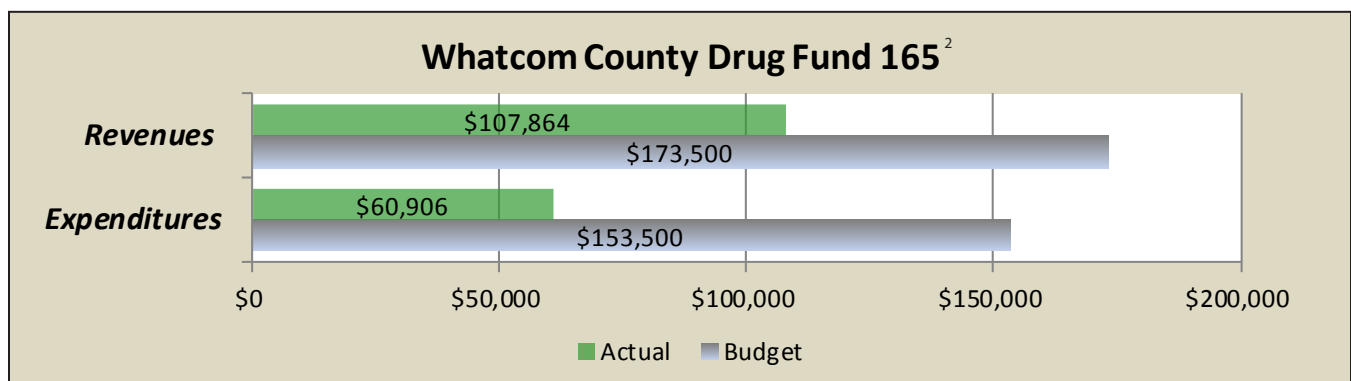
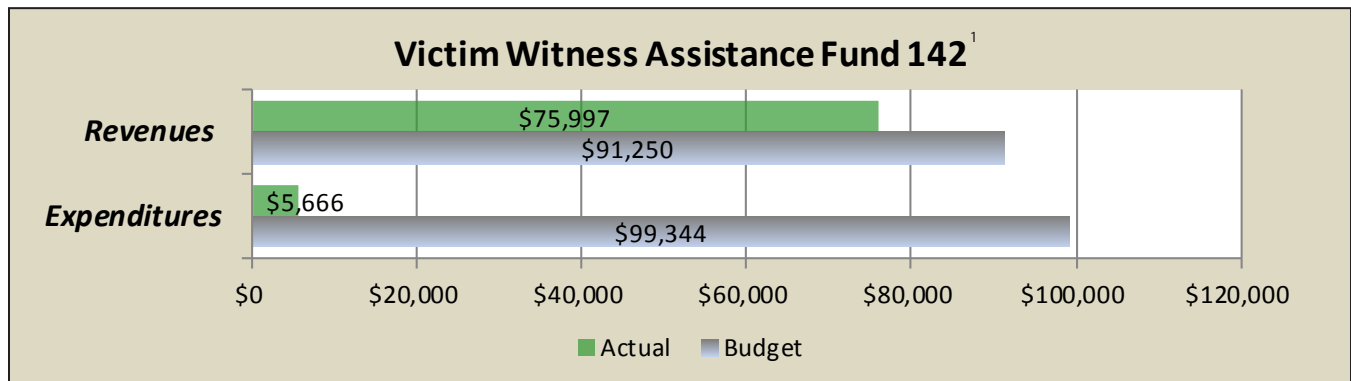
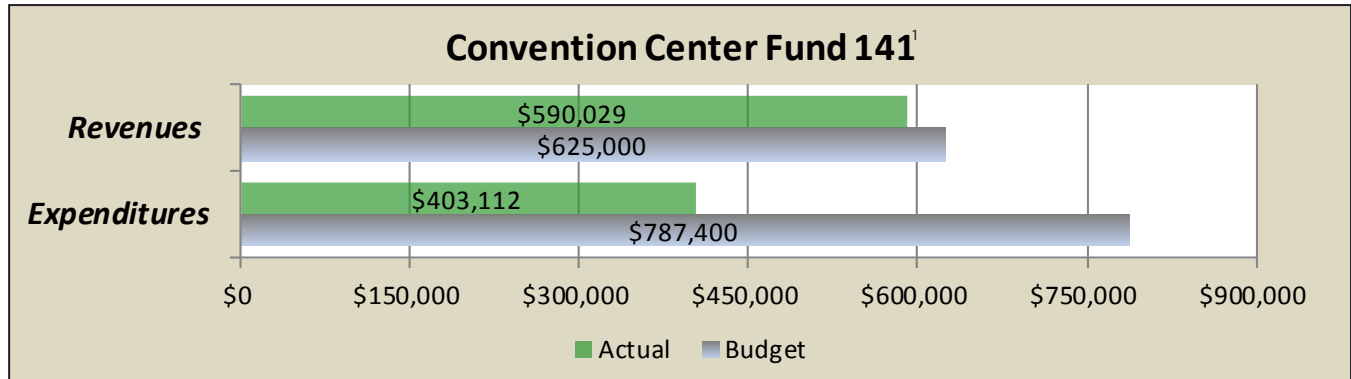
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Special Revenue Funds and Other Funds, continued



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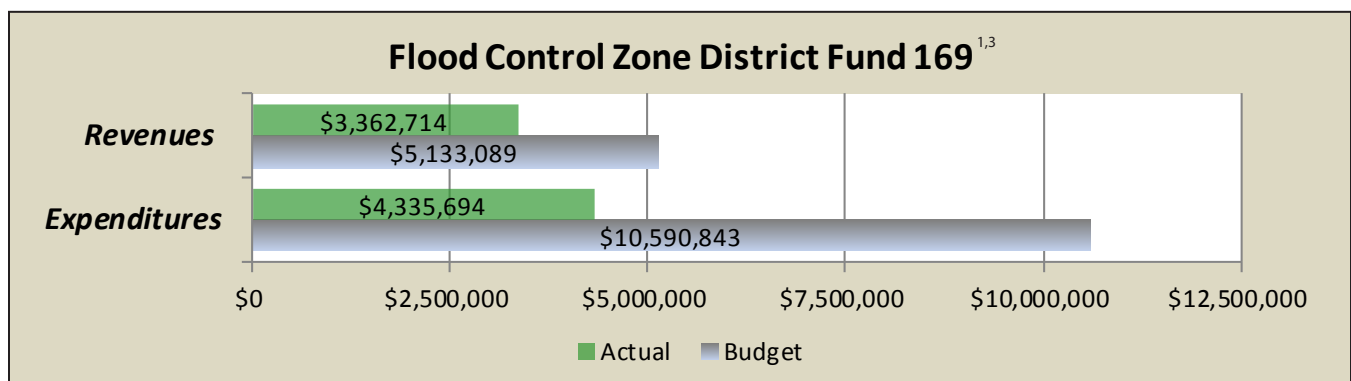
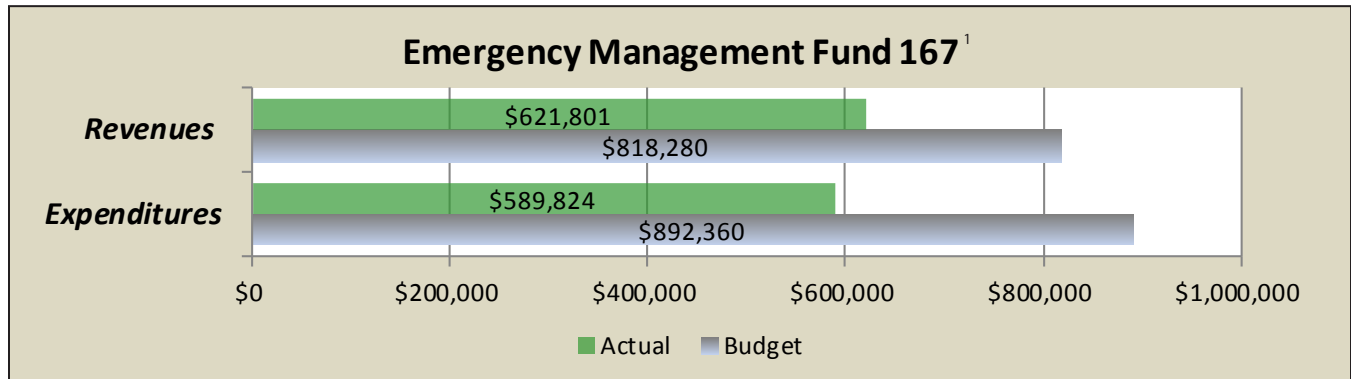
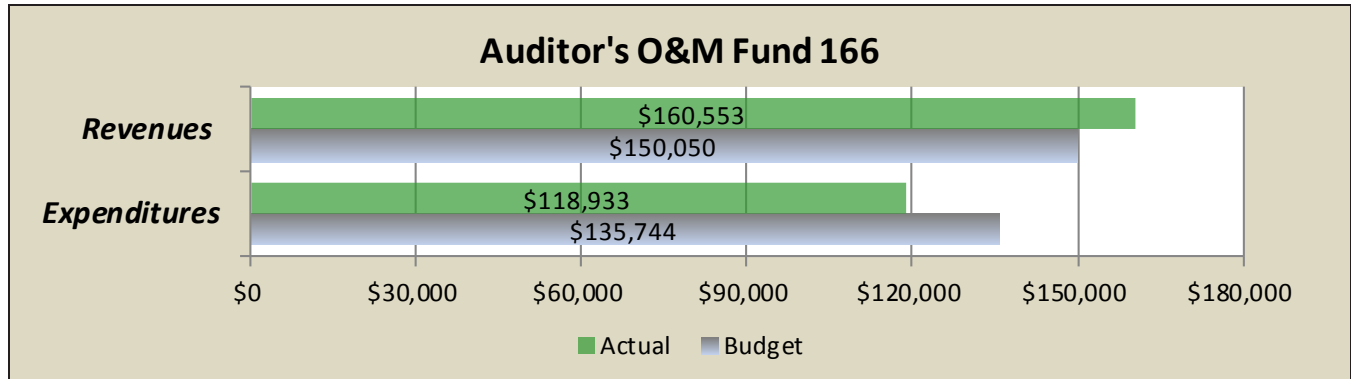
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

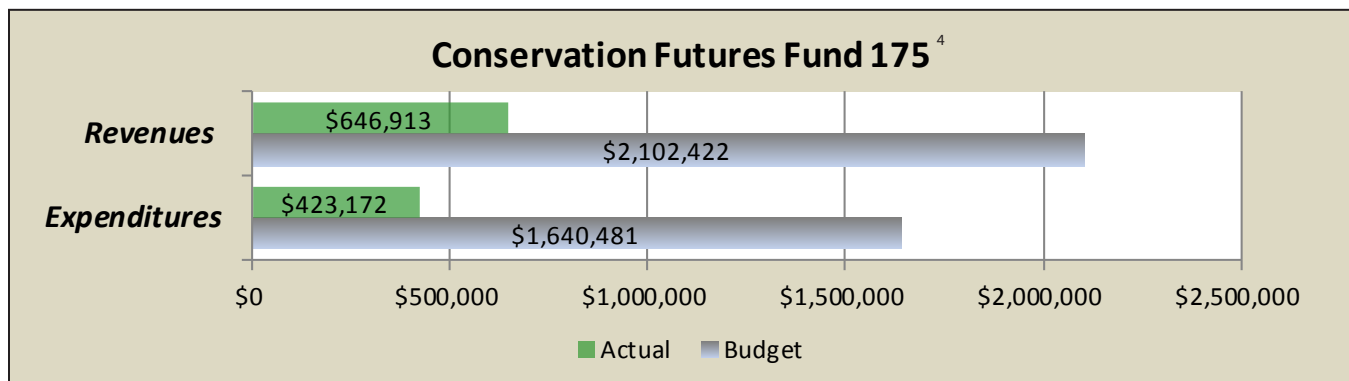
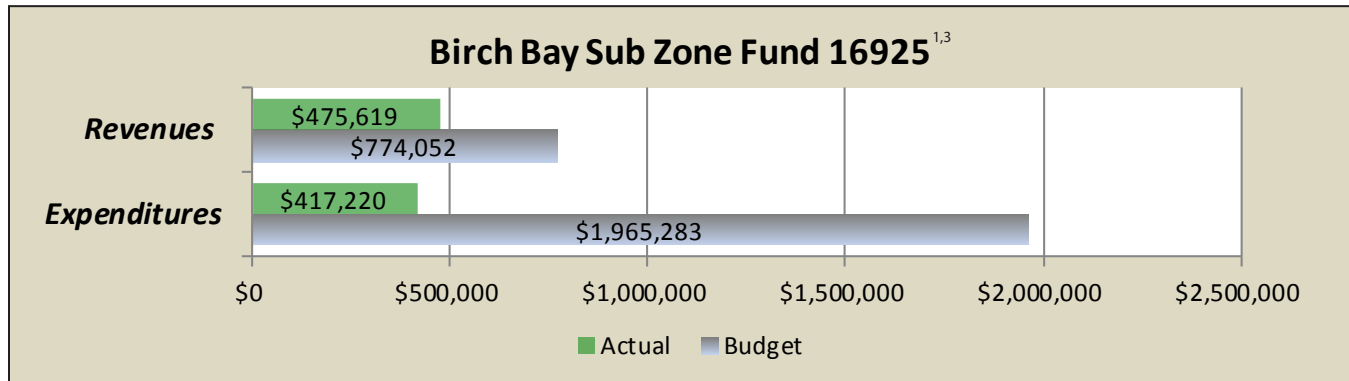
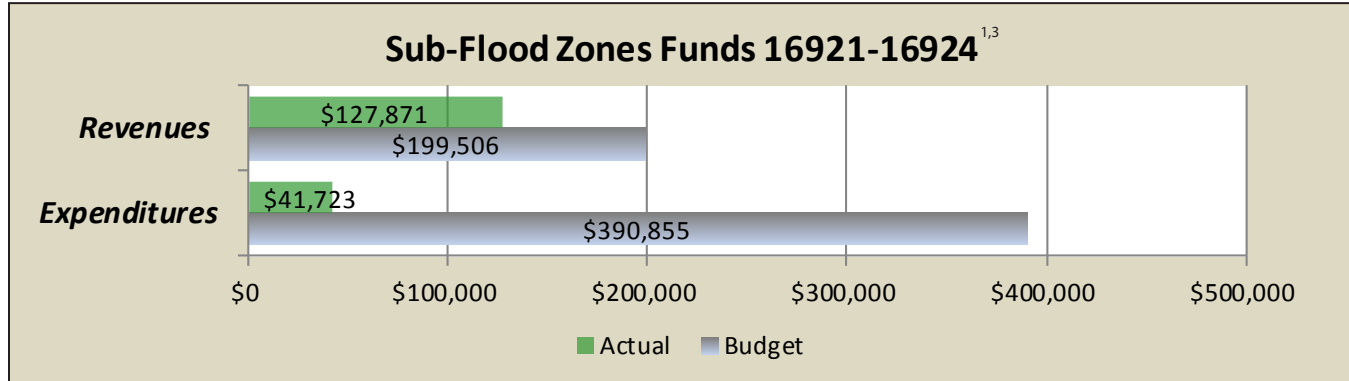
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



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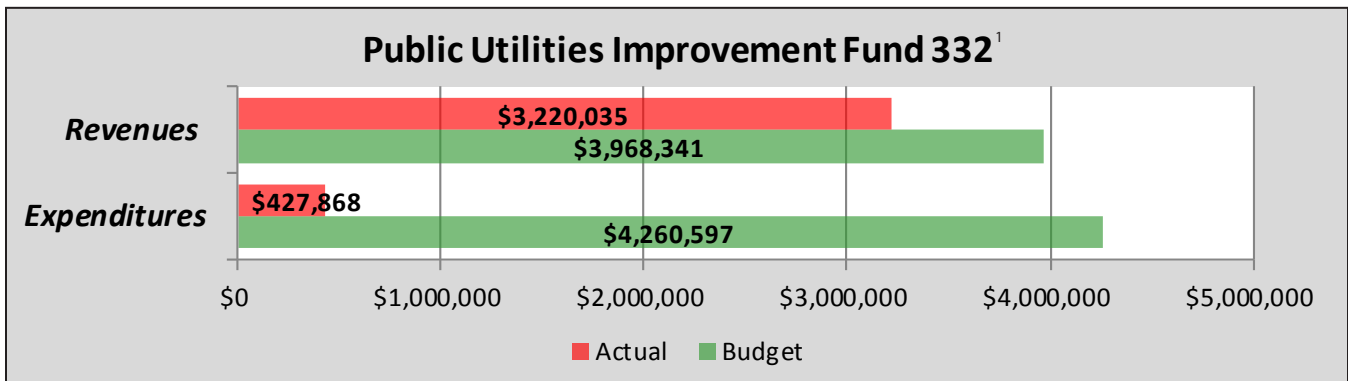
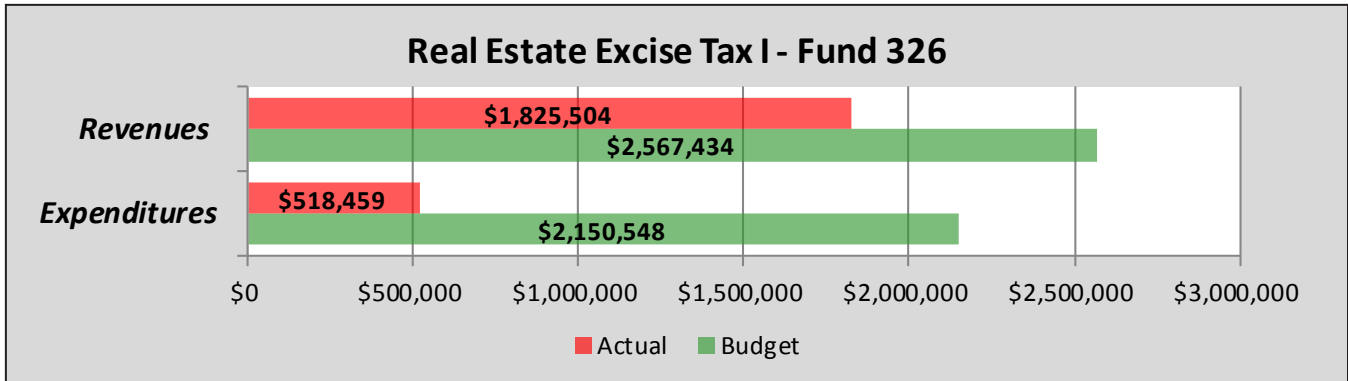
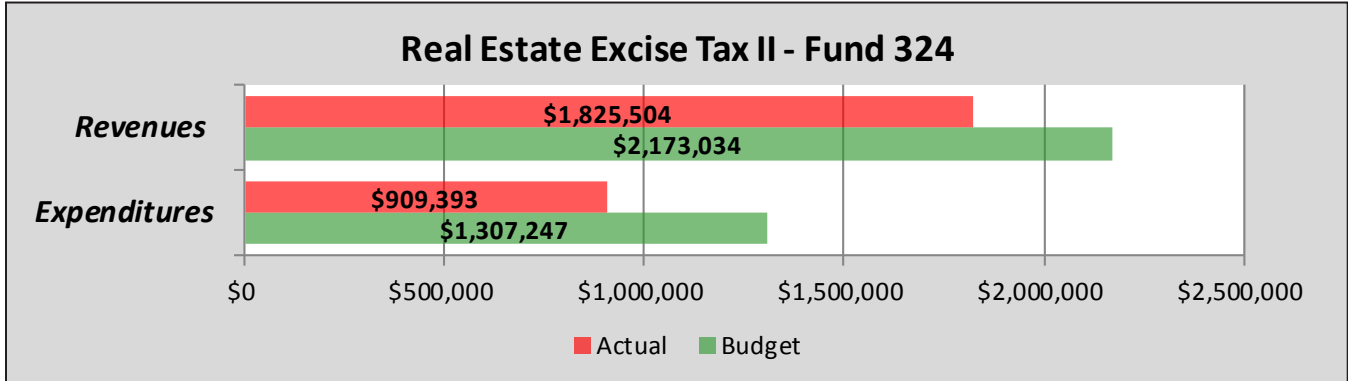
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ⁴ Most Conservations Futures funding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



Note:

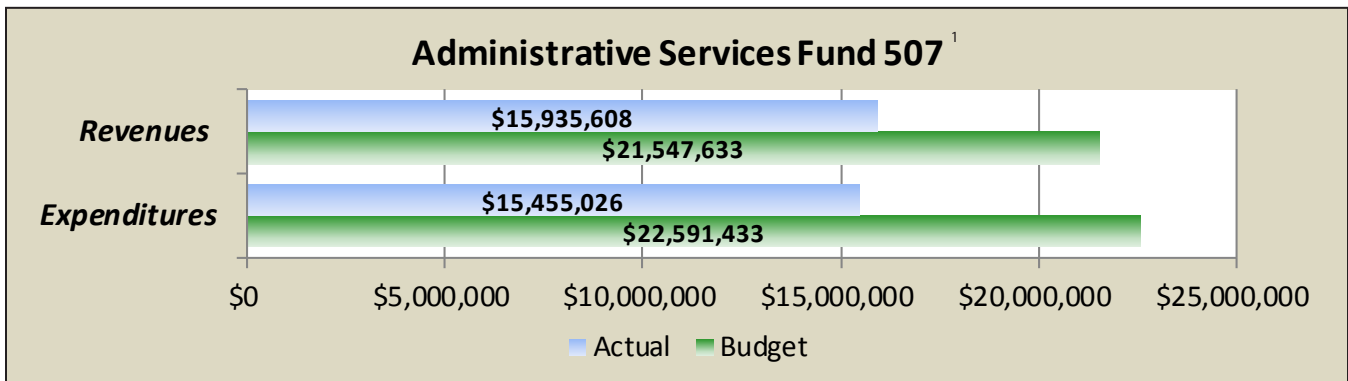
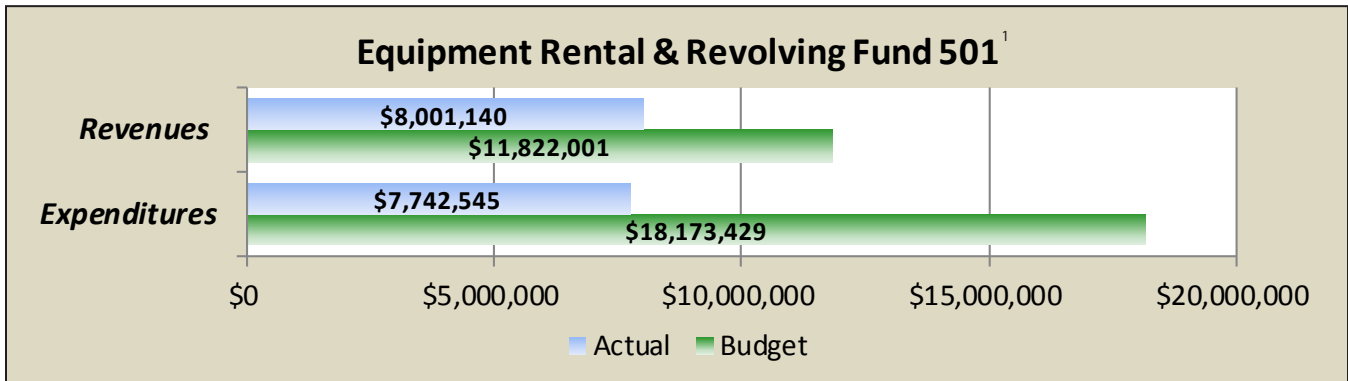
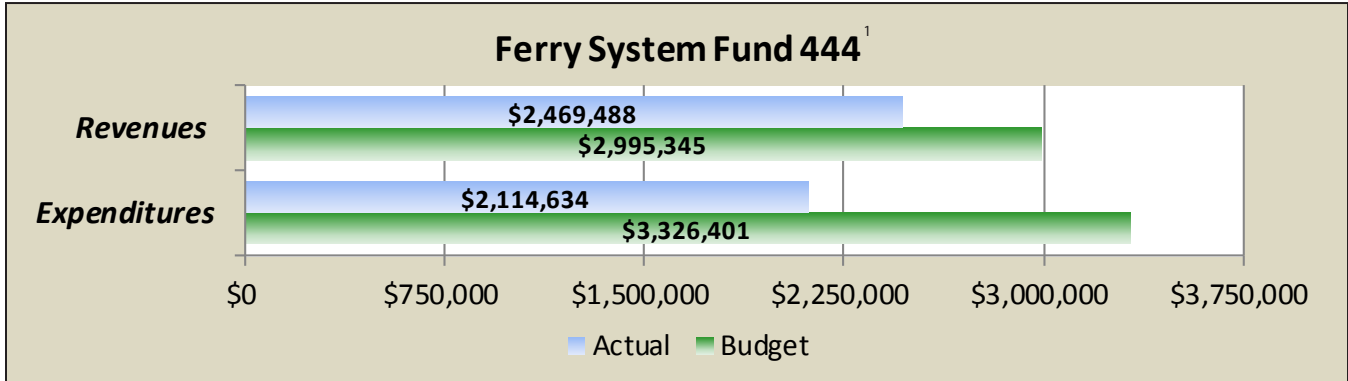
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Enterprise and Internal Service Funds



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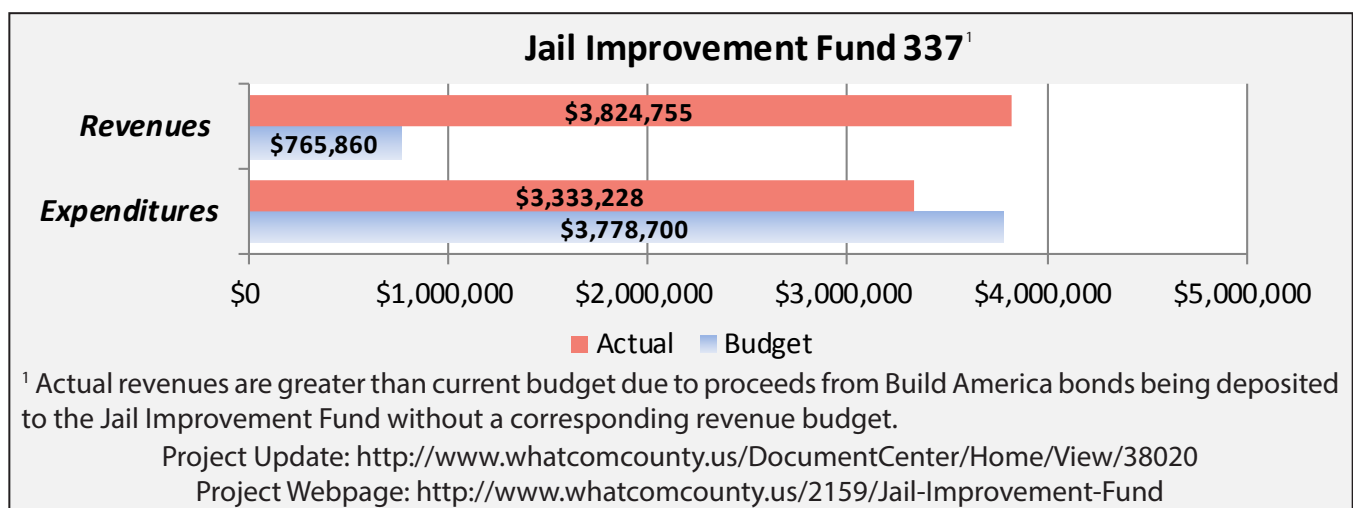
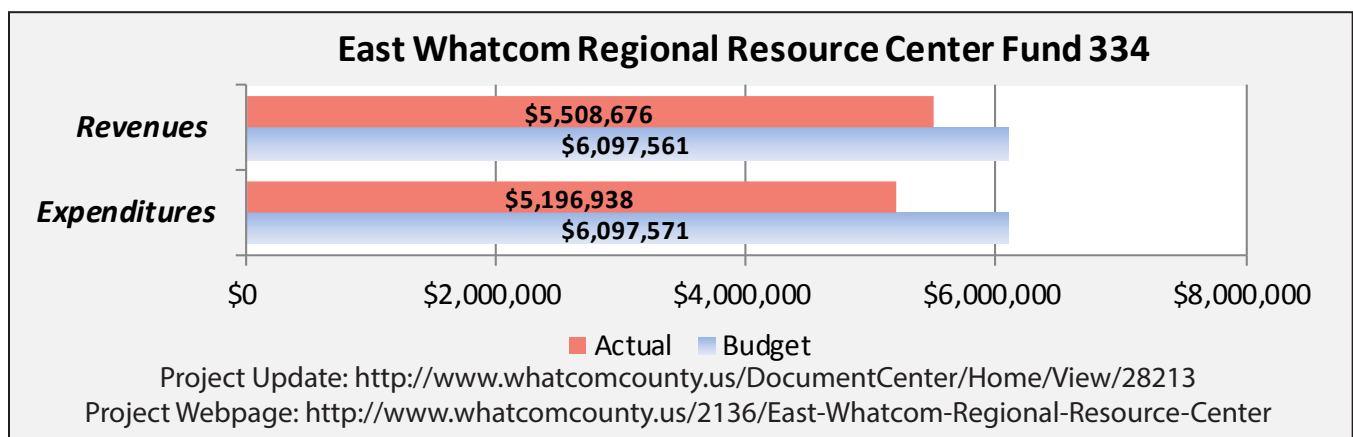
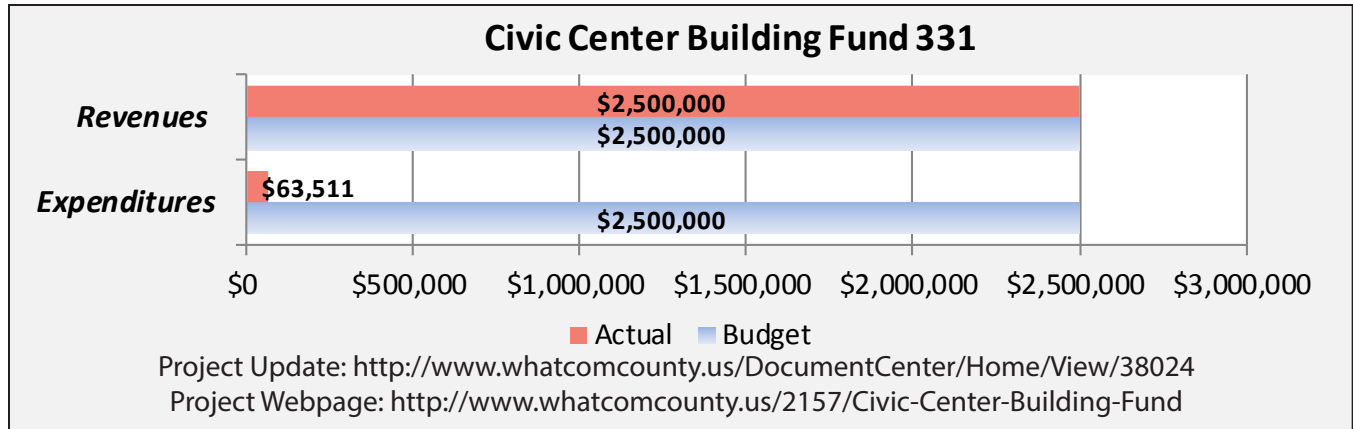
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Project Budget Funds

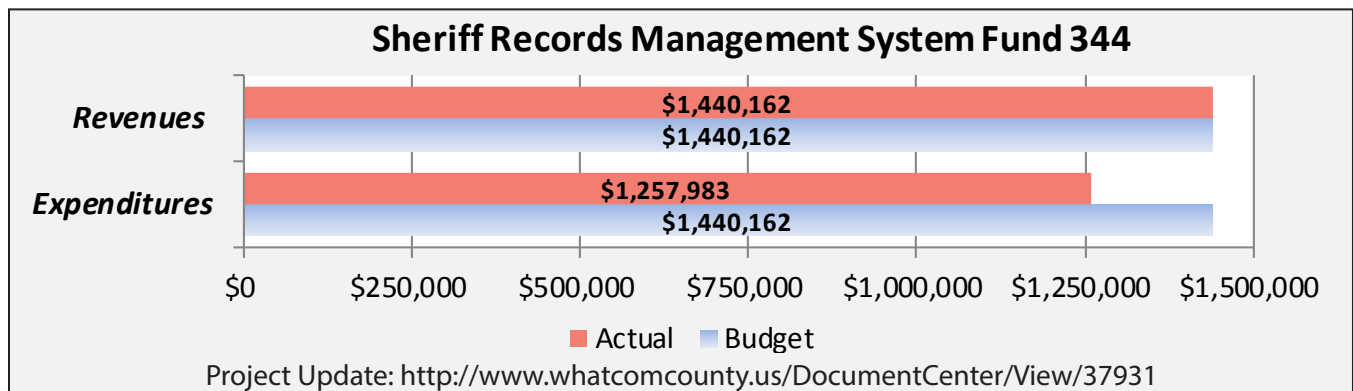
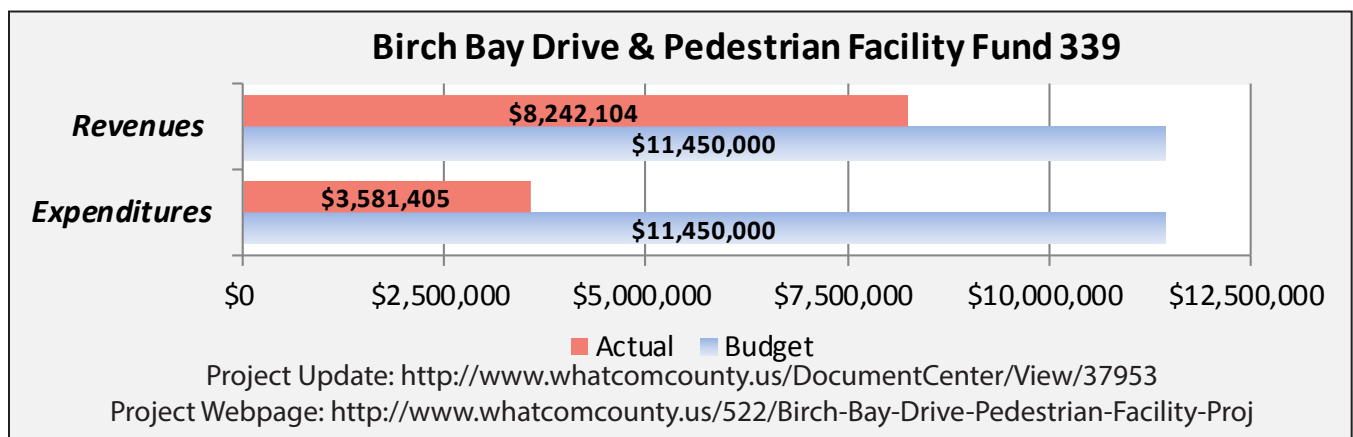
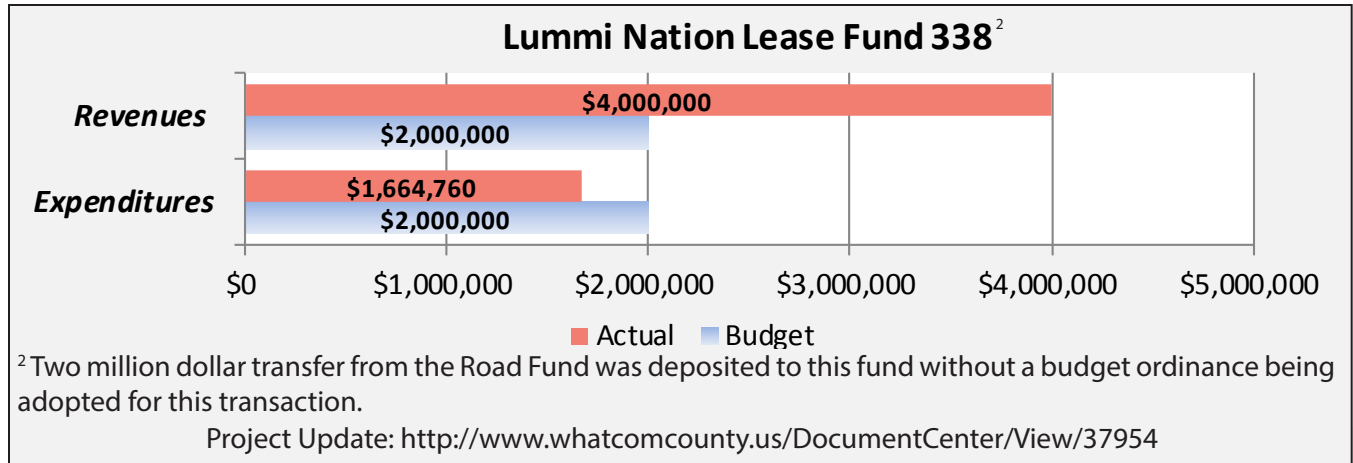


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Project Budget Funds, continued

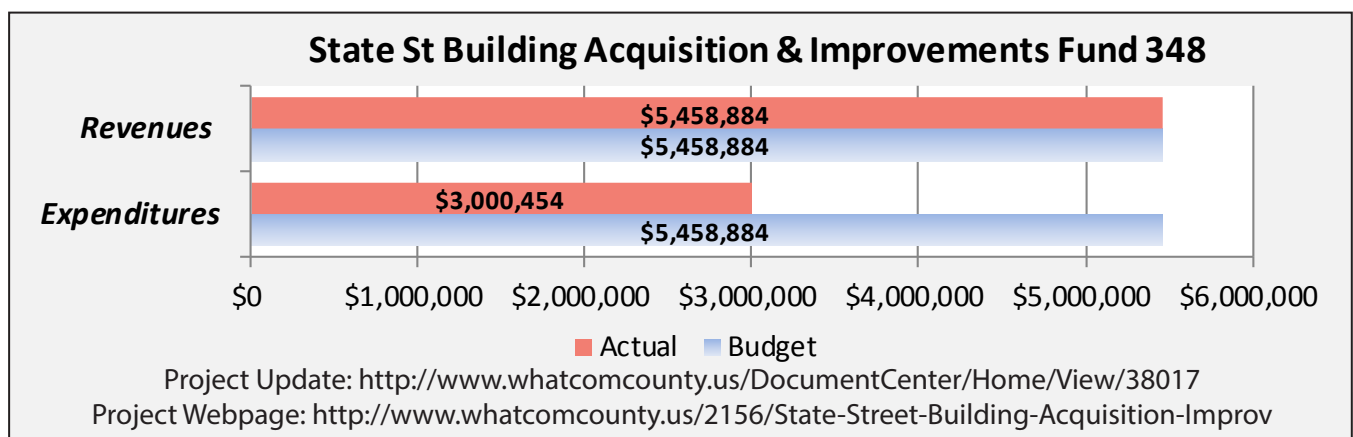
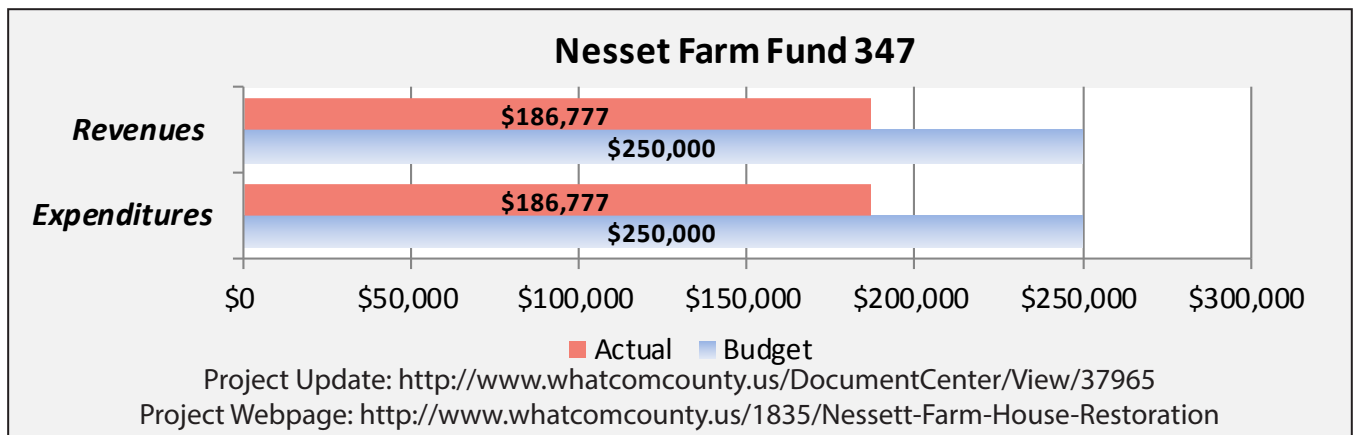
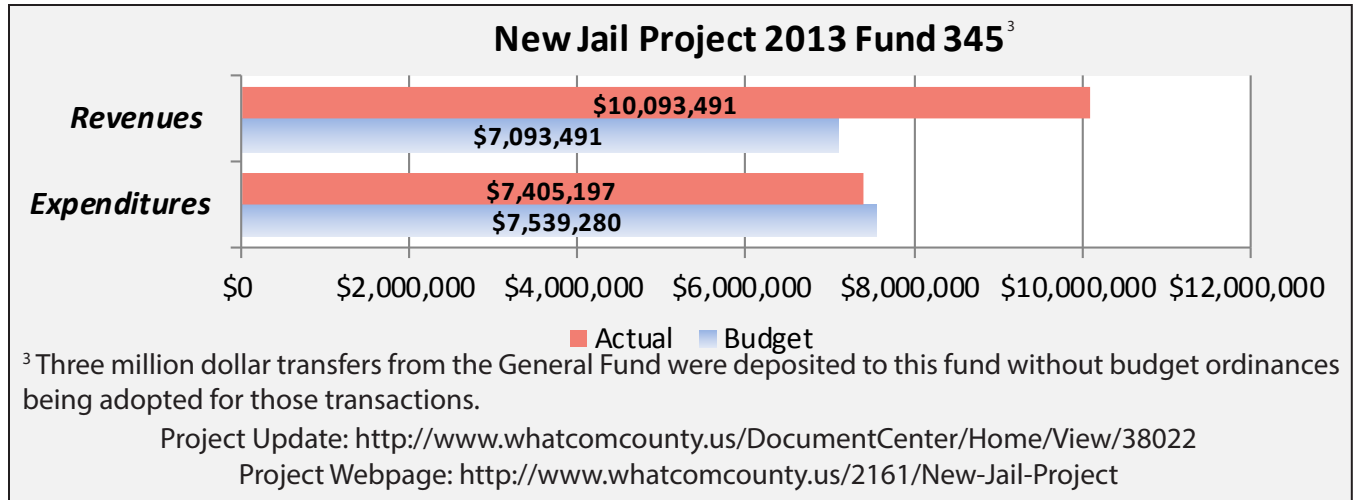


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Project Budget Funds, continued

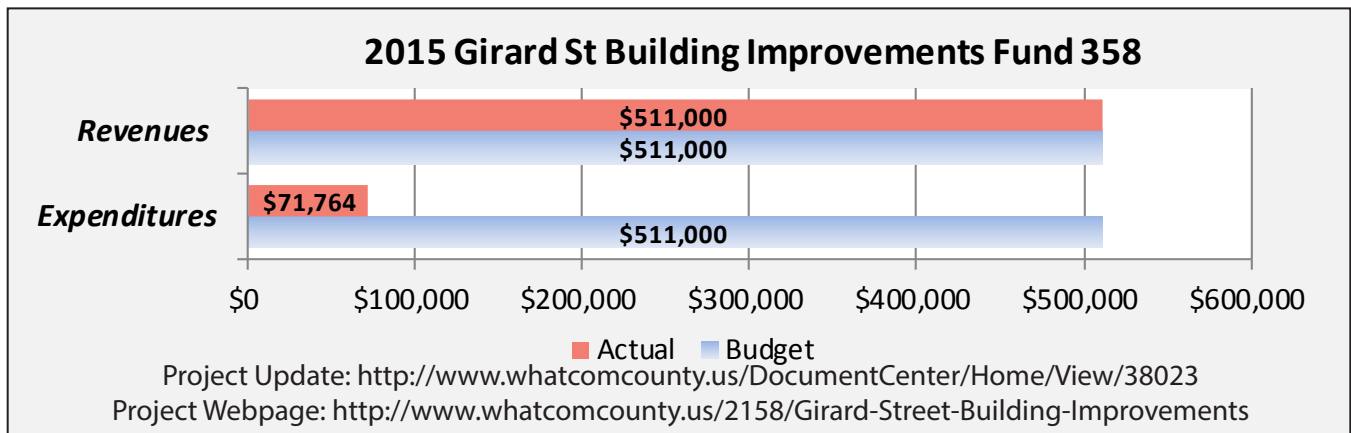
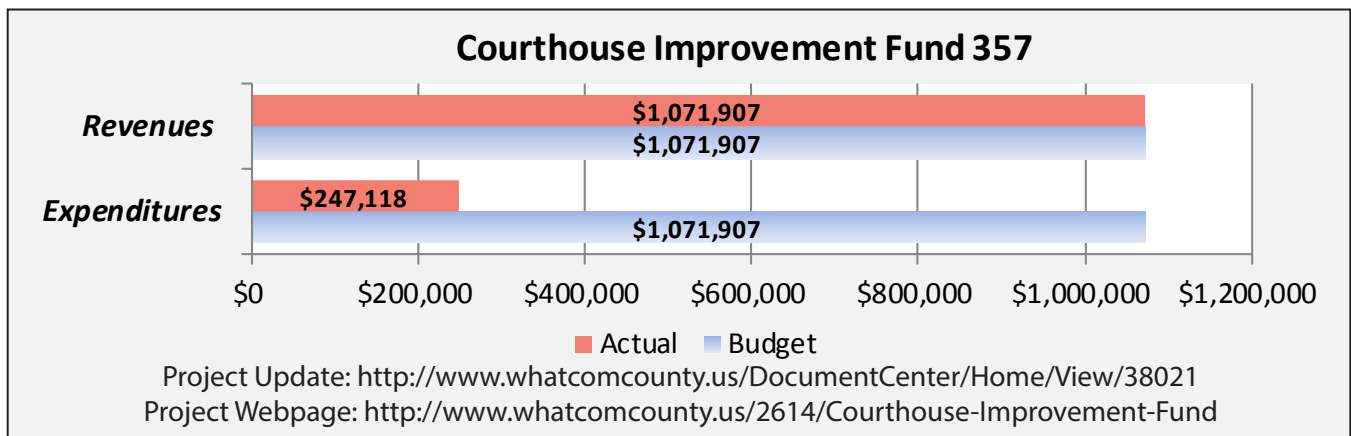
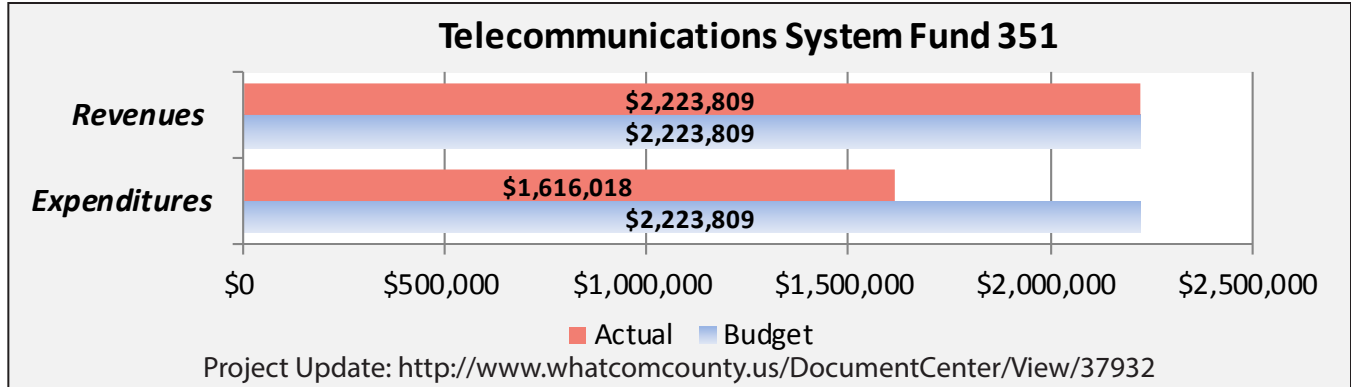


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Project Budget Funds, continued

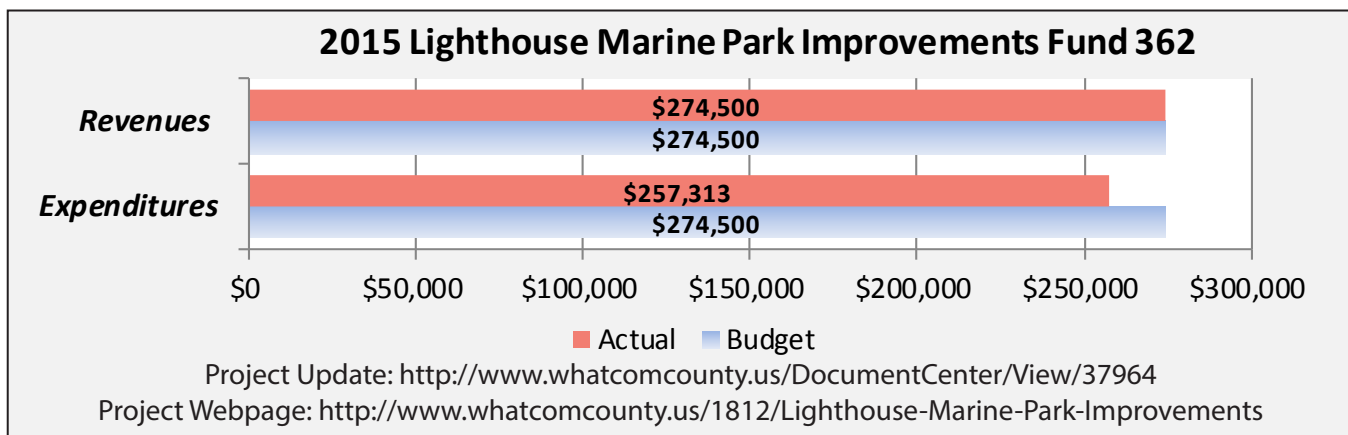
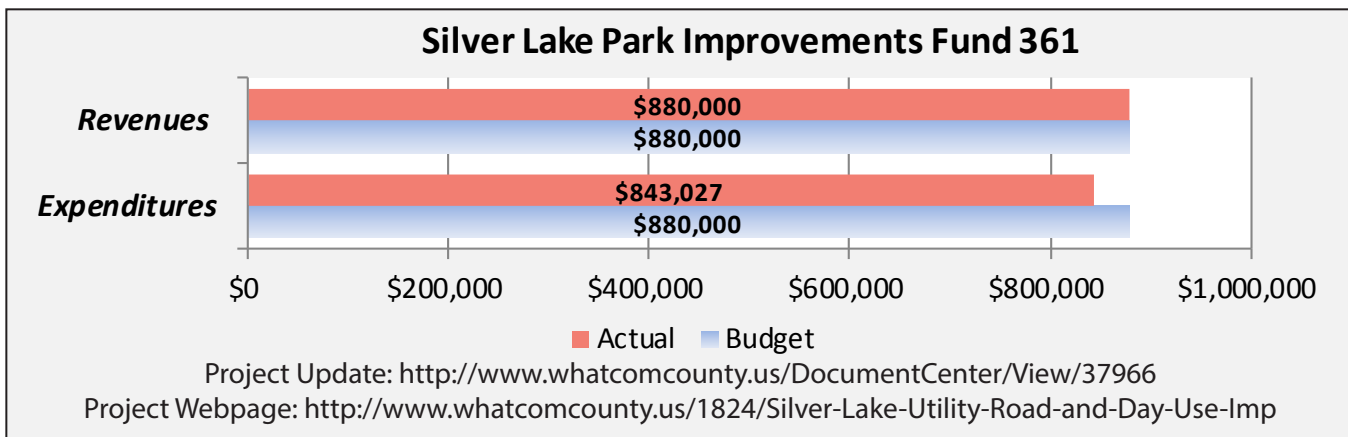
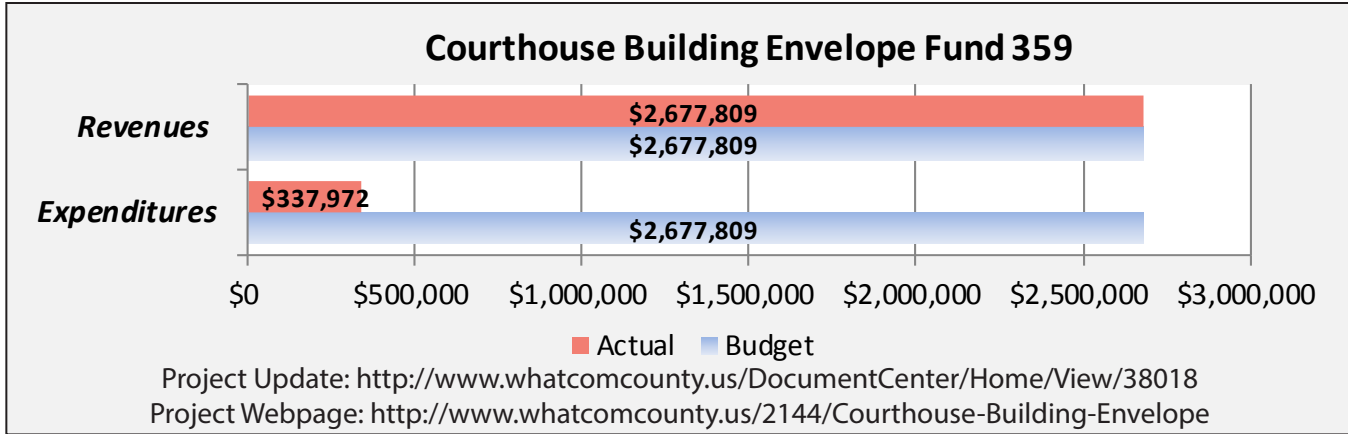


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Project Budget Funds, continued

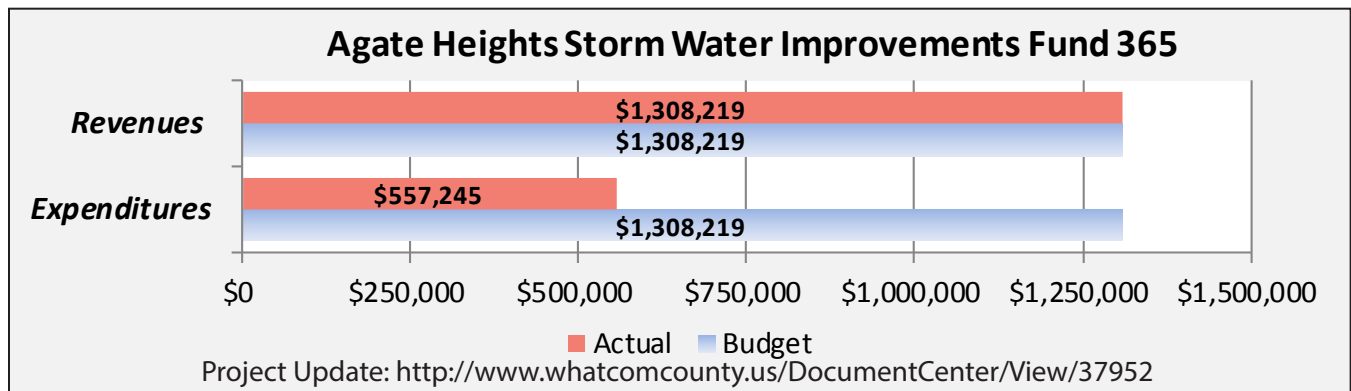
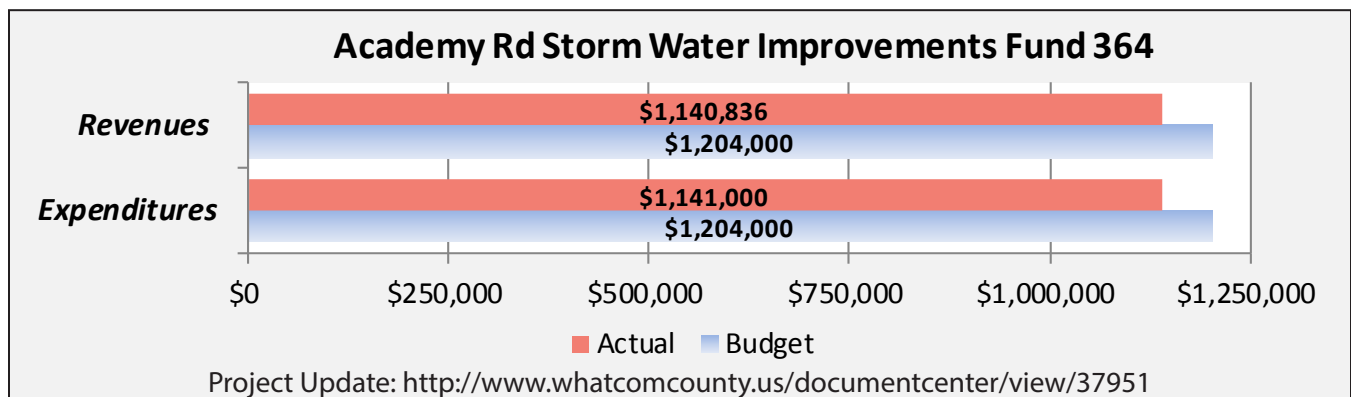
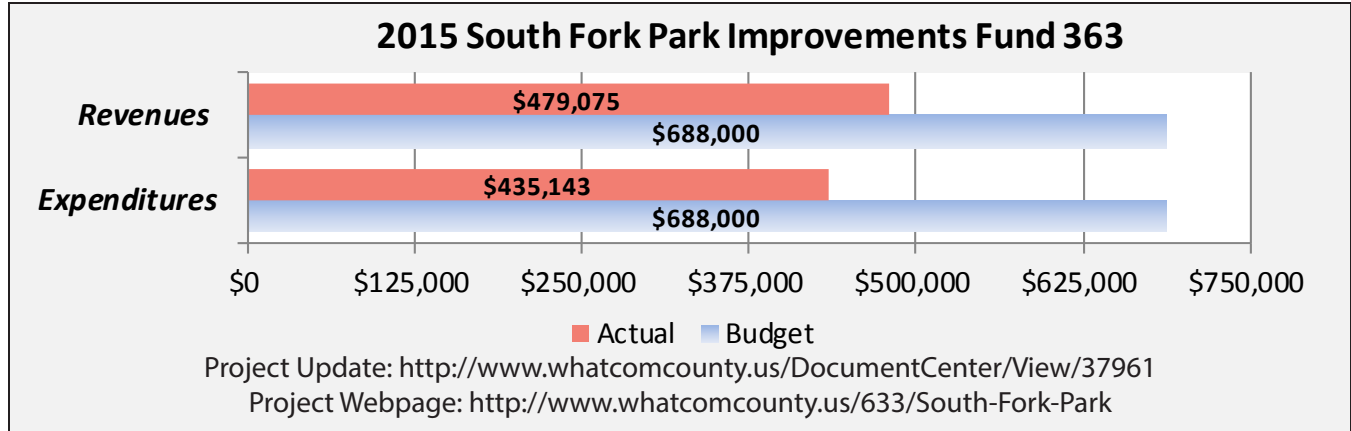


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Project Budget Funds, continued

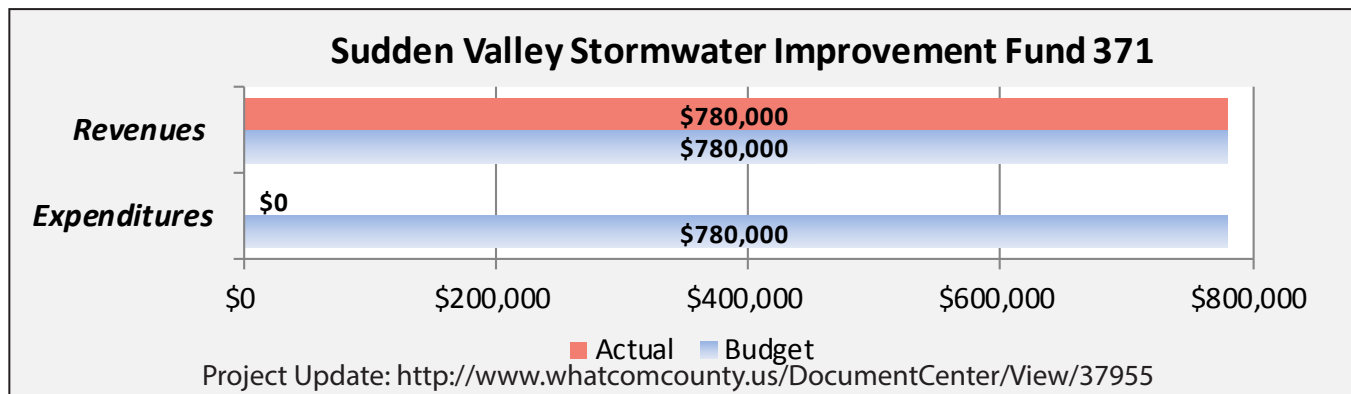
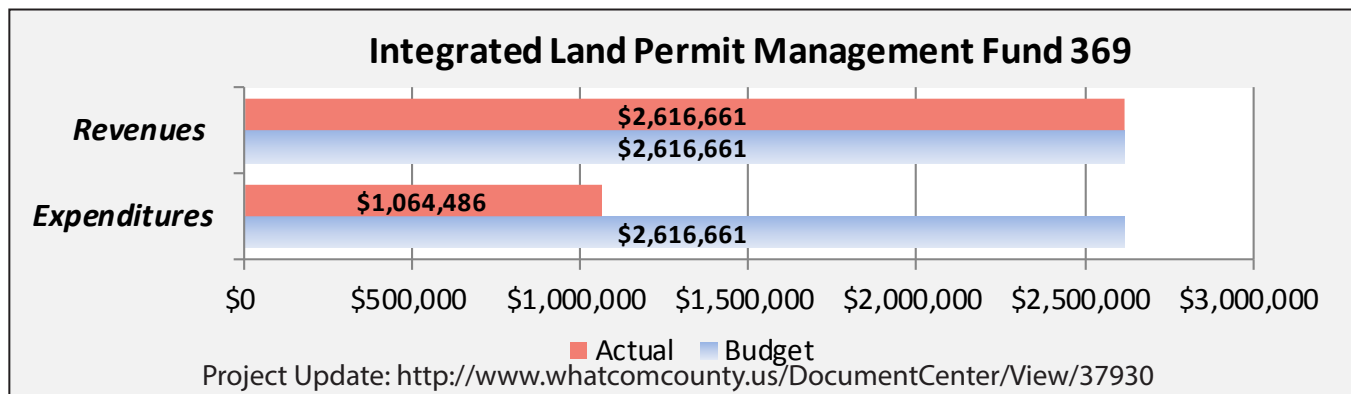
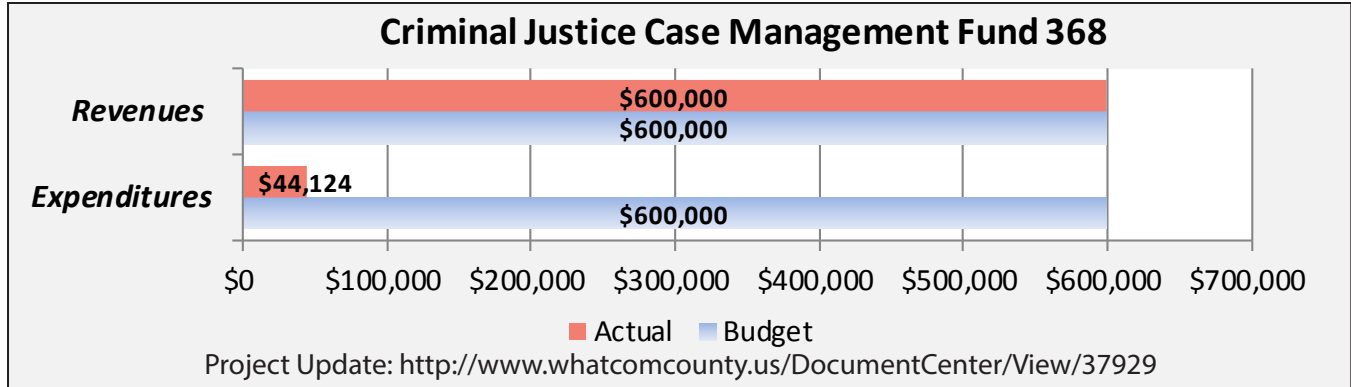


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Project Budget Funds, continued



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For the Quarter Ended September 30, 2018



Project Budget Funds, continued

