



**2013
Second
Quarter
Financial
Report**

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Compiled and Presented by the
Administrative Services Department
Finance Division

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Whatcom County Second Quarter 2013 Financial Report

For the Quarter Ended June 30, 2013



Executive Summary

The following information presents Whatcom County's second quarter 2013 financial report. At the end of the second quarter of 2013 General Fund revenues are almost \$1.2 million above second quarter projections. This is largely the result of the timing of a large interfund transfer from Real Estate Excise Tax Fund II and higher than projected receipts of grant and entitlement revenues. Property tax receipts are also above projected amounts due to new construction valuations being higher than budgeted.

Expenditures are 47.58 percent of the annual budget, which is within projected expectations.

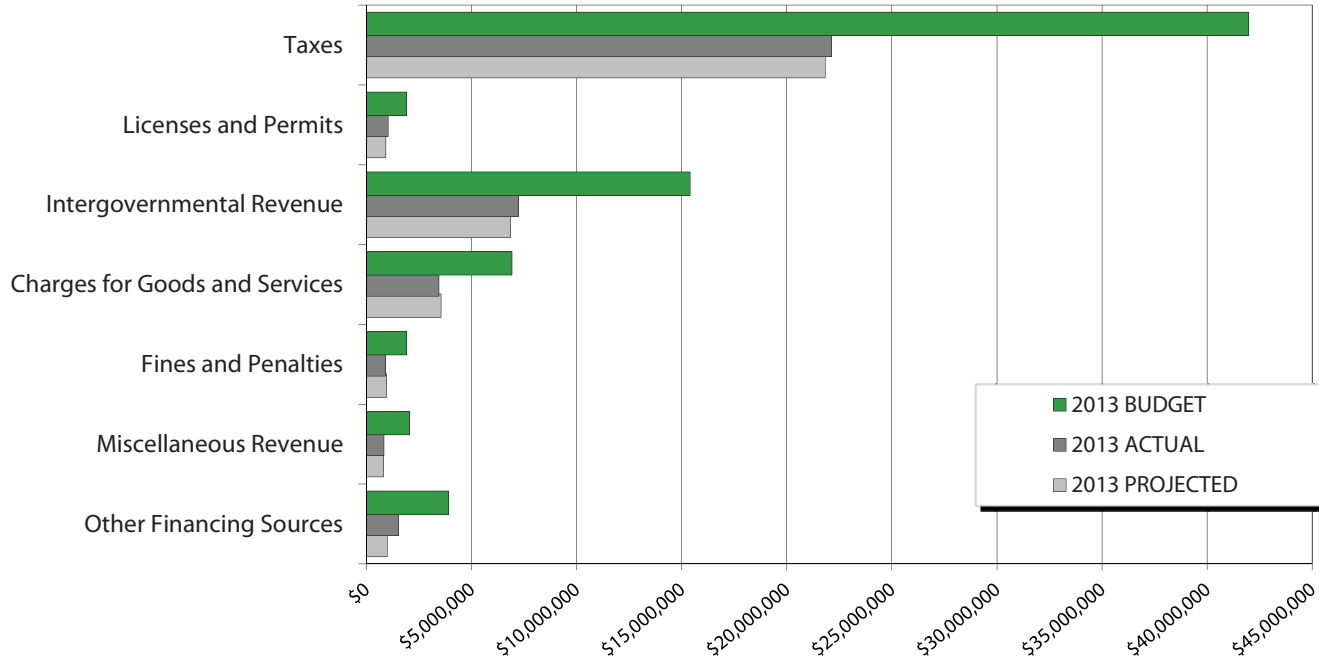
At the end of the second quarter, we project an ending adjusted fund balance of approximately \$11.5 million.

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General Fund Revenue - Budget vs. Actual



	2013 Budget Adopted	2013 Budget Supp'ls	2013 Budget Amended	Actual as of 6/30/2013	% Collected To Date	Projected as of 6/30/2013
Taxes	41,967,192	0	41,967,192	22,133,887	52.74%	21,836,867
Licenses and Permits	1,911,900	0	1,911,900	1,039,591	54.37%	931,183
Intergovernmental Revenue	14,919,769	486,337	15,406,106	7,232,152	46.94%	6,856,231
Charges for Goods and Services	6,869,172	58,094	6,927,266	3,452,270	49.84%	3,552,618
Fines and Penalties	1,915,400	0	1,915,400	902,320	47.11%	963,568
Miscellaneous Revenue	2,019,437	27,000	2,046,437	833,132	40.71%	810,955
Other Financing Sources	3,617,671	297,744	3,915,415	1,541,752	39.38%	990,317
Total Revenue	73,220,541	869,175	74,089,716	37,135,104	50.12%	35,941,739

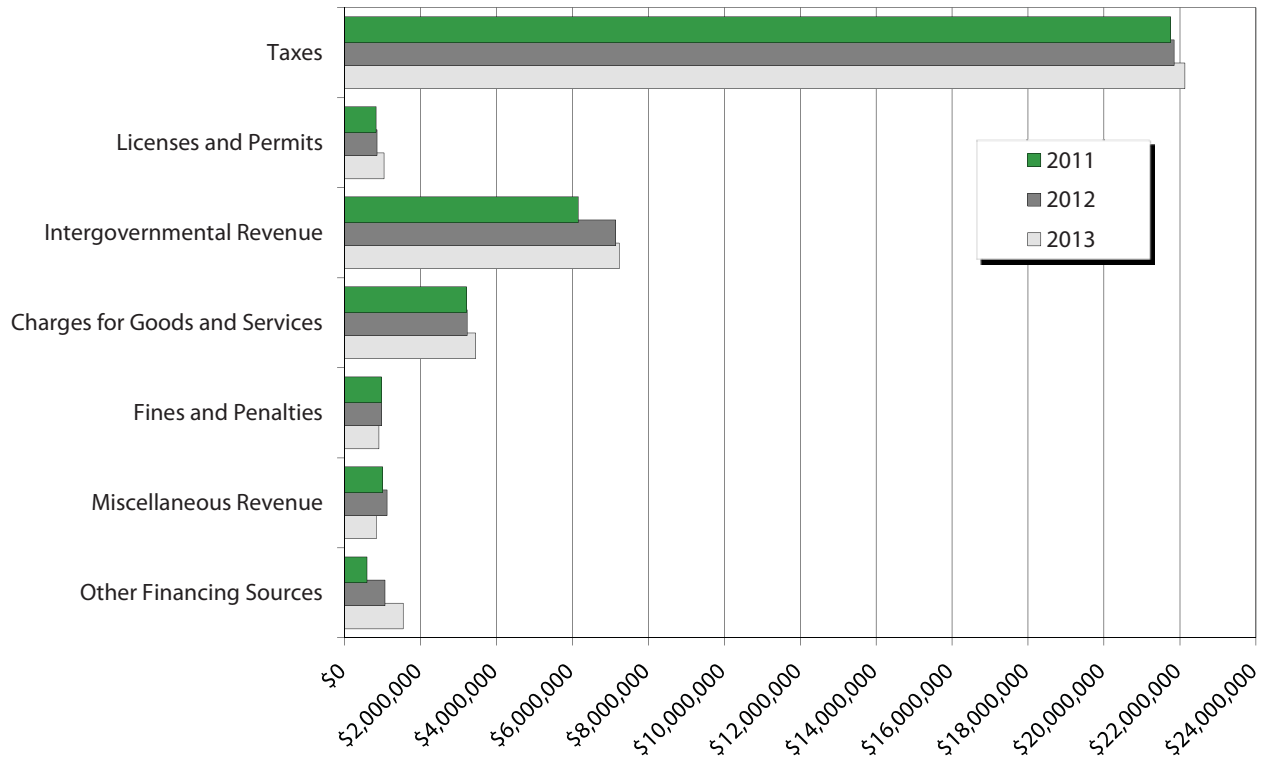
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2011	2012	2013
Taxes	21,758,389	21,851,336	22,133,887
Licenses and Permits	826,981	851,648	1,039,591
Intergovernmental Revenue	6,158,102	7,140,100	7,232,152
Charges for Goods and Services	3,208,486	3,228,919	3,452,270
Fines and Penalties	972,187	975,918	902,320
Miscellaneous Revenue	999,059	1,118,140	833,132
Other Financing Sources	587,378	1,066,114	1,541,752
Total Revenue	34,510,582	36,232,175	37,135,104

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 94% of Whatcom County's tax revenue budget.

Tax revenues are \$282,551 more than second quarter 2012 amounts. Current year sales tax collections are up \$272,933, or 4.7%, as compared to collections from last year. Property tax collections increased \$247,474, over second quarter 2012. Increases are the result of new construction added to the tax rolls. Delinquent tax collections, interest and penalties are lower than 2011 and 2012 amounts but real estate excise tax processing fees have increased as the real estate market regains momentum.

Licenses & Permits

Building permits account for 47.1% of "Licenses & Permits" budgets. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 48.2% of the budgets. Marriage licenses, firearms permits and fire control permits account for the remaining 4.7%.

License and Permit Fees are up 22%, or \$187,943, more than amounts collected during second quarter 2012. Firearms permits have increased \$42,190 over prior year amounts. Building permit and on-site septic system fees have increased \$113,181 over second quarter 2012 levels. Restaurant and food handling permits have also increased \$32,238 over 2012 levels.

Intergovernmental Revenue

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

The revenues collected as of quarter end were 46.9% of budget and amounts are \$92,053 more than second quarter 2012. Most of the increase is due to the annual federal payment in lieu of taxes (PILT being \$98,806 higher than 2012, and \$102,000 more than budget.

Charges for Goods and Services

"Charges for Goods and Services" include document recording fees (Auditor), motor vehicle license fees (Auditor), plan check fees (Planning & Development Services), adult probation fees (District Court Probation), on-site septic system fees (Health Department, rifle range fees (Parks) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Overall, Charges for Goods and Services increased \$223,340, or 6.9%, over second quarter 2012. Most of the increase is due to the new annual on-site septic system fee of \$19 per system. The new fee was adopted by the County Council to pay for the Health Department monitoring program of septic systems. These fees are presented on the homeowner's property tax statement and paid along with the semi-annual property tax payments.

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General Fund Revenue Notes, continued

Fines and Penalties

"Fines and Penalties" consist principally of traffic infraction revenue and criminal traffic misdemeanor penalties, which include driving while intoxicated penalties. It also includes bail/bond forfeitures, code enforcement fines, public defense recoupment and other miscellaneous criminal costs and penalties.

Fines and Penalties revenues decreased by \$73,600, or 7.5%, under second quarter 2012 amounts. Moderate decreases have occurred in all revenue categories including traffic infractions, other criminal non-traffic misdemeanors, Superior Court penalties, and DWI penalties.

Miscellaneous

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

After eliminating the effect of a \$213,000 one-time adjustment in 2012, miscellaneous revenue is down \$72,047 from the second quarter 2012. Interest income earnings are down \$155,039, or 41.3%, due to the continuing trend of low interest rates on long-term investments. There were moderate increases in Parks-related rentals and Health Department contributions in support of a health care access program.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (10%) and 90% from transfers from other Whatcom County funds.

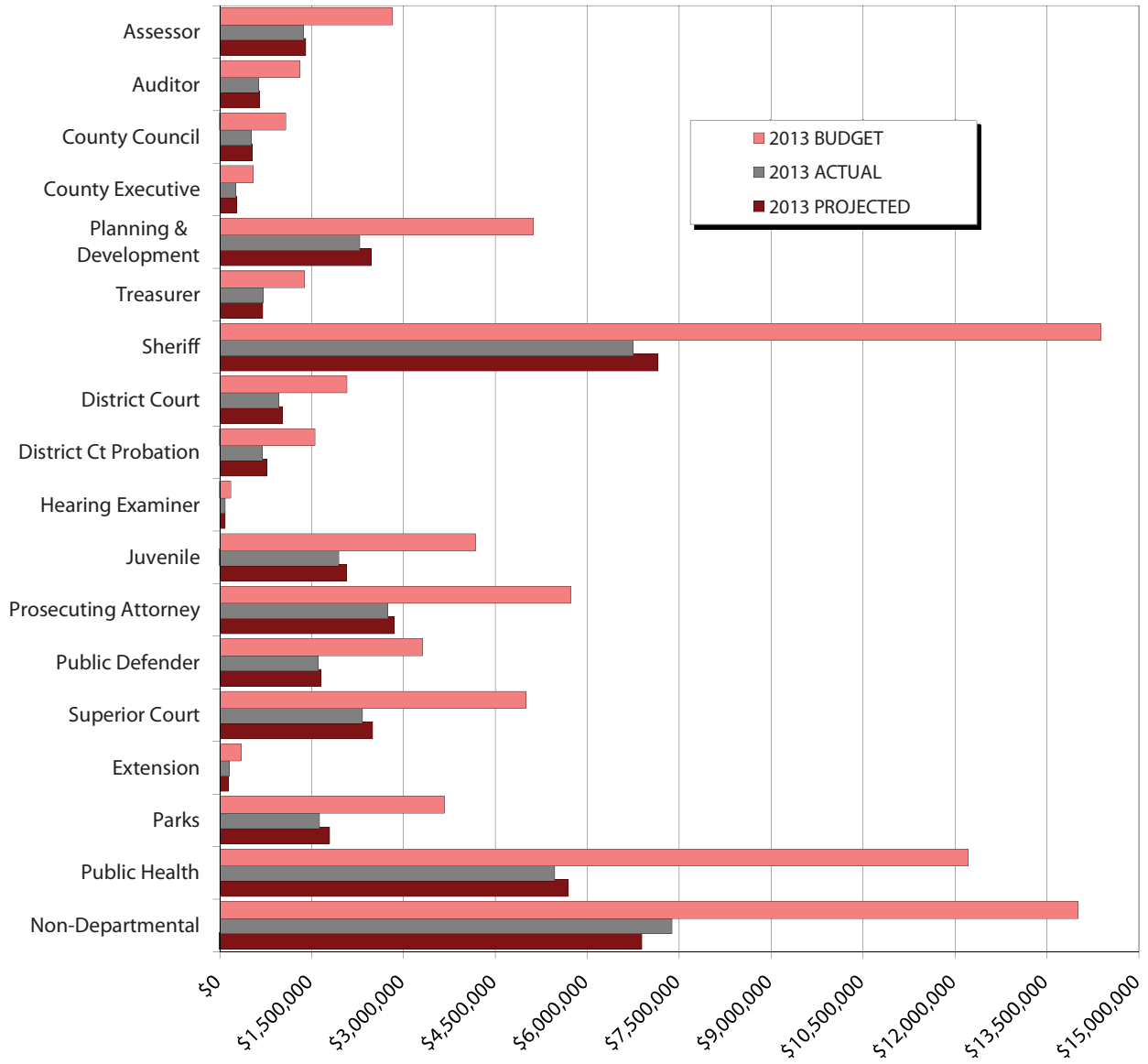
The Other Financing Sources category is \$475,639 more than second quarter 2012 amounts. State timber sales revenue decreased \$208,171 under 2012 amounts. Timber revenues fluctuate based on harvest plans and market conditions. Interfund transfers increased \$695,811 due to a \$1 million transfer from Real Estate Excise Tax Fund II (REET II) as a result of state legislation temporarily allowing use of REET II funds for operating expenses of parks.

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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 2013 Budget	Budget Supplementals	Amended Budget	Actual as of 6/30/13	% Expended To Date	Projected as of 6/30/13
Assessor	2,823,955	0	2,823,955	1,365,046	48.34%	1,406,996
Auditor	1,309,288	0	1,309,288	641,881	49.03%	648,859
County Council	971,848	106,828	1,078,676	518,408	48.06%	526,251
County Executive	547,723	0	547,723	267,298	48.80%	273,940
Planning & Development	5,067,990	48,113	5,116,103	2,286,797	44.70%	2,471,922
Treasurer	1,361,873	25,878	1,387,751	712,555	51.35%	702,555
Sheriff	13,468,226	906,418	14,374,644	6,750,043	46.96%	7,151,261
District Court	2,015,981	59,282	2,075,263	962,464	46.38%	1,022,226
District Court Probation	1,614,399	(59,282)	1,555,117	696,061	44.76%	769,831
Hearing Examiner	181,384	390	181,774	90,309	49.68%	90,542
Juvenile	4,197,336	(26,108)	4,171,228	1,945,670	46.65%	2,071,158
Prosecuting Attorney	5,694,137	34,000	5,728,137	2,742,678	47.88%	2,852,851
Public Defender	3,313,854	1,581	3,315,435	1,602,945	48.35%	1,650,118
Superior Court/Clerk	4,970,142	26,642	4,996,784	2,328,572	46.60%	2,495,874
Extension	343,691	4,604	348,295	152,208	43.70%	148,785
Park	3,598,857	64,482	3,663,339	1,626,809	44.41%	1,795,748
Public Health	12,154,240	60,000	12,214,240	5,467,682	44.76%	5,690,105
Non-Departmental	13,212,929	797,057	14,009,986	7,380,839	52.68%	6,891,246
Total General Fund Exp	76,847,853	2,049,885	78,897,738	37,538,265	47.58%	38,660,268

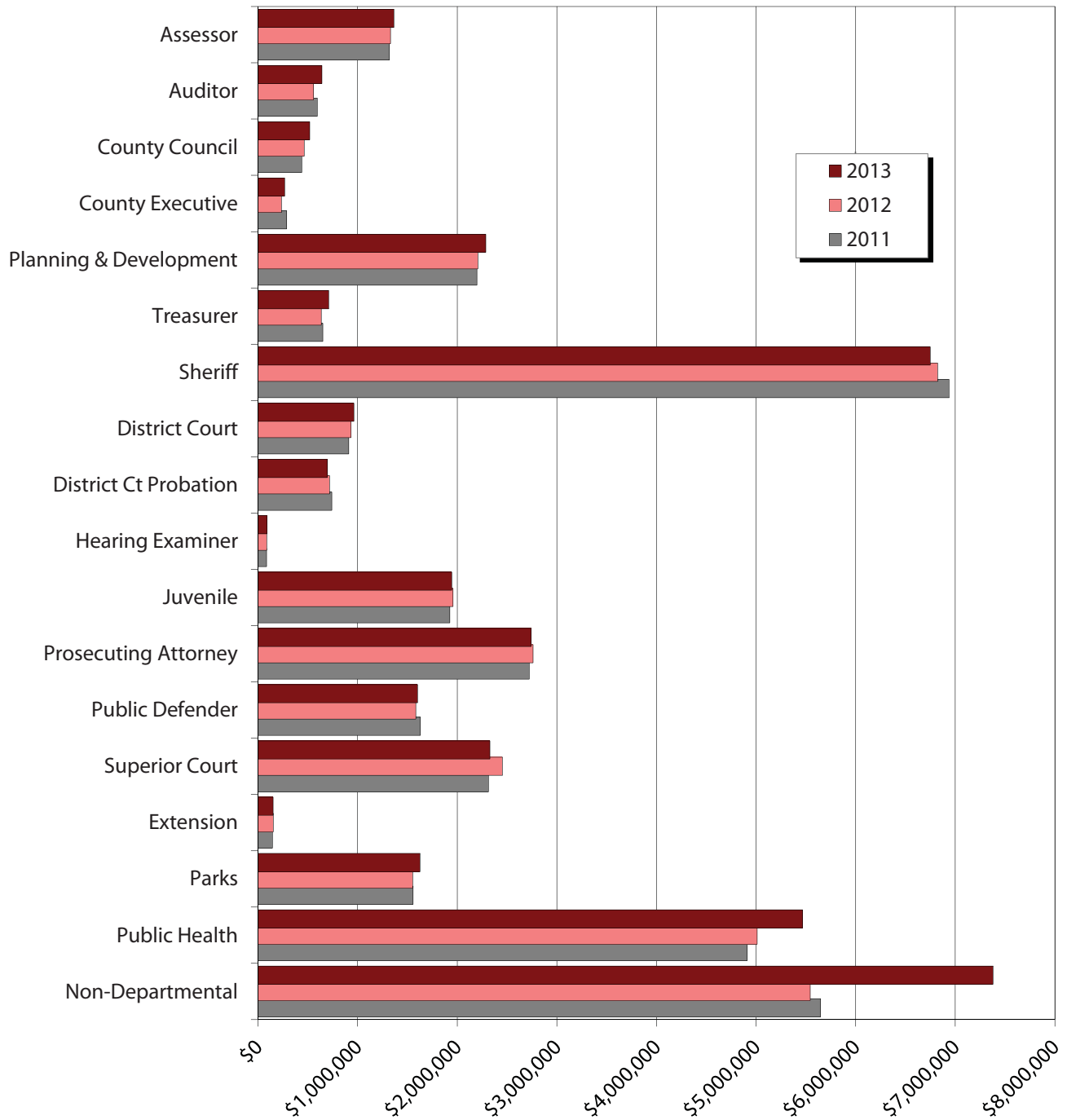
See page 9 for General Fund Expenditure Notes.

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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

	2011	2012	2013
Assessor	1,320,256	1,329,978	1,365,046
Auditor	595,159	557,113	641,881
County Council	439,814	464,381	518,408
County Executive	288,259	235,903	267,298
Planning & Development	2,197,369	2,207,406	2,286,797
Treasurer	650,146	634,996	712,555
Sheriff	6,939,621	6,824,982	6,750,043
District Court	911,425	934,283	962,464
District Ct Probation	740,343	720,019	696,061
Hearing Examiner	86,554	87,695	90,309
Juvenile	1,926,155	1,958,249	1,945,670
Prosecuting Attorney	2,723,652	2,760,822	2,742,678
Public Defender	1,630,496	1,584,274	1,602,945
Superior Court Administration	2,313,954	2,455,598	2,328,572
Extension	144,847	154,121	152,208
Parks	1,556,909	1,553,504	1,626,809
Public Health	4,912,094	5,011,353	5,467,682
Non-Departmental	5,647,931	5,544,263	7,380,839
TOTAL	35,024,984	35,018,940	37,538,265

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were at 47.58% of the approved budget. All departmental spending was within budget expectations except for the Treasurer's Office and Non-Departmental. The Treasurer's Office was 51.35% spent as a result of postage and contracted services for annual tax statement mailings being incurred during the first half of the year rather than distributed throughout the year. In addition, the third quarter 2013 software maintenance fees were prepaid during the second quarter. Non-Departmental was 52.68% spent as a result of large operating transfers being completed during the first half of the year rather than distributed throughout the year.

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General Fund Conclusion

Beginning Fund Balance 1/1/13	11,014,583
Revenues	
Budgeted Revenues 2013	73,220,541
Increased Revenue Estimates	300,000
Continuing Appropriations from 2012	253,342
Supplemental Budgets 2013	615,833
Total Revenue	74,389,716
Expenditures	
Budgeted Expenditures 2013	76,847,853
Continuing Appropriations from 2012	394,550
Supplemental Budgets 2013	1,655,335
Total Expenditures	78,897,738
Adjusted Surplus (Deficit)	(4,508,022)
Other Considerations	
Estimated Budget Lapse (3.9%)	3,077,012
Projected Ending Fund Balance 12/31/13	9,583,573
Interfund Loan Adjustment*	1,907,271
Adjusted Fund Balance 12/31/13	11,490,844

Notes:

* Accounting for interfund loans used to finance the Central Plaza Building purchase and the Assessor-Treasurer System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases are shown as expenditures but the loan proceeds are not presented as revenues in the income statement but only as a liability on the balance sheet.

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Special Revenue Funds and Other Funds - Revenues

	2012 Actual as of 6/30/2012	2013 Actual as of 6/30/2013	2013 Budget	% Collected of 2013 Budget
County Road Fund	12,392,811	12,126,070	26,549,801	45.67%
Election Reserve Fund	559,384	300,574	1,342,700	22.39%
Veterans Relief	148,345	145,224	279,639	51.93%
Jail Fund	5,840,338	6,228,462	12,084,550	51.54%
Low Income Housing Projects	102,127	118,623	225,775	52.54%
Homeless Housing	727,720	1,310,811	2,940,579	44.58%
Stormwater Fund	122,900	21,767	1,880,126	1.16%
Chemical Dependency/ Mental Health	1,652,911	1,743,322	3,647,866	47.79%
County Wide Emergency Medical	1,258,136	1,319,461	2,846,193	46.36%
Trial Court Improvement Fund	23,824	23,994	48,107	49.88%
Solid Waste Fund	253,081	223,339	906,226	24.64%
Whatcom Co Convention Center Fund	230,993	263,499	513,000	51.36%
Victim/ Witness Assistance Fund	60,012	59,420	126,950	46.81%
Whatcom Co Drug Fund	596,238	100,262	657,500	15.25%
Auditor's O&M Fund	46,876	55,474	166,500	33.32%
Emergency Management	528,486	472,764	1,922,269	24.59%
Flood Control Zone District Fund	2,006,990	1,882,516	5,596,165	33.64%
Pt Roberts Fuel Tax Fund	44,086	44,704	60,000	74.51%
Conservation Futures Fund	551,991	549,911	1,010,852	54.40%
Sub-Flood Zones	111,013	108,099	194,705	55.52%
Birch Bay Sub-Zone	483,727	431,171	888,823	48.51%
Real Estate Excise Tax Fund II	443,126	710,861	1,360,148	52.26%
Real Estate Excise Tax Fund I	443,126	525,369	1,163,000	45.17%
Civic Center Building Improvement	-	44,100	44,100	100.00%
Public Utilities Improvement Fund	1,516,705	1,603,607	3,207,930	49.99%
Birch Bay Drive	-	745,000	1,072,324	69.48%
Birch Bay Lynden Sign	-	385,237	4,300,000	8.96%
Potter Rd/ South Fork Bridge	-	1,900,000	9,600,000	19.79%
Rural Road Safety Program	-	16,100	1,769,389	0.91%
Sheriff Records	-	1,440,162	1,440,162	100.00%
New Jail Project Fund	-	1,000,000	1,000,000	100.00%
Superior Court Fourth Judge Courtroom	-	-	200,000	0.00%
Ferry System Fund	688,996	962,076	2,758,000	34.88%
Equipment Rental & Revolving	4,065,631	3,769,922	9,883,390	38.14%
Administrative Services Fund	8,895,316	8,544,049	18,837,253	45.36%

Notes:

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

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Special Revenue Funds and Other Funds - Expenditures

	2012 Actual as of 6/30/2012	2013 Actual as of 6/30/2013	2013 Budget	% Expended of 2013 Budget
County Road Fund	7,879,800	10,314,183	27,183,536	37.94%
Election Reserve Fund	652,040	396,835	1,216,470	32.62%
Veterans Relief	224,996	160,865	467,893	34.38%
Jail Fund	5,929,464	5,995,876	12,792,243	46.87%
Low Income Housing	66,106	144,518	250,670	57.65%
Homeless Housing	724,346	1,061,404	2,864,615	37.05%
Stormwater Fund	431,364	421,804	2,109,392	20.00%
Chemical Depend/ Mental Health	736,466	948,325	4,010,210	23.65%
County Wide Emergency Medical	1,417,561	1,664,013	3,725,242	44.67%
Trial Court Improvement Fund	0	0	13,735	0.00%
LEOFF I Healthcare Fund	155,591	193,964	204,066	95.05%
Solid Waste Fund	352,803	280,698	894,543	31.38%
Whatcom Co Convention Center Fund	182,726	179,271	564,985	31.73%
Victim/ Witness Assistance Fund	39,602	40,802	146,562	27.84%
Whatcom Co Drug Fund	216,468	66,572	593,967	11.21%
Auditor's O&M Fund	90,091	145,749	290,852	50.11%
Emergency Management	374,914	452,368	1,937,209	23.35%
Flood Control Zone District Fund	973,450	1,030,842	8,689,063	11.86%
Conservation Futures Fund	21,091	41,802	547,000	7.64%
Sub-Flood Zones	21,088	9,626	241,836	3.98%
Birch Bay Sub Zone	145,768	137,153	1,358,757	10.09%
Real Estate Excise Tax Fund II	91,706	2,082,851	3,778,563	55.12%
Real Estate Excise Tax Fund I	188,946	16,146	473,511	3.41%
Civic Center Improvement Fund	31,227	1,498,272	1,562,574	95.88%
Public Utilities Improvement	407,851	488,654	1,039,944	46.99%
East County Regional Resource Center	7,714	0	76,580	0.00%
Yew St Road Construction	19,517	14,987	14,987	100.00%
Lincoln Rd Construction	153,483	17,422	592,432	2.94%
Jail Improvement Fund	329,229	279,844	1,363,047	20.53%
Birch Bay Drive	0	79,797	1,072,324	7.44%
Birch Bay Portal Way Sign	0	133,072	3,620,000	3.68%
Potter/ South Fork Bridge	0	175,673	8,450,000	2.08%
Rural Road Safety	0	174,537	1,769,389	9.86%
Sheriff Records	0	68,772	1,440,162	4.78%
New Jail Project Fund	0	210,839	444,902	47.39%
Superior Court Fourth Judge Courtroom	0	0	200,000	0.00%
Ferry System Fund	1,232,543	1,132,804	2,524,850	44.87%
Equipment Rental & Revolving	4,103,129	3,900,500	13,073,831	29.83%
Administrative Services Fund	8,278,340	8,771,920	20,111,531	43.62%

Notes:

Expenditures in most of the funds presented are project-driven and do not follow regular spending patterns. Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list.