



**2013
Fourth
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

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Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



Executive Summary

The following information presents Whatcom County's fourth quarter 2013 financial report. At year-end Whatcom County's General Fund collected 99.3% of its budgeted revenues. Whatcom County's General Fund spent 92.9% of its budgeted expenditures.

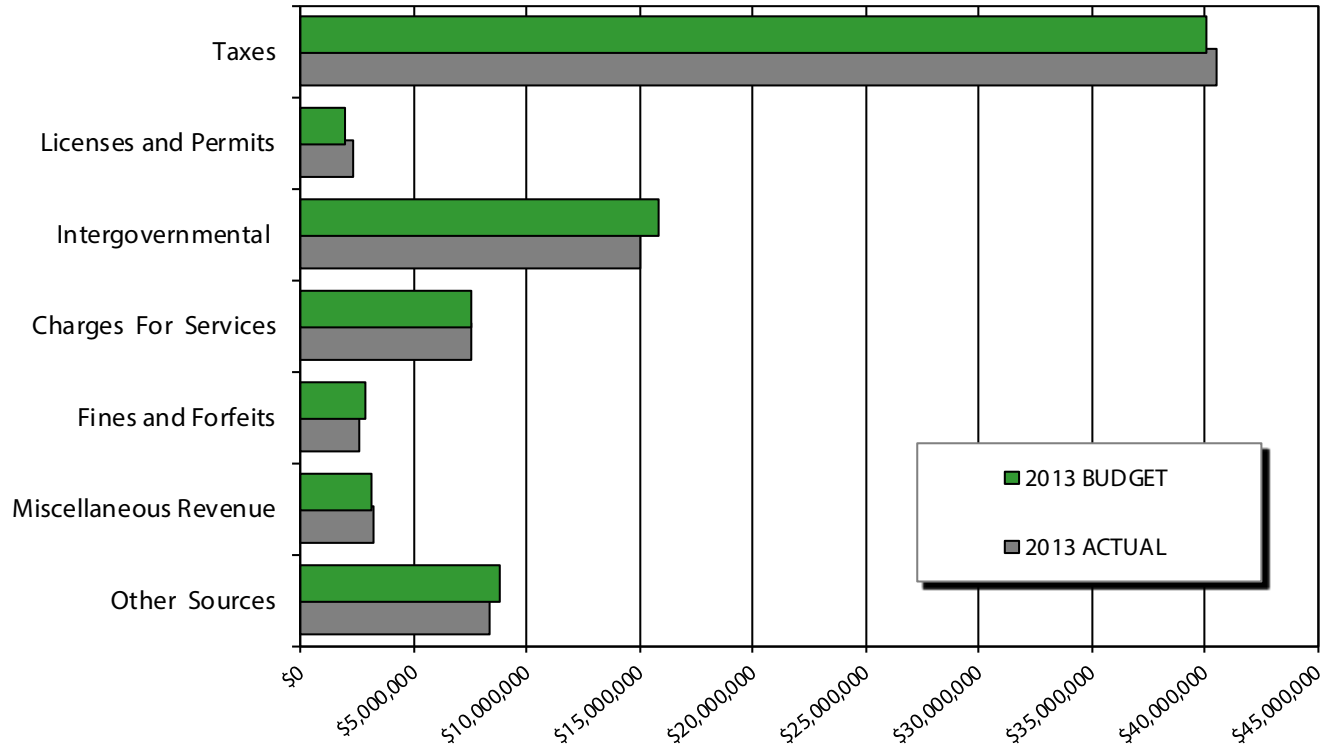
The estimated 2013 General Fund ending fund balance is projected to be approximately \$12.3 million. This is an increase of \$1.3 million over the 2012 ending fund balance. The increase is primarily due to large lapses of expenditure authority as a result of delays in hiring vacant positions, as well as uncompleted capital projects that are being re-appropriated in 2014.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Revenue - Budget vs. Actual



	2013 Budget Adopted	2013 Budget Supp'ls	2013 Budget Amended	Actual as of 12/31/2013	% Collected To Date
Taxes	40,040,192	0	40,040,192	40,530,277	101.22%
Licenses and Permits	1,911,900	0	1,911,900	2,262,457	118.34%
Intergovernmental Revenue	14,394,009	1,390,250	15,784,259	15,044,266	95.31%
Charges for Goods and Services	7,388,932	131,314	7,520,246	7,526,034	100.08%
Fines and Penalties	2,841,400	0	2,841,400	2,536,514	89.27%
Miscellaneous Revenue	3,026,437	58,100	3,084,537	3,243,188	105.14%
Other Financing Sources	3,617,671	5,200,119	8,817,790	8,298,625	94.11%
Total Revenue	73,220,541	6,779,783	80,000,324	79,441,361	99.30%

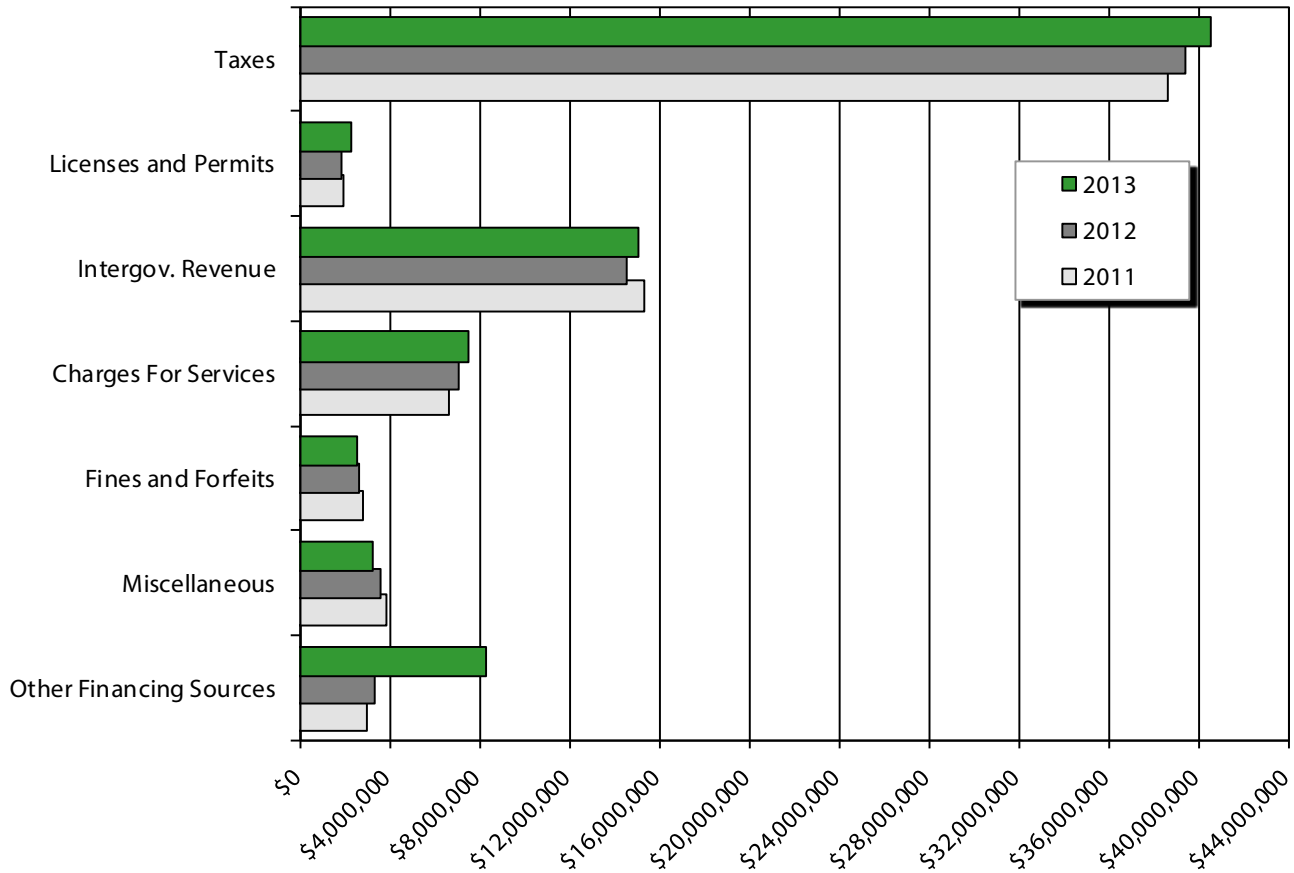
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Revenue to Date - Compared to Prior Years



	2011	2012	2013
Taxes	38,665,180	39,395,457	40,530,277
Licenses and Permits	1,990,716	1,910,272	2,262,457
Intergovernmental Revenue	15,371,822	14,594,895	15,044,266
Charges for Goods and Services	6,646,478	7,115,755	7,526,034
Fines and Penalties	2,854,380	2,666,159	2,536,514
Miscellaneous Revenue	3,879,443	3,595,253	3,243,188
Other Financing Sources	3,021,297	3,324,574	8,298,625
Total Revenue	72,429,316	72,602,365	79,441,361

See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Revenue Notes

Taxes

Property tax and retail sales tax make up 98.7% of Whatcom County's tax revenue budget.

Tax revenues are \$1,134,820 over 2012 amounts. Current year sales tax collections are up \$801,275, or 6.8%, over last year. Current year property tax collections are up \$508,889, or 2%, above 2012 due to taxes on new construction and a slightly higher tax collection rate than last year. Private timber harvest taxes are \$71,527 under 2012. Prior year delinquent tax collections are \$97,872 under 2012.

Licenses & Permits

Building permits account for 47.1% of "Licenses & Permits" budgets. Health Department licenses and permits account for 48.2%. Marriage, fire control, and firearms licenses and permits account for the remaining 4.7%.

License and Permit revenues were 118.3% of the 2013 budget. These revenues are up \$352,185 from 2012 due to building industry-related permit fees which are up significantly. Other licenses and permits are up modestly.

Intergovernmental Revenue

"Intergovernmental Revenue" comes from a variety of sources including grant revenues, state and federal entitlements, and some intergovernmental transaction revenues.

Revenues collected as of year-end are \$739,993 less than budget. Year-end adjustments will increase grant revenues and the adjusted revenues will be significantly closer to budget targets. Federal Payment In Lieu of Taxes revenues are \$98,806 more than last year. State liquor board profits and excise taxes are down \$194,489 below 2012 amounts. Prior year amounts included proceeds from the sale of state liquor stores.

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), court-related fees (District and Superior Courts), septic system fees (Health Department), rifle range fees (Parks), interfund service fees (various departments) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Overall, Charges for Services increased \$410,279, or 5.8%, over 2012 amounts. Health Department service charges increased \$276,965 due to instituting county-wide septic system operations and maintenance fees. Economic Environment fees increased \$118,821, or 8.3%, as a result of an increase in building-related activity.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Revenue Notes, continued

Fines and Forfeits

"Fines and Forfeits" consist of traffic infraction revenue and criminal traffic misdemeanor penalties, which include driving while intoxicated penalties. It also contains bail/bond forfeitures, code enforcement fines, public defense recoupment and other miscellaneous criminal costs and penalties. In addition, penalties on delinquent property tax payments are included.

Fines and Forfeits revenues decreased \$129,645, or 4.9%, below 2012 amounts. All categories of court and tax-related penalties are down as compared to the last two years.

Miscellaneous

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

After year end adjustments are made, Miscellaneous Revenues will be approximately \$255,000, or 7%, below 2012 amounts. Prior year revenues include a one-time payment of \$212,861 related to refund of a grant-related loan loss reserve account. After adjustment, investment interest earnings will be approximately \$470,000, which is \$137,000, or 22.6%, less than 2012 amounts. Investment interest earnings are continuing their multi-year decline. Other sources of miscellaneous revenues, such as franchise fees, donations, and court-related interest income, have increased modestly.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (4.3%), sale of capital assets (48.2%), and 47.5% transfers from other Whatcom County funds.

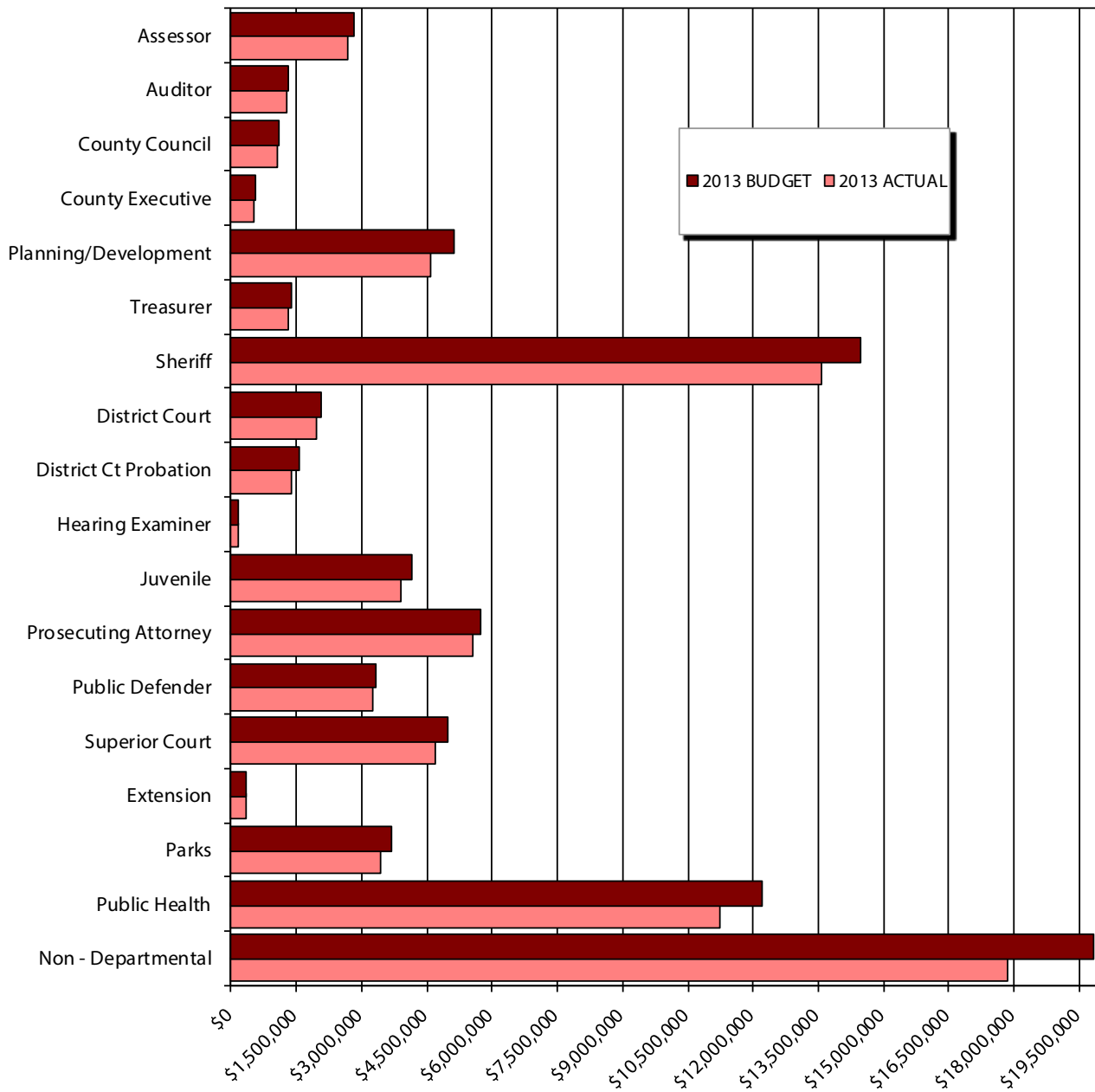
After year end adjustments are made, the Other Financing Sources category will have increased over \$5 million above 2012. This category includes \$4,250,000 from the sale of the Civic Center Building to the Road Fund. It also includes a \$1 million transfer from Real Estate Tax Fund II (REET II) as a result of state legislation temporarily allowing use of REET II funds for operating expenses of parks. In addition, a \$652,375 return of vehicle equity from the Equipment Rental & Revolving Fund is included. State timber sales revenue decreased \$231,956 under 2012 amounts to \$367,344. Timber revenues fluctuate based on harvest plans and market conditions. Non-recurring, unbudgeted fixed asset sales and proceeds from copier capital leases amount to \$170,683. Drug Fund and Victim-Witness Fund transfers in support of General Fund operating expenses are \$282,822 below budget due to cash flow shortfalls in those funds.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Expenditures - Budget vs. Actual



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

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Expenditures - Budget vs. Actual

	Adopted 2013 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/13	% Expended To Date
Assessor	2,823,955	0	2,823,955	2,700,035	95.61%
Auditor	1,309,288	0	1,309,288	1,292,423	98.71%
County Council	971,848	116,828	1,088,676	1,054,757	96.88%
County Executive	547,723	0	547,723	530,791	96.91%
Planning & Development	5,067,990	48,113	5,116,103	4,570,287	89.33%
Treasurer	1,361,873	25,878	1,387,751	1,333,171	96.07%
Sheriff	13,468,226	1,006,742	14,474,968	13,563,217	93.70%
District Court	2,015,981	59,282	2,075,263	1,955,280	94.22%
District Court Probation	1,614,399	(59,282)	1,555,117	1,396,879	89.82%
Hearing Examiner	181,384	390	181,774	180,862	99.50%
Juvenile	4,197,336	(26,108)	4,171,228	3,899,561	93.49%
Prosecuting Attorney	5,694,137	34,000	5,728,137	5,543,403	96.77%
Public Defender	3,313,854	1,581	3,315,435	3,242,697	97.81%
Superior Court/Clerk	4,970,142	26,642	4,996,784	4,692,887	93.92%
Extension	343,691	17,604	361,295	346,158	95.81%
Park	3,598,857	79,482	3,678,339	3,420,090	92.98%
Public Health	12,154,240	60,000	12,214,240	11,230,601	91.95%
Non - Departmental	13,212,929	6,609,341	19,822,270	17,858,679	90.09%
Total General Fund Exp	76,847,853	8,000,493	84,848,346	78,811,778	92.89%

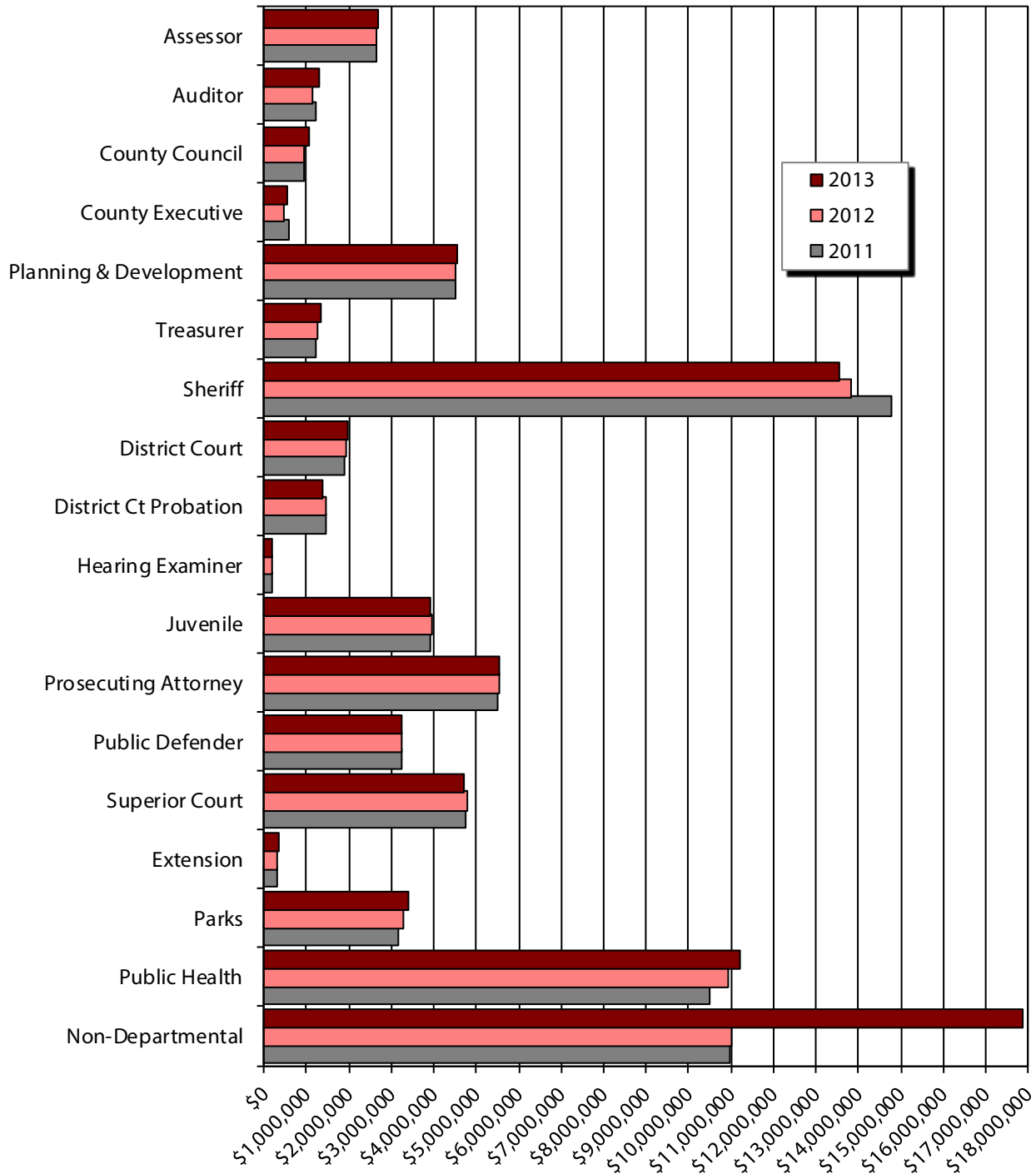
See page 9 for General Fund Expenditure Notes.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Expenditures - Compared to Prior Years



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

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Expenditures - Compared to Prior Years

	2011	2012	2013
Assessor	2,663,618	2,654,469	2,700,035
Auditor	1,206,900	1,135,687	1,292,423
County Council	930,228	930,506	1,054,757
County Executive	575,992	469,937	530,791
Planning & Development	4,498,800	4,524,193	4,570,287
Treasurer	1,235,718	1,254,675	1,333,171
Sheriff	14,770,708	13,828,146	13,563,217
District Court	1,899,955	1,946,501	1,955,280
District Ct Probation	1,457,880	1,451,199	1,396,879
Hearing Examiner	174,457	176,998	180,862
Juvenile	3,935,606	3,943,706	3,899,561
Prosecuting Attorney	5,485,420	5,554,048	5,543,403
Public Defender	3,236,662	3,222,947	3,242,697
Superior Court Administration	4,764,285	4,786,182	4,692,887
Extension	310,427	326,814	346,158
Parks	3,155,777	3,266,789	3,420,090
Public Health	10,504,536	10,944,419	11,230,601
Non-Departmental	10,955,539	11,025,976	17,858,679
TOTAL	71,762,508	71,443,192	78,811,778

General Fund Expenditure Notes

Overall expenditures for the General Fund were at 92.9% of the approved budget at year end. Approximately \$2,150,000 of spending authority will be continued or re-appropriated in 2014 in order to complete projects and contract obligations that span fiscal reporting periods. All departments had expenditures within their budgeted authority. Planning & Development Services had significant budget lapse due to staff turnover and multi-year consultant contracts carried over into 2014. The Health Department also had significant lapse due to delayed projects and vendor contracts which span the calendar year-end and will be spent out in 2014. Non-Departmental lapsed over \$600,000 on the Assessor – Treasurer System project which has been reallocated in 2014. In addition, three pass-through grant projects to community agencies lapsed \$828,000 and will be carried over.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/13	<u>11,014,583</u>
Revenues	
Budgeted Revenues 2013	73,220,541
Increased Revenue Estimates	200,000
Continuing Appropriations from 2012	253,342
Supplemental Budgets 2013	<u>6,526,441</u>
Total Revenue	<u>80,200,324</u>
Expenditures	
Budgeted Expenditures 2013	76,847,853
Projects Delayed to 2014 **	(2,150,000)
Continuing Appropriations from 2012	394,550
Supplemental Budgets 2013	<u>7,605,943</u>
Total Expenditures	<u>82,698,346</u>
Adjusted Surplus (Deficit)	(2,498,022)
Other Considerations	
Estimated Budget Lapse (4.5%)	<u>3,754,505</u>
Projected Ending Fund Balance 12/31/13	12,271,066
Interfund Loan Adjustment*	<u>1,907,271</u>
Adjusted Fund Balance 12/31/13	<u>14,178,337</u>

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.

** Assessor Treasurer System completion, Bellingham Food Bank capital construction project grant, Sheriff's Records Management System maintenance agreement, and several minor projects will be continued into 2014.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



Special Revenue Funds and Other Funds - Revenues

	2012 Actual As of 12/31/2012	2013 As of 12/31/2013	2013 Budget	% Collected of 2013 Budget
County Road Fund	25,766,823	28,936,258	28,674,630	100.91%
Election Reserve Fund	1,308,800	1,202,904	1,342,700	89.59%
Veterans Relief	279,486	271,567	279,639	97.11%
Jail Fund	12,267,495	13,000,222	12,745,280	102.00%
Low Income Housing Projects	217,056	213,026	225,775	94.35%
Homeless Housing	1,962,442	2,699,517	3,098,995	87.11%
Stormwater Fund	1,104,499	1,552,975	1,880,126	82.60%
Chemical Dependency/Mental Hlth	3,523,029	3,703,820	3,647,866	101.53%
County Wide Emergency Medical	2,759,572	2,901,572	2,846,193	101.95%
Trial Court Improvement Fund	48,345	47,988	48,107	99.75%
Solid Waste Fund	1,026,648	706,037	911,476	77.46%
WC Convention Center Fund	555,496	580,489	513,000	113.16%
Victim/Witness Assistance Fund	124,100	111,477	126,950	87.81%
Whatcom Co Drug Fund	845,374	173,336	657,500	26.36%
Auditor's O&M Fund	184,879	205,940	166,500	123.69%
Emergency Management	1,208,550	1,353,609	1,922,269	70.42%
Flood Control Zone Dist Fund	3,905,096	5,132,630	5,596,165	91.72%
Sub-Flood Zones	195,955	191,263	194,705	98.23%
Birch Bay Sub-Zone	864,257	825,196	888,823	92.84%
Pt Roberts Fuel Tax Fund	98,937	96,674	60,000	161.12%
Conservation Futures Fund	1,025,640	1,140,612	1,198,352	95.18%
Real Estate Excise Tax Fund II	2,128,866	1,526,292	1,360,148	112.22%
Real Estate Excise Tax Fund I	1,270,923	1,423,328	1,163,000	122.38%
Civic Center Bldg Improvement	205,037	2,544,100	2,544,100	100.00%
Public Utilities Imprv Fund	3,106,102	3,309,554	3,207,930	103.17%
Birch Bay Dr & Pedestrian Facility	-	764,658	1,072,324	71.31%
Birch Bay Lynden/Portal Way Signal	-	462,935	4,300,000	10.77%
Potter Rd/ S. Fork Bridge	-	1,900,000	9,600,000	19.79%
Rural Road Safety Program	-	820,218	1,769,389	46.36%
Sheriff Records Management System	-	1,440,162	1,440,162	100.00%
New Jail Project Fund	-	7,093,491	7,093,491	100.00%
Superior Ct Fourth Judge Courtroom	-	200,000	200,000	100.00%
Nesset Farm Restoration	-	-	250,000	0.00%
State St Bldg Improvements	-	5,058,884	5,058,884	100.00%
Ferry System Fund	2,797,145	2,744,947	2,758,000	99.53%
Equipment Rental & Revolving	9,904,602	10,233,535	10,903,990	93.85%
Administrative Services Fund	19,099,373	18,353,861	18,857,253	97.33%

Notes: Several of the funds listed above are for specific capital asset projects. Road Improvement Districts and Debt Service Funds are not shown on this list.

Whatcom County Fourth Quarter 2013 Financial Report

For the Quarter Ended December 31, 2013



Special Revenue Funds and Other Funds - Expenditures

	2012 Actual As of 12/31/2012	2013 As of 12/31/2013	2013 Budget	% Expended of 2013 Budget
County Road Fund	21,516,401	30,369,019	33,933,536	89.50%
Election Reserve Fund	1,365,555	978,586	1,216,470	80.44%
Veterans Relief	382,583	338,017	467,893	72.24%
Jail Fund	11,937,267	15,261,798	16,152,973	94.48%
Low Income Housing	208,211	242,871	250,670	96.89%
Homeless Housing	2,087,204	2,770,549	3,023,031	91.65%
Stormwater Fund	1,416,906	1,651,882	2,109,392	78.31%
Chemical Depend/ Mental Health	2,964,548	3,498,865	4,010,210	87.25%
County Wide Emergency Medical	2,927,322	3,705,539	3,725,242	99.47%
Trial Court Improvement Fund	40,275	-	13,735	0.00%
LEOFF I Healthcare Fund	281,724	204,066	204,066	100.00%
Solid Waste Fund	1,029,274	718,353	899,793	79.84%
WC Convention Center Fund	585,542	492,194	564,985	87.12%
Victim/ Witness Assistance Fund	145,482	121,030	148,030	81.76%
Whatcom Co Drug Fund	587,619	342,639	593,967	57.69%
Auditor's O&M Fund	222,939	269,832	290,852	92.77%
Emergency Management	1,181,020	1,406,660	1,937,209	72.61%
Flood Control Zone Dist Fund	2,652,377	5,477,013	8,689,063	63.03%
Sub-Flood Zones	48,803	41,754	241,836	17.27%
Birch Bay Sub Zone	422,909	983,692	1,358,757	72.40%
Pt Roberts Fuel Tax Fund	0	20,623	300,000	6.87%
Conservation Futures Fund	98,778	561,195	991,200	56.62%
Real Estate Excise Tax Fund II	594,988	3,090,823	3,778,563	81.80%
Real Estate Excise Tax Fund I	363,091	2,564,735	2,803,511	91.48%
Civic Center Imprv Fund	90,224	1,562,210	4,062,574	38.45%
Public Utilities Improvement	1,310,706	1,906,285	3,369,944	56.57%
East Cnty Regional Resource Ctr	47,727	-	76,580	0.00%
Yew St Road Construction	904,399	14,987	14,987	100.00%
Lincoln Rd Construction*	166,490	608,755	592,432	102.76%
Jail Improvement Fund	1,730,835	369,189	1,363,047	27.09%
Birch Bay Drive & Pedestrian Facility	-	99,323	1,072,324	9.26%
Birch Bay Lynden/Portal Way Signal	-	311,381	3,620,000	8.60%
Potter Rd/ S. Fork Bridge	-	245,590	8,450,000	2.91%
Rural Road Safety Program	-	803,616	1,769,389	45.42%
Sheriff Records Management System	-	734,088	1,440,162	50.97%
New Jail Project Fund	-	6,503,199	6,638,393	97.96%
Superior Ct Fourth Judge Courtroom	-	59,653	200,000	29.83%
Nesset Farm Restoration	-	-	250,000	0.00%
State Street Bldg Improvements	-	16,202	5,058,884	0.32%
Ferry System Fund	2,624,801	2,521,621	2,524,850	99.87%
Equipment Rental & Revolving	9,989,862	12,687,773	16,379,035	77.46%
Administrative Services Fund	16,702,607	18,233,475	20,706,531	88.06%

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

* Lincoln Rd Construction Fund remaining cash transfer caused the fund to be over budget by \$16,323. The cash transfer was authorized by Council ordinance to close the fund.