



**2017
First
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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May 8, 2017

Whatcom County First Quarter 2017 Financial Report

For the Quarter Ended March 31, 2017



Executive Summary

The following information presents Whatcom County's first quarter 2017 financial report. At the end of the first quarter of 2017 General Fund collected 14.89% of its budgeted revenues. Whatcom County's General Fund spent 22.72% of its budgeted expenditures. Both amounts are in line with prior year experience and projections.

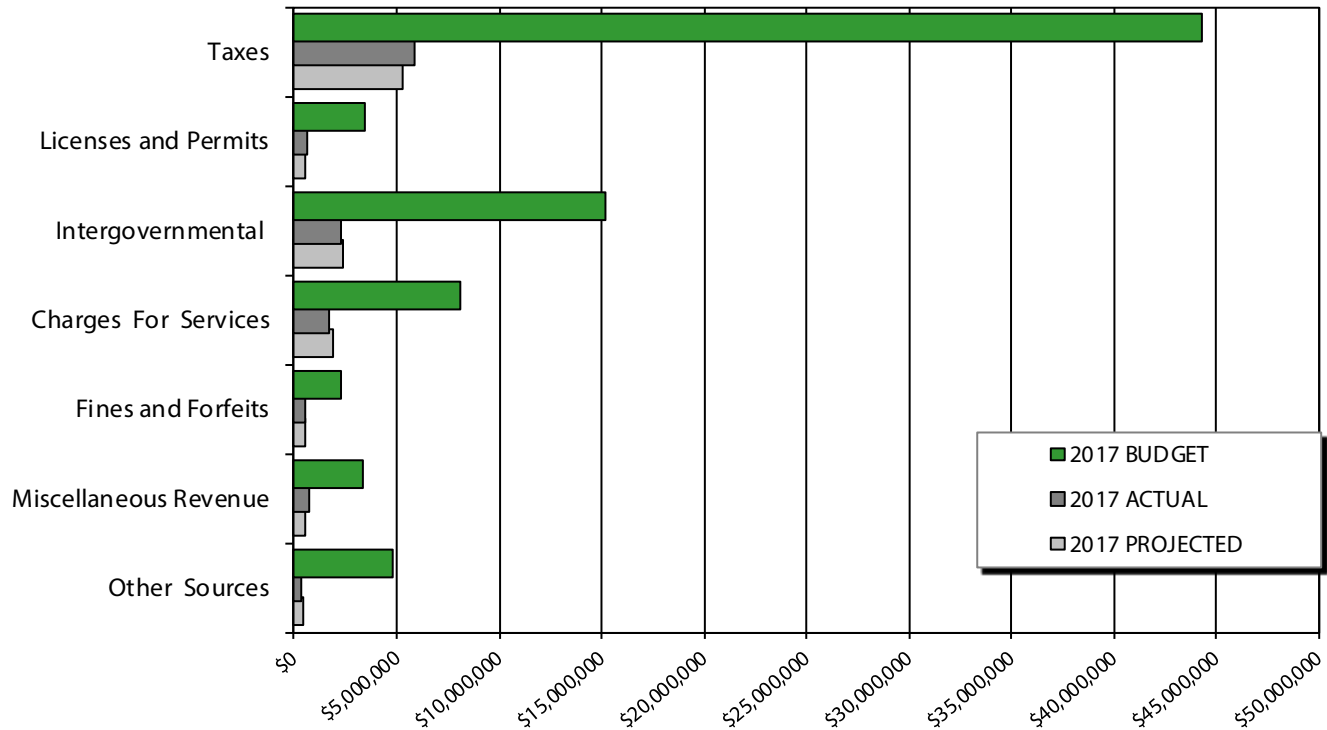
The estimated 2017 General Fund ending fund balance is projected to be approximately \$16.35 million.

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For the Quarter Ended March 31, 2017



General Fund Revenue - Budget vs. Actual



	2017 Budget Adopted	2017 Budget Supp'ls	2017 Budget Amended	Actual as of 3/31/2017	% Collected To Date	Projected as of 3/31/2017
Taxes	44,312,831		44,312,831	5,895,293	13.30%	5,317,335
Licenses and Permits	3,418,943		3,418,943	619,680	18.12%	538,280
Intergovernmental	14,260,289	964,779	15,225,068	2,240,586	14.72%	2,408,083
Charges For Services	8,154,373		8,154,373	1,738,455	21.32%	1,872,475
Fines and Forfeits	2,239,750		2,239,750	508,285	22.69%	560,370
Miscellaneous Revenue	3,323,770	49,902	3,373,672	740,679	21.95%	496,096
Other Sources	4,657,282	112,607	4,769,889	390,809	8.19%	416,037
Total Revenue	80,367,238	1,127,288	81,494,526	12,133,787	14.89%	11,608,676

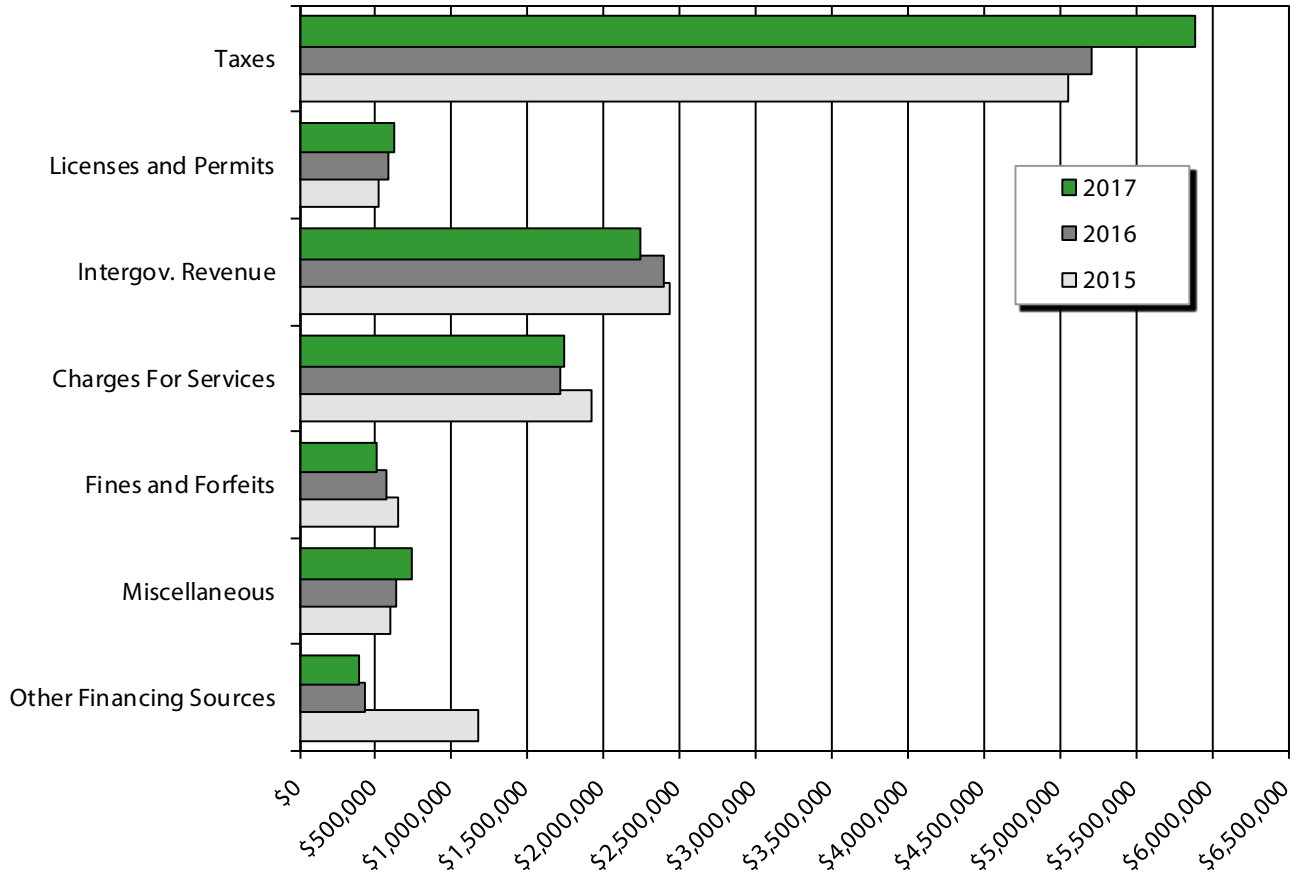
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2015	2016	2017
Taxes	5,060,898	5,203,294	5,895,293
Licenses and Permits	521,834	586,489	619,680
Intergov. Revenue	2,439,392	2,398,413	2,240,586
Charges For Services	1,920,069	1,717,932	1,738,455
Fines and Forfeits	645,644	570,628	508,285
Miscellaneous	599,856	635,219	740,679
Other Financing Sources	1,176,766	426,740	390,809
Total Revenue	12,364,459	11,538,715	12,133,787

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 \$691,998, or 13.3%, more than first quarter 2016 amounts. Current year sales tax collections are up 7.25%, or \$242,461, over last year's first quarter collections. Increases are due to an overall healthier economy and robust building industry. Current year property tax collections increased \$442,768 over first quarter 2016. Increased property tax revenues are the result of a single payment from BP refinery related to the settlement of a property tax appeal which was recorded the beginning of January.

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 \$33,192, or 5.66%, more than amounts collected during first quarter 2016 due to increases in building permits.

Intergovernmental Revenue

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

Revenues collected as of quarter end are \$157,825 less than first quarter 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 \$20,518 or 1.2% over first quarter 2016. Various accounts in this grouping have shown fluctuations. General government type fees increased about \$40,000 as a result of increased real estate activity generating Real Estate Excise Tax processing fees and, in addition, receipt of early payments on 2017 municipal probation contracts. Reimbursable overtime charges for sheriff deputy traffic control services at the Phillips 66 refinery turnaround are up \$36,000 but adult probation fee collections are down \$42,000 in the Security – Persons and Property category. Building fee activity is up 9%, or \$44,000, but rifle range revenues are off by 48% or \$40,000. Billings to local law enforcement agencies for range use are later than normal.

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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 \$62,343, or 10.9%, from first quarter 2016 amounts. There is a \$33,000 decrease in civil penalties from enforcement actions in Planning & Development and Health Department – Environmental Health. Other decreases are due to a continued trend of declining legal financial obligation revenues from District Court misdemeanor penalties.

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 \$105,460, or 16.6%, from first quarter 2016. Increases are principally due to improving interest rates on investment income and increased contributions for Health Department programs.

Other Financing Sources

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

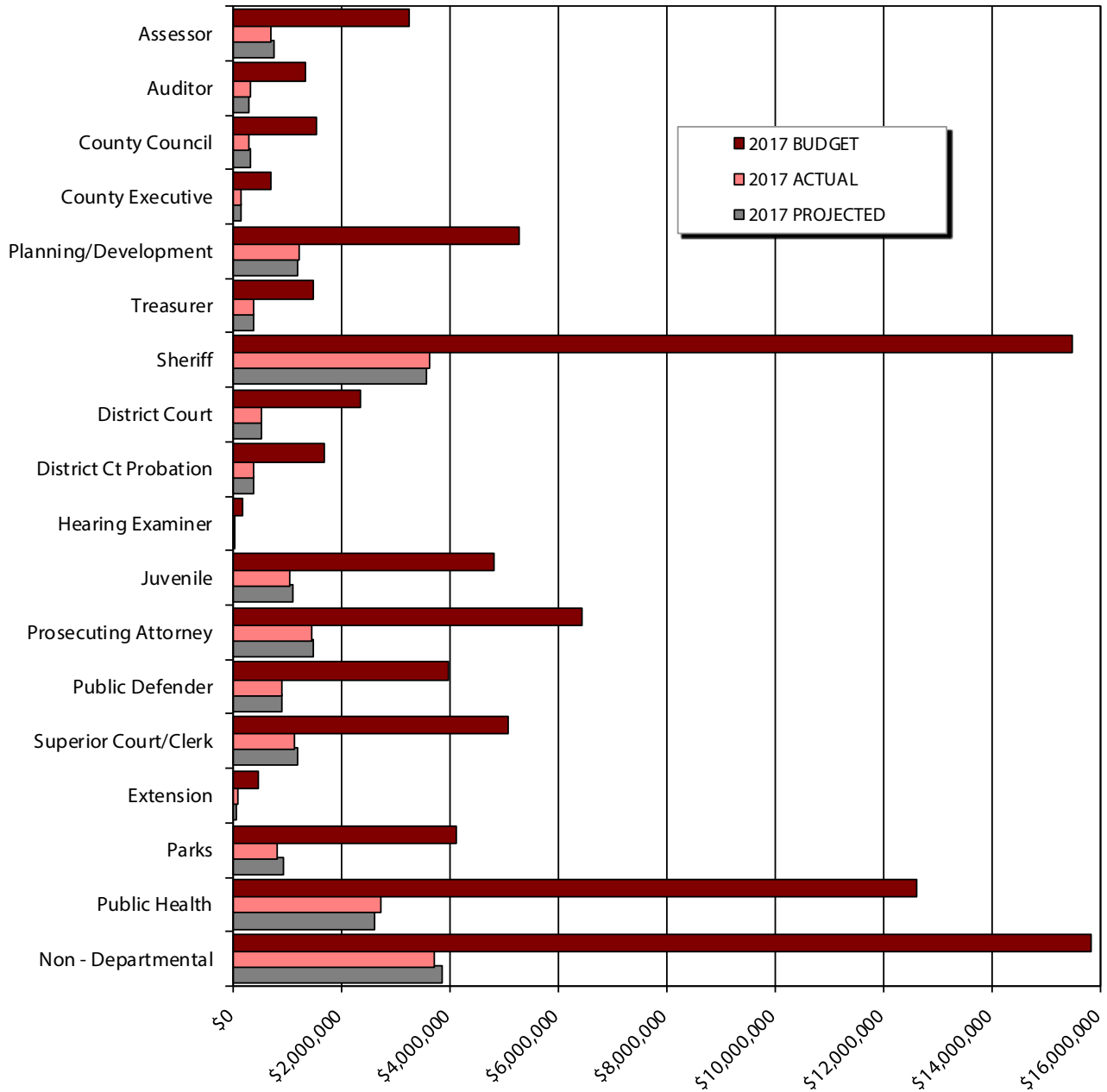
The Other Financing Sources category is \$35,931 less than first quarter 2016 amounts. Timber sales revenue increased \$74,255 and operating transfers decreased \$110,000 from 2016 amounts. Timber revenues fluctuate based on harvest plans and market conditions. The timing of operating transfers between departments also fluctuates from year to year.

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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 3/31/17	% Expended To Date	Projected as of 3/31/17
Assessor	3,121,698	150,000	3,271,698	709,029	21.67%	775,343
Auditor	1,339,656		1,339,656	325,104	24.27%	308,597
County Council	1,400,209	152,607	1,552,816	297,292	19.15%	346,694
County Executive	724,212		724,212	163,953	22.64%	167,480
Planning & Development	5,300,873	1,000	5,301,873	1,238,310	23.36%	1,196,417
Treasurer	1,485,708		1,485,708	404,548	27.23%	394,229
Sheriff	14,858,845	624,315	15,483,160	3,651,908	23.59%	3,580,965
District Court	2,353,334		2,353,334	539,344	22.92%	539,850
District Court Probation	1,692,590		1,692,590	385,475	22.77%	387,508
Hearing Examiner	195,571		195,571	46,923	23.99%	46,558
Juvenile	4,818,926	(6,587)	4,812,339	1,052,927	21.88%	1,110,634
Prosecuting Attorney	6,439,290		6,439,290	1,461,611	22.70%	1,489,093
Public Defender	3,981,747		3,981,747	906,781	22.77%	919,721
Superior Court/Clerk	5,080,416	6,587	5,087,003	1,141,830	22.45%	1,191,016
Extension	480,603		480,603	102,884	21.41%	78,306
Park	4,103,848	34,542	4,138,390	823,385	19.90%	947,717
Public Health	12,583,373	51,971	12,635,344	2,747,426	21.74%	2,628,055
Non - Departmental	15,278,897	555,882	15,834,779	3,720,280	23.49%	3,855,588
Total General Fund Exp	85,239,796	1,570,317	86,810,113	19,719,010	22.72%	19,963,771

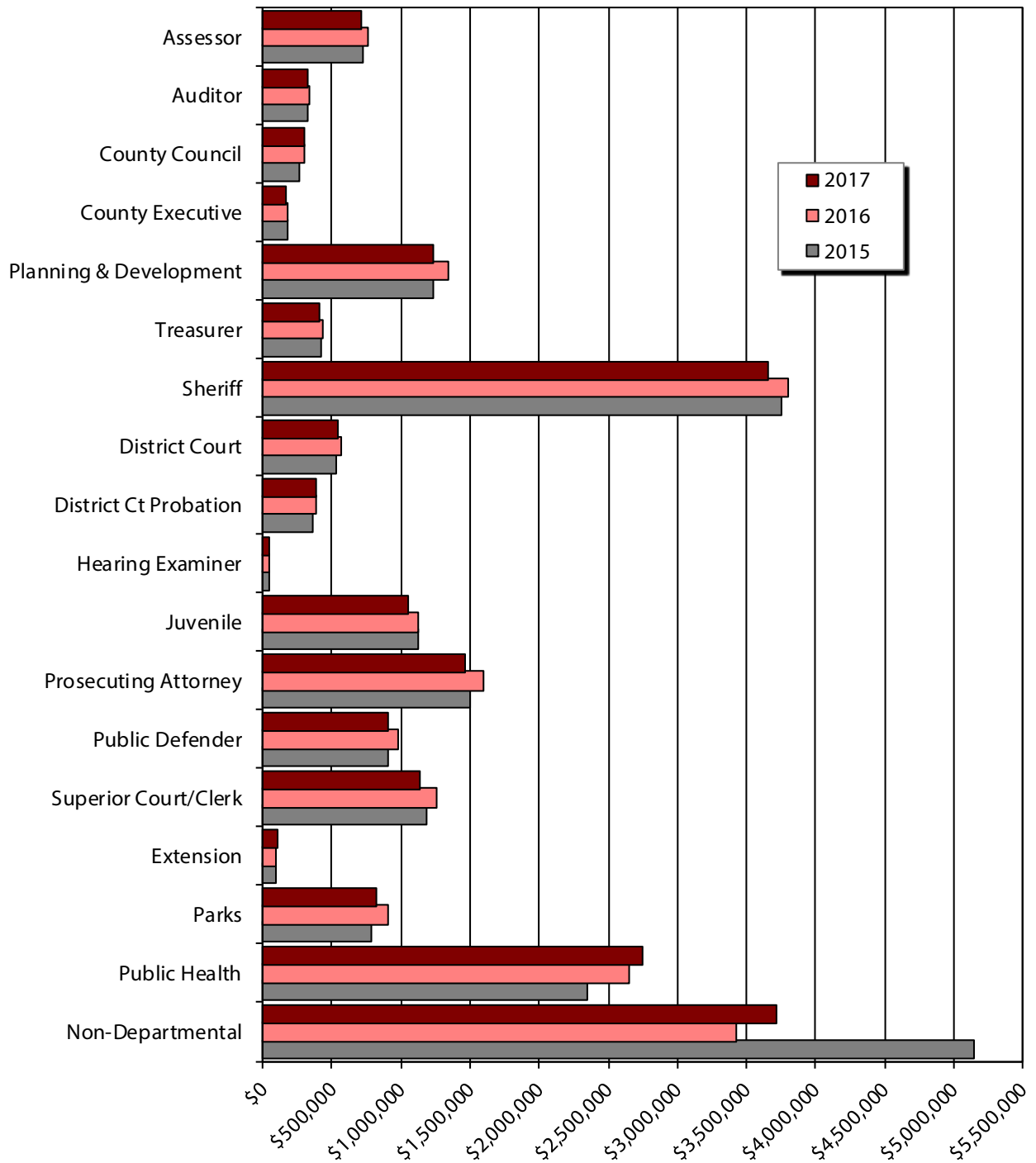
See page 9 for General Fund Expenditure Notes.

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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	719,924	758,899	709,029
Auditor	323,940	331,838	325,104
County Council	258,673	300,740	297,292
County Executive	179,084	174,663	163,953
Planning & Development	1,235,937	1,337,129	1,238,310
Treasurer	416,445	431,329	404,548
Sheriff	3,752,219	3,800,554	3,651,908
District Court	527,527	570,586	539,344
District Ct Probation	365,846	384,110	385,475
Hearing Examiner	47,913	49,096	46,923
Juvenile	1,118,648	1,123,888	1,052,927
Prosecuting Attorney	1,503,295	1,591,042	1,461,611
Public Defender	911,967	975,220	906,781
Superior Court /Clerk	1,190,371	1,259,004	1,141,830
Extension	89,590	99,090	102,884
Parks	785,354	903,778	823,385
Public Health	2,343,774	2,654,380	2,747,426
Non-Departmental	5,147,102	3,421,372	3,720,280
TOTAL	20,917,609	20,166,718	19,719,010

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the first quarter were at 22.72% of the approved budget. This is consistent with previous years. All departmental spending was within budget expectations except for the Treasurer's Office. The Treasurer's Office was 27.3% spent due to postage and contracted services for annual tax statement mailings being incurred during the first quarter of the year rather than distributed throughout the year. In addition, the first six months of 2017 software maintenance fees were prepaid during the first quarter.

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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
Continuing Appropriations from 2017		422,132
Supplemental Budgets 2017		705,156
Total Revenue	80,367,238	81,494,526
Expenditures		
Budgeted Expenditures 2017	85,239,796	85,239,796
Continuing Appropriations from 2016		630,160
Supplemental Budgets 2017		940,157
Total Expenditures	85,239,796	86,810,113
Adjusted Surplus (Deficit)	(4,872,558)	(5,315,587)
Other Considerations		
Estimated Budget Lapse ¹	3,409,592	3,472,405
Projected Ending Fund Balance 12/31/17	13,680,524	14,858,562
Interfund Loan Adjustment²	1,489,361	1,489,361
Adjusted Fund Balance 12/31/17	15,169,885	16,347,923

Notes:

¹ The adopted budget lapse is 4%.

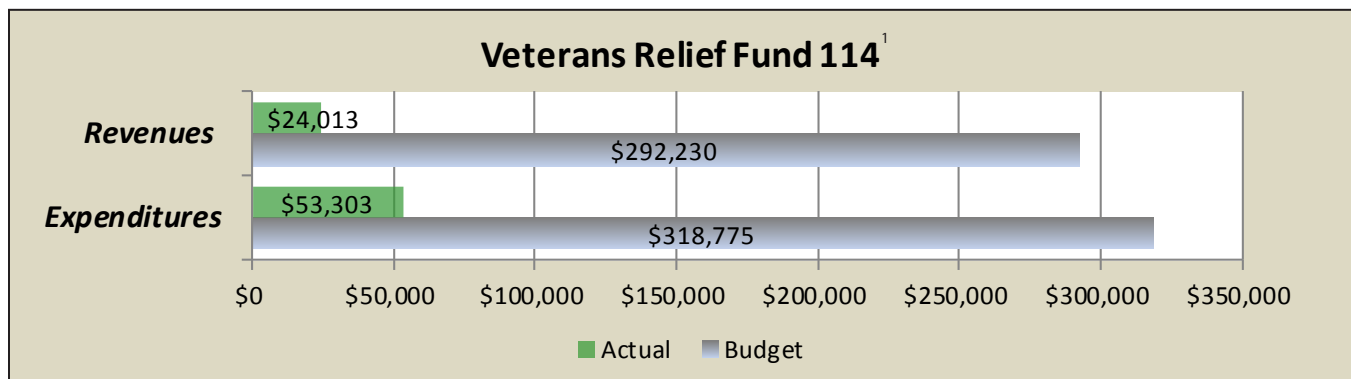
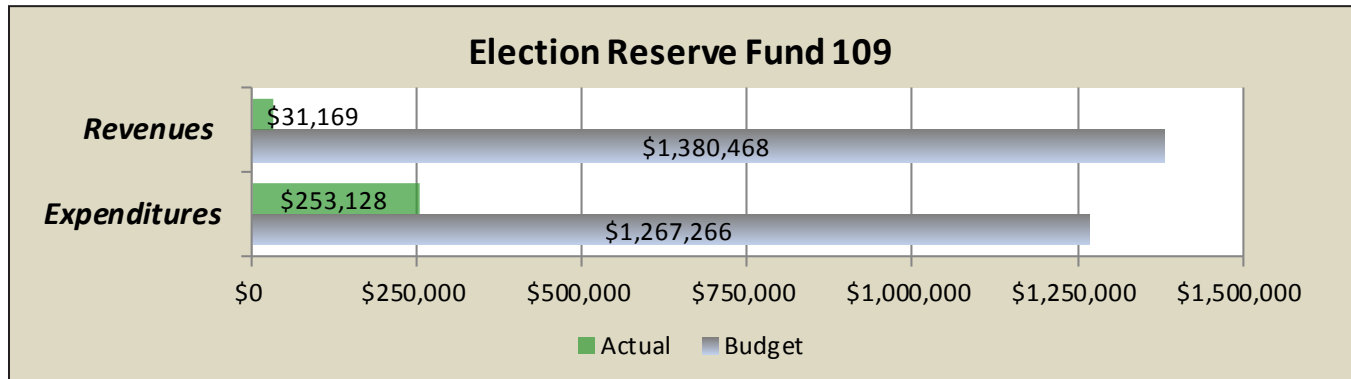
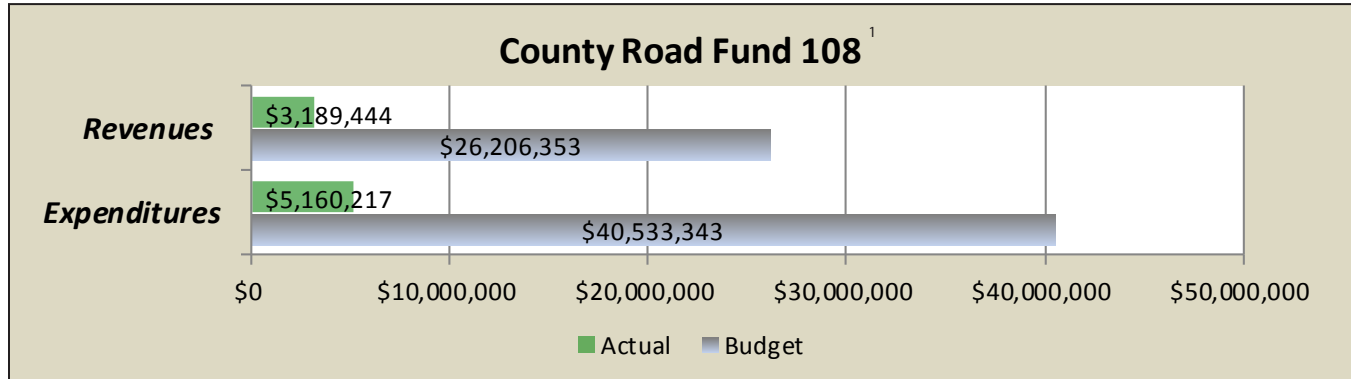
² Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the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

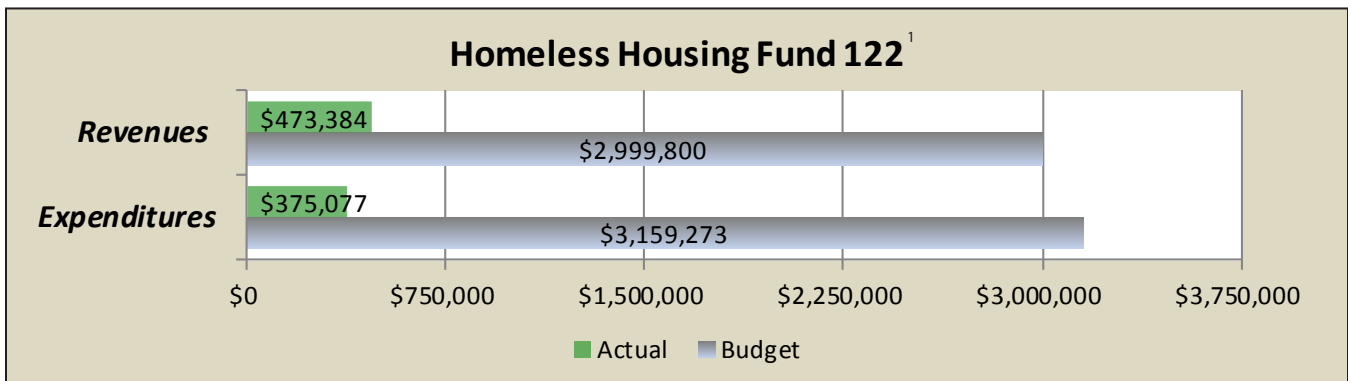
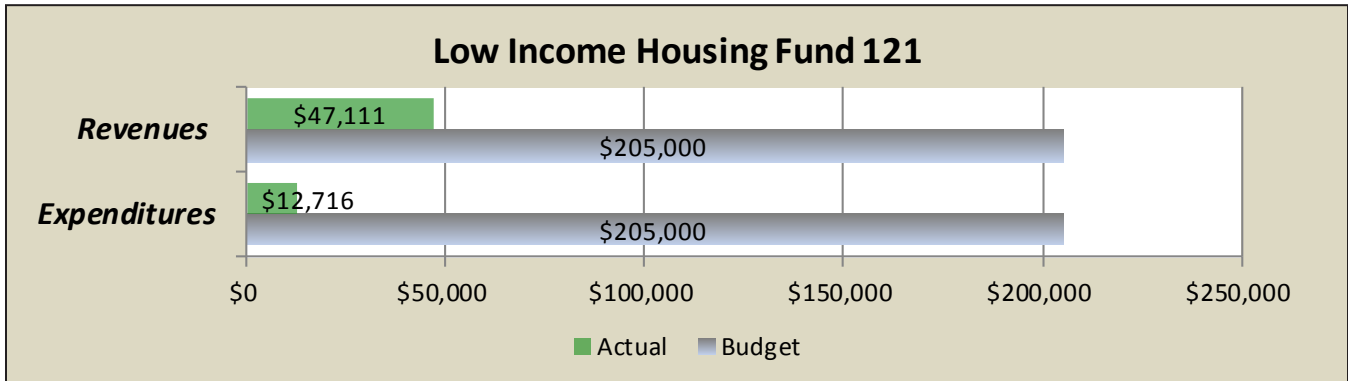
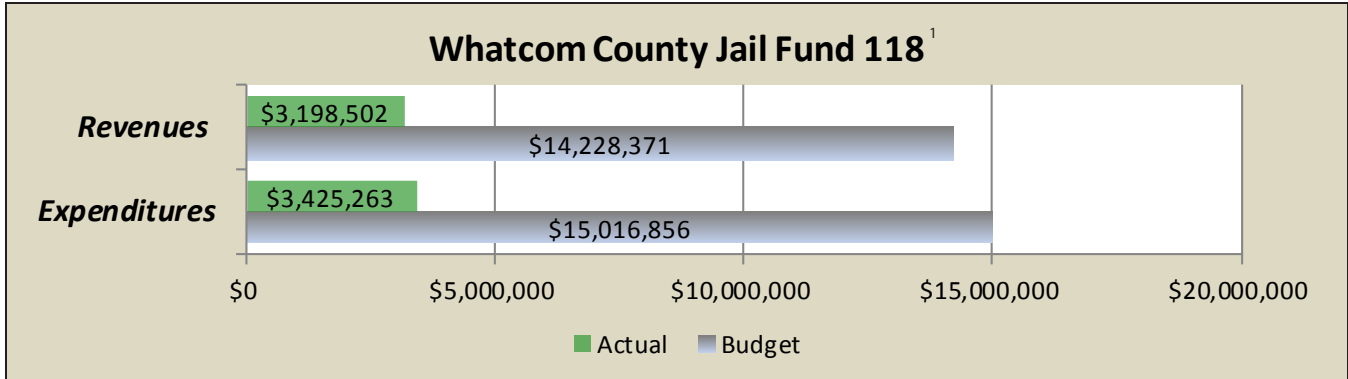
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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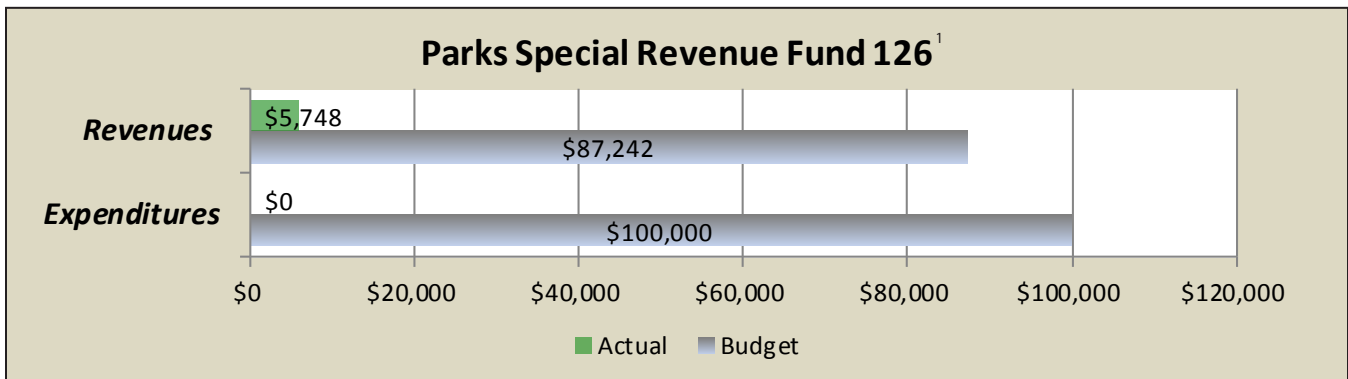
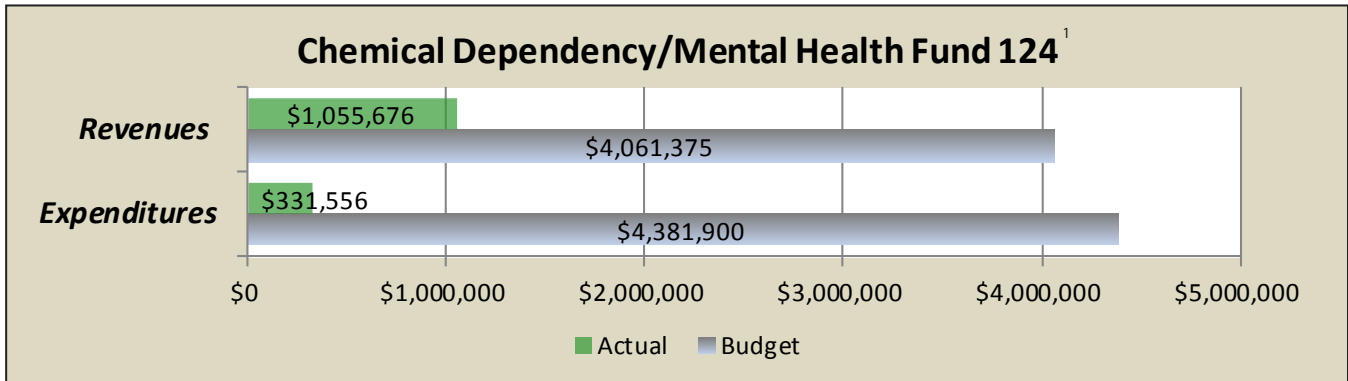
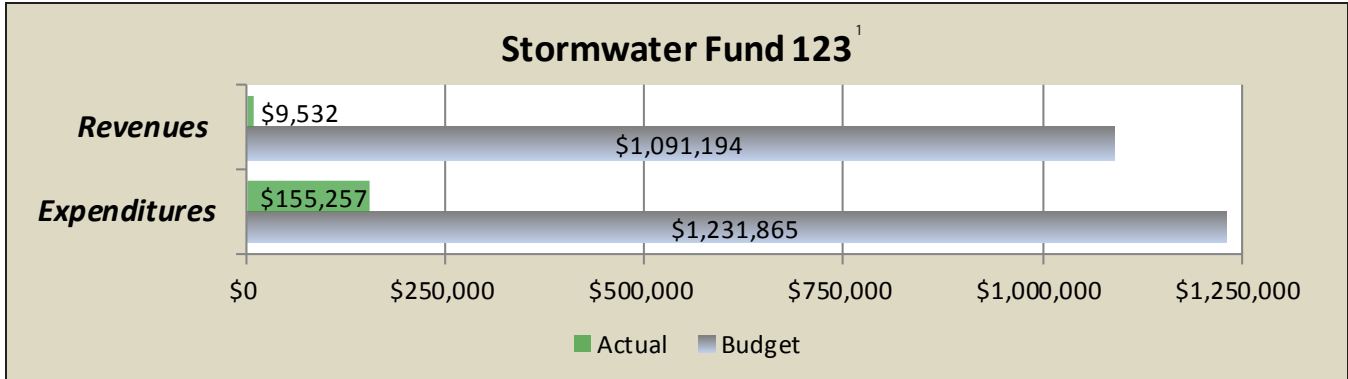
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Special Revenue Funds and Other Funds, continued



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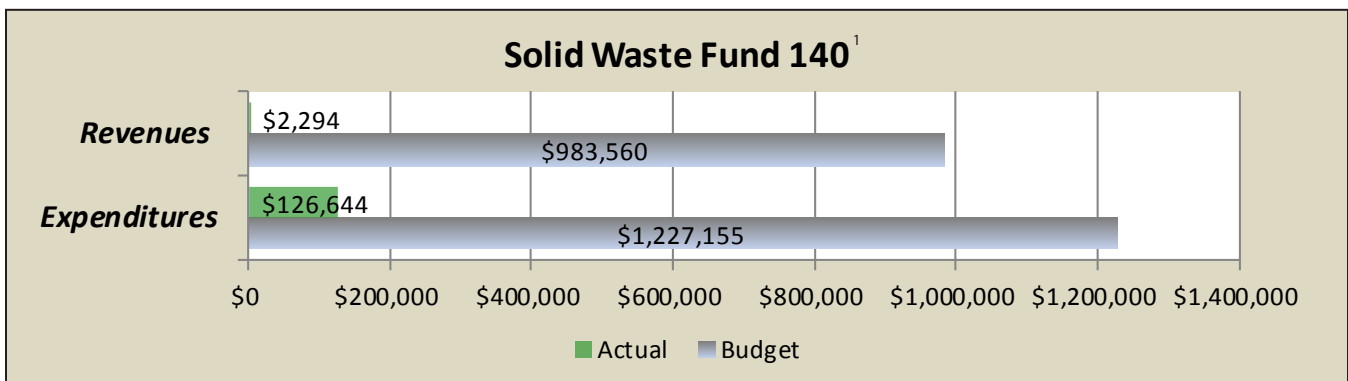
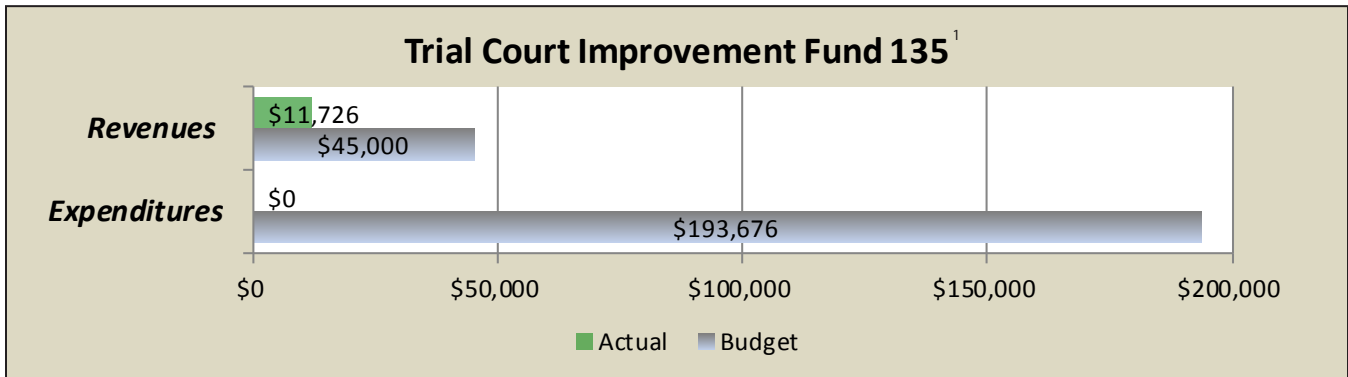
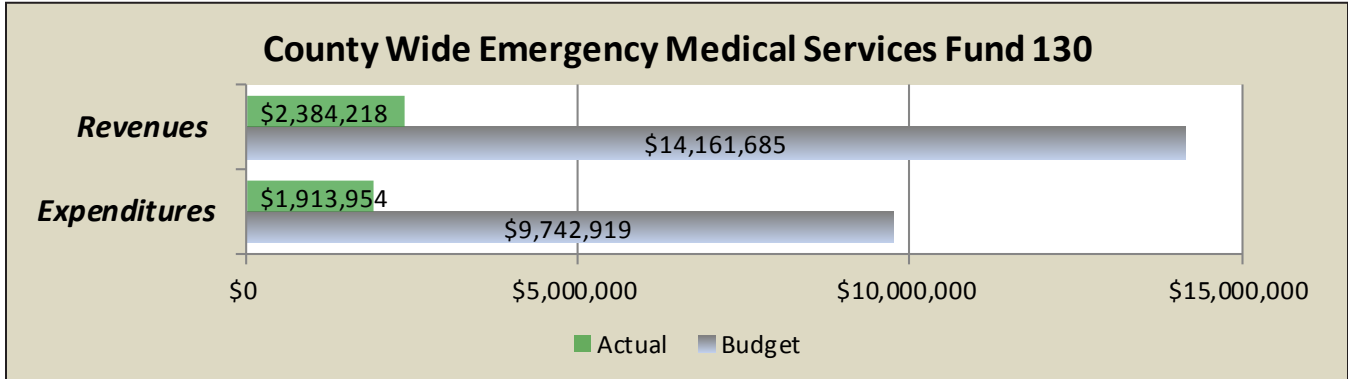
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Special Revenue Funds and Other Funds, continued



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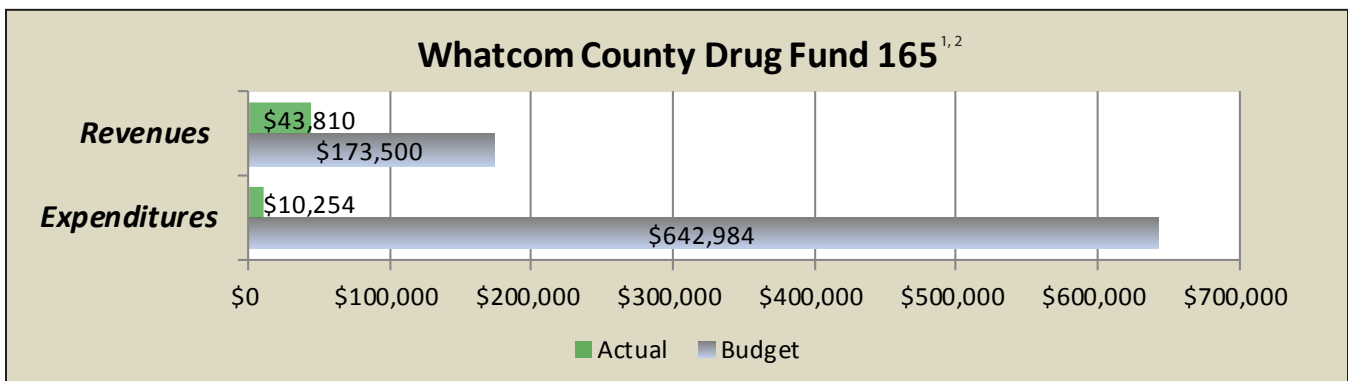
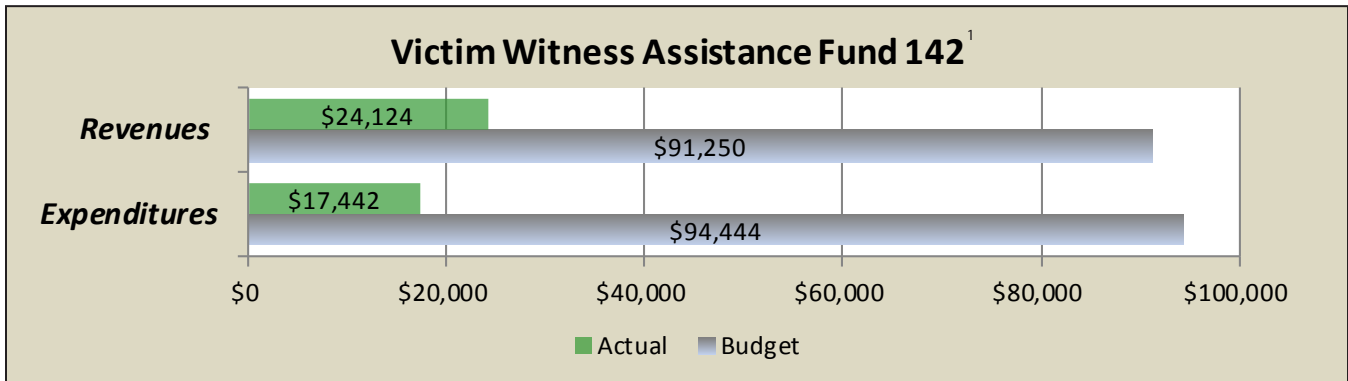
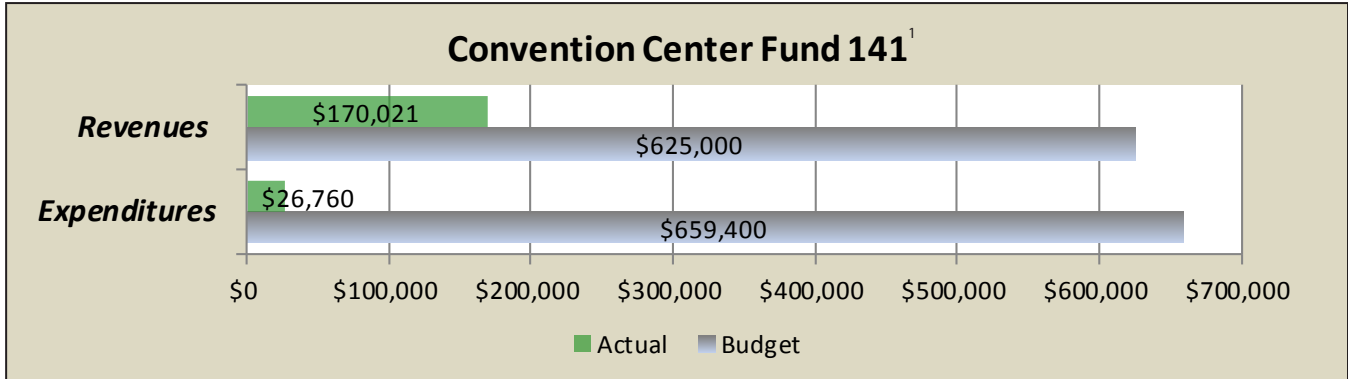
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Special Revenue Funds and Other Funds, continued



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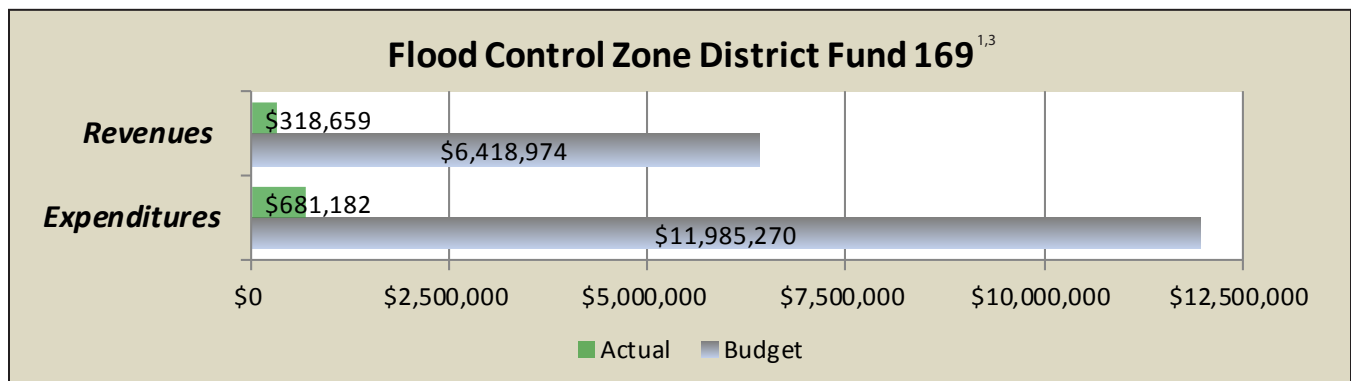
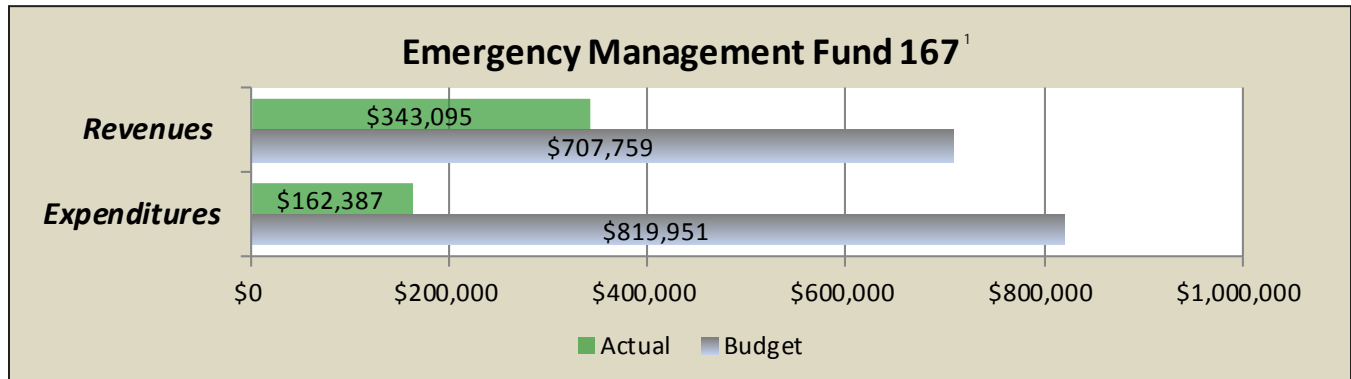
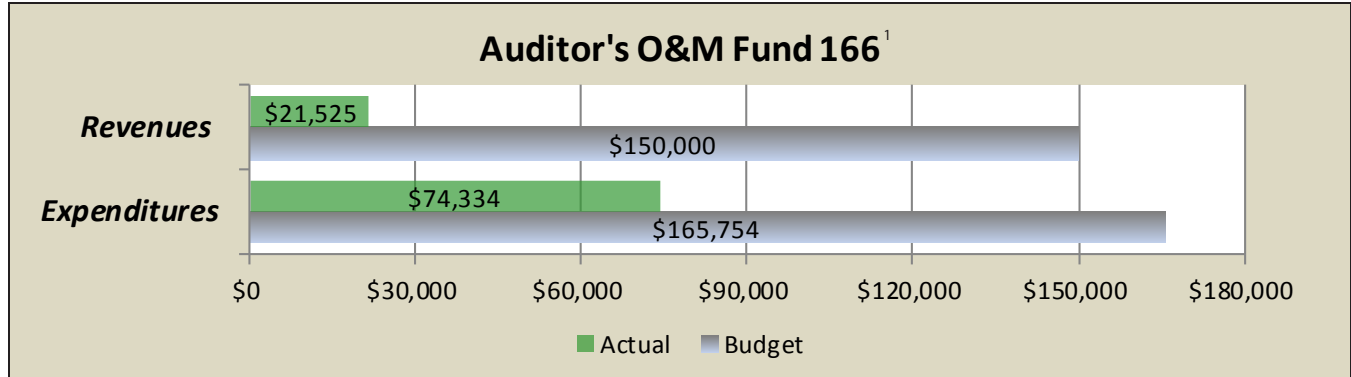
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

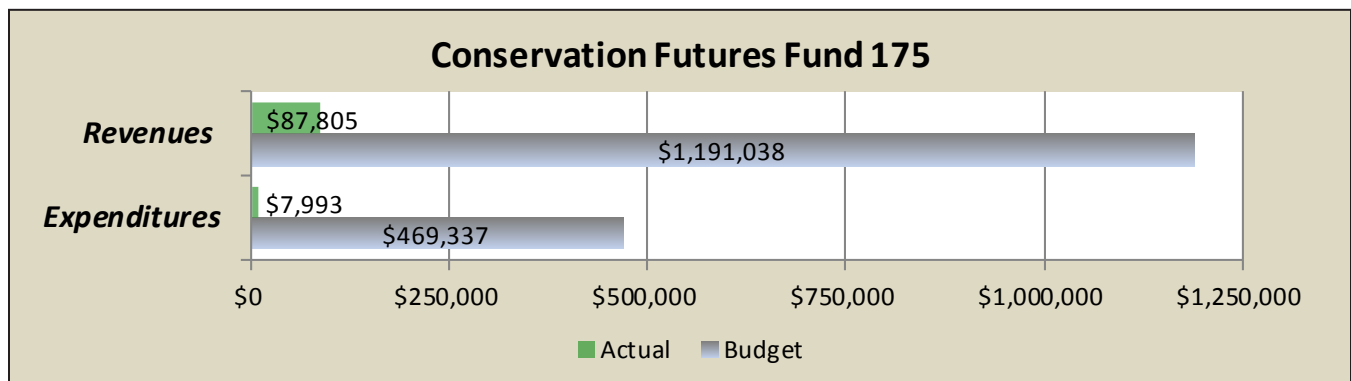
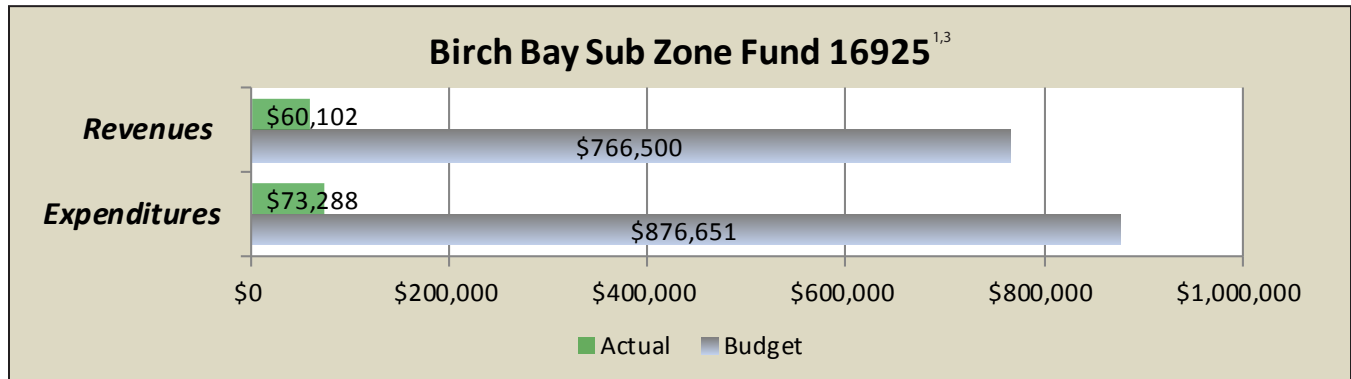
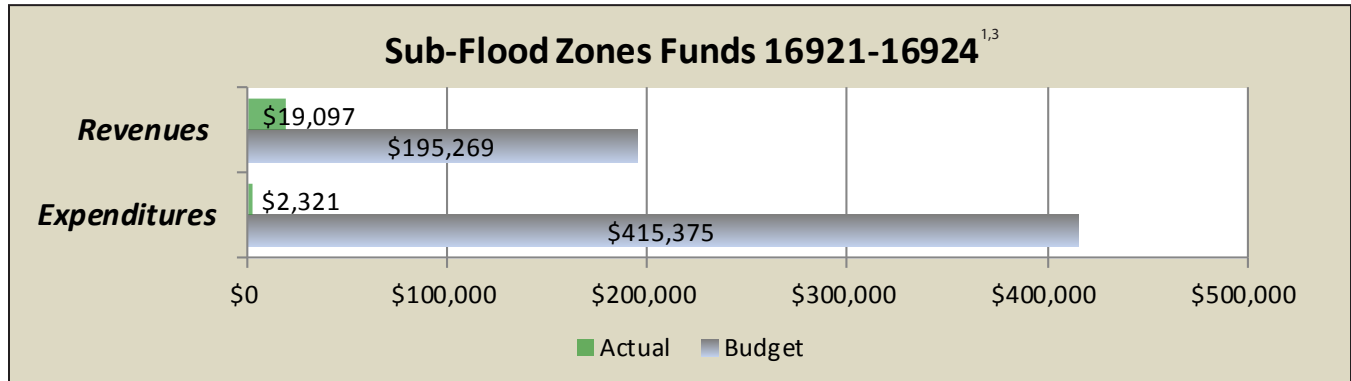
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



Notes:

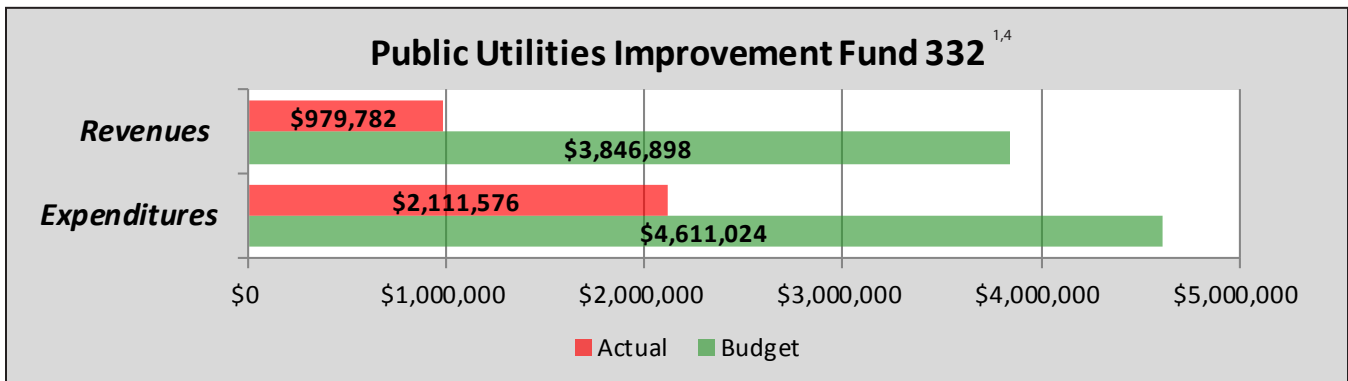
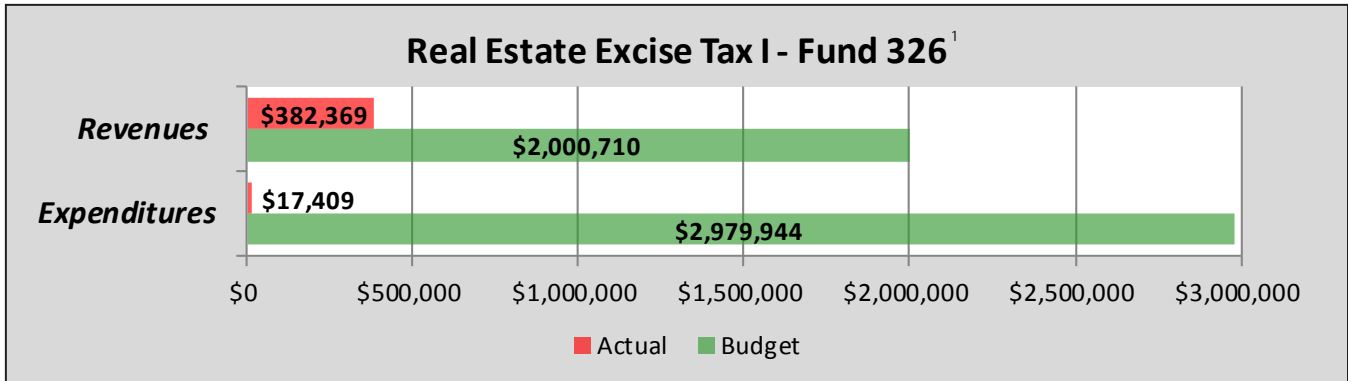
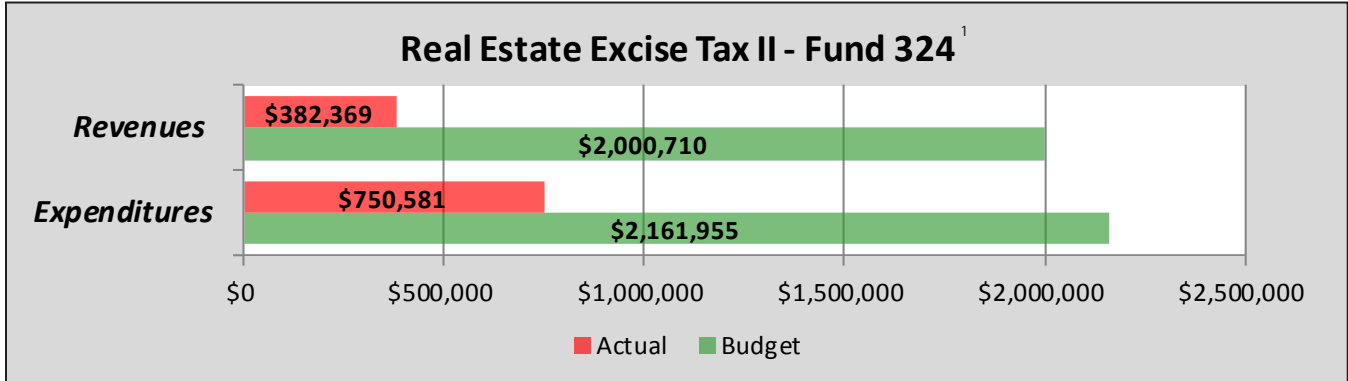
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Capital Project Funds



Notes:

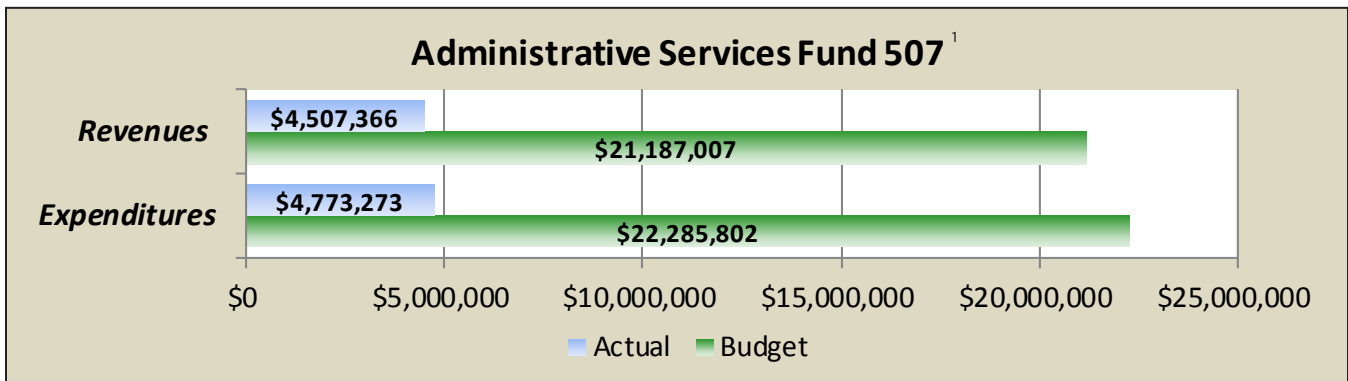
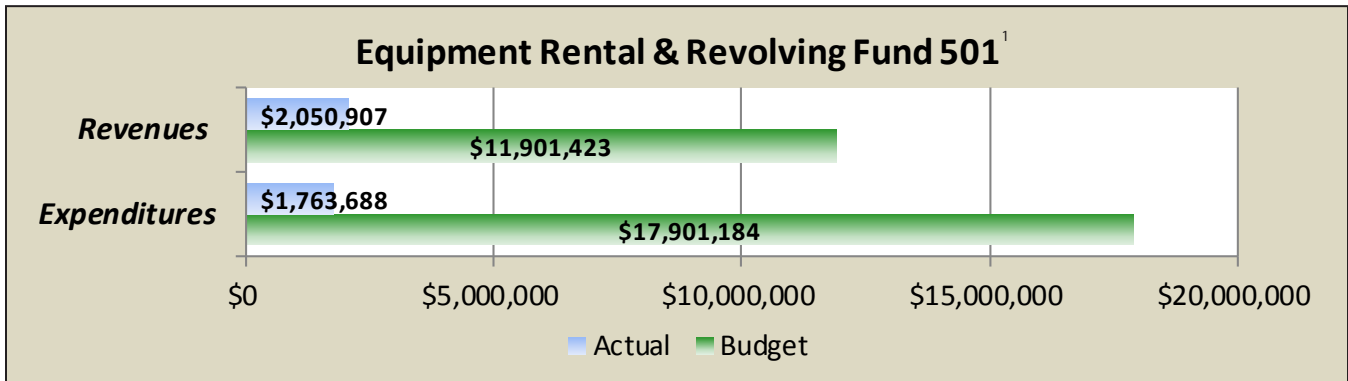
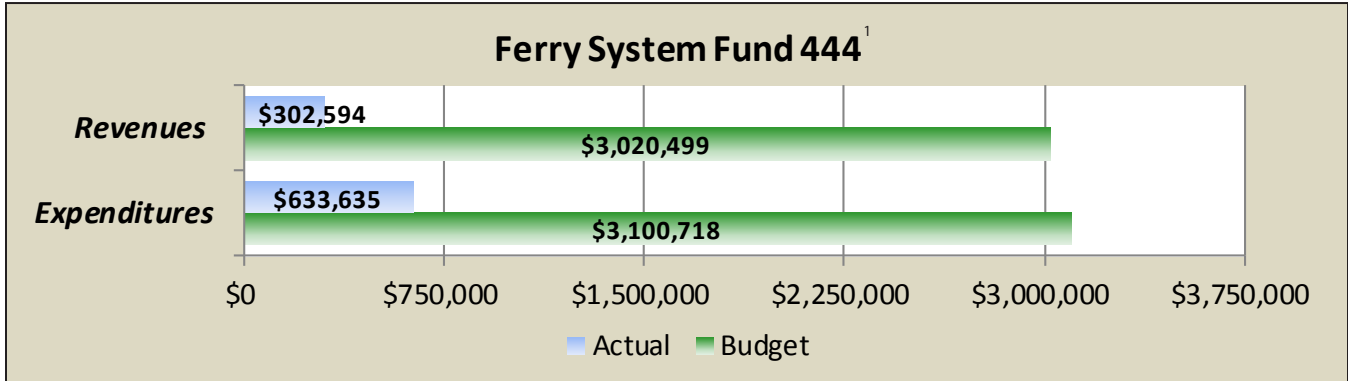
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ⁴ The Public Utilities Improvement Fund is used to finance capital projects for the county and other municipalities. Several projects are being continued into 2017.

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Enterprise and Internal Service Funds



Note:

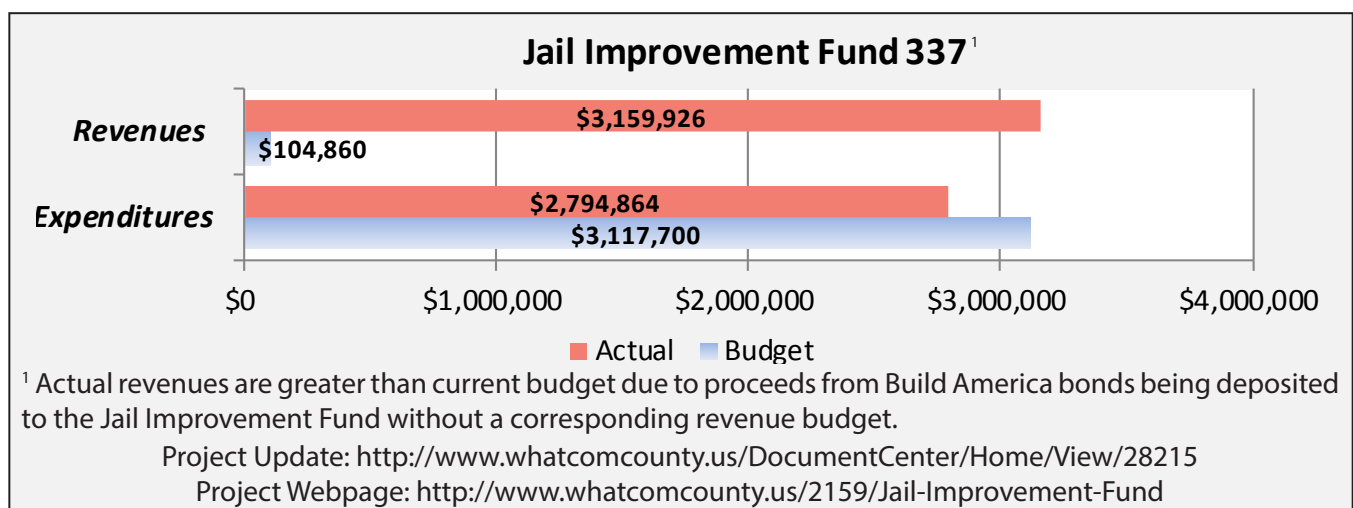
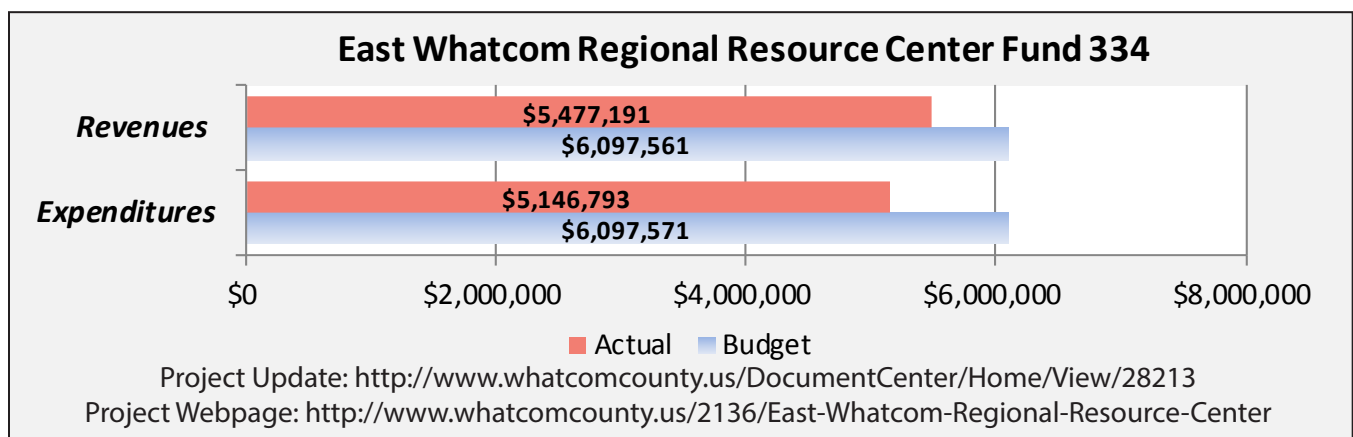
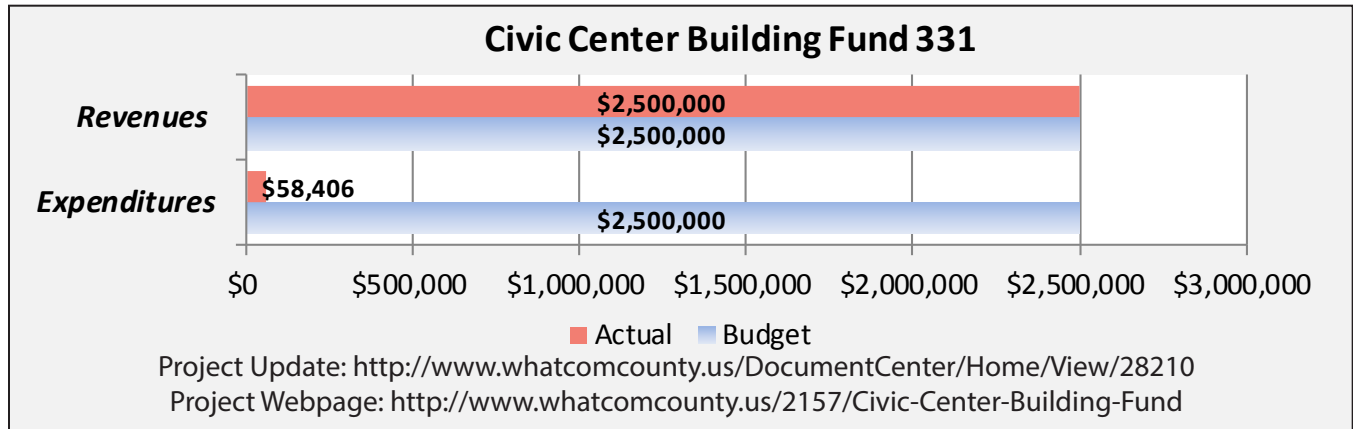
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Project Budget Funds

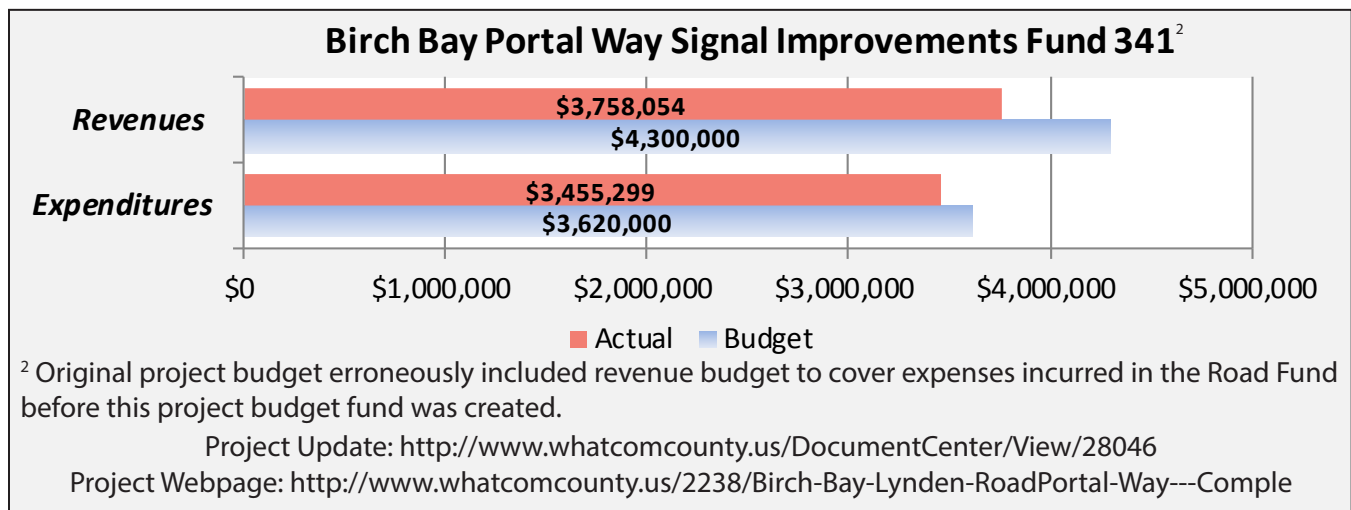
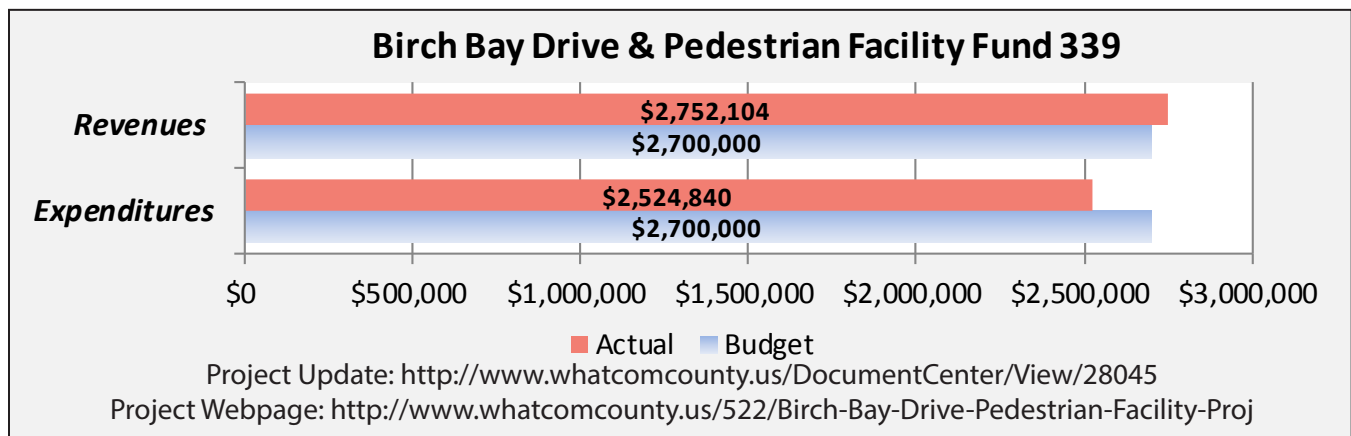
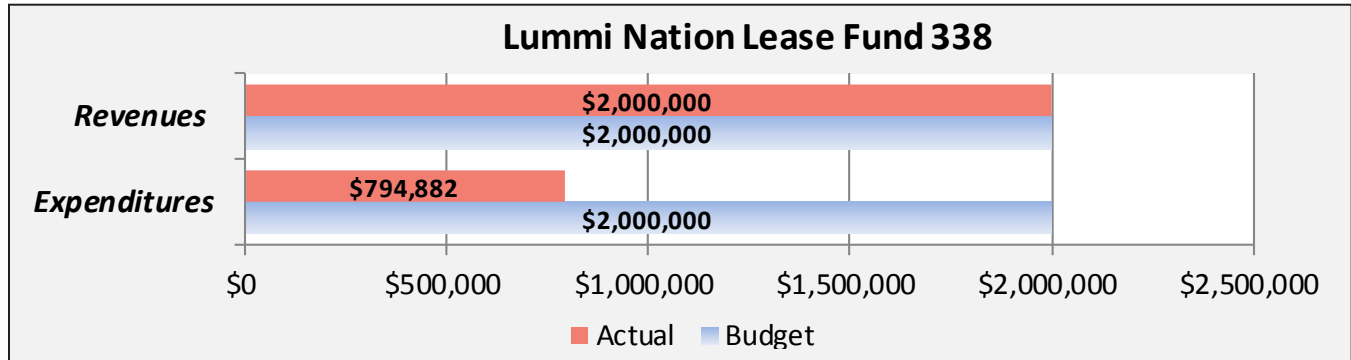


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Project Budget Funds, continued

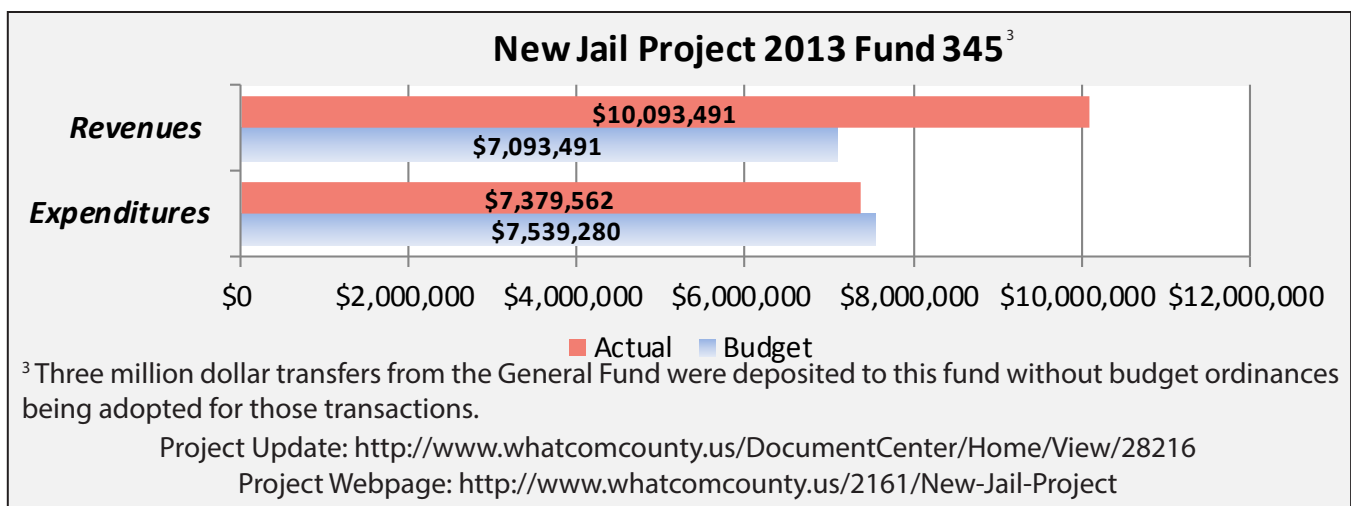
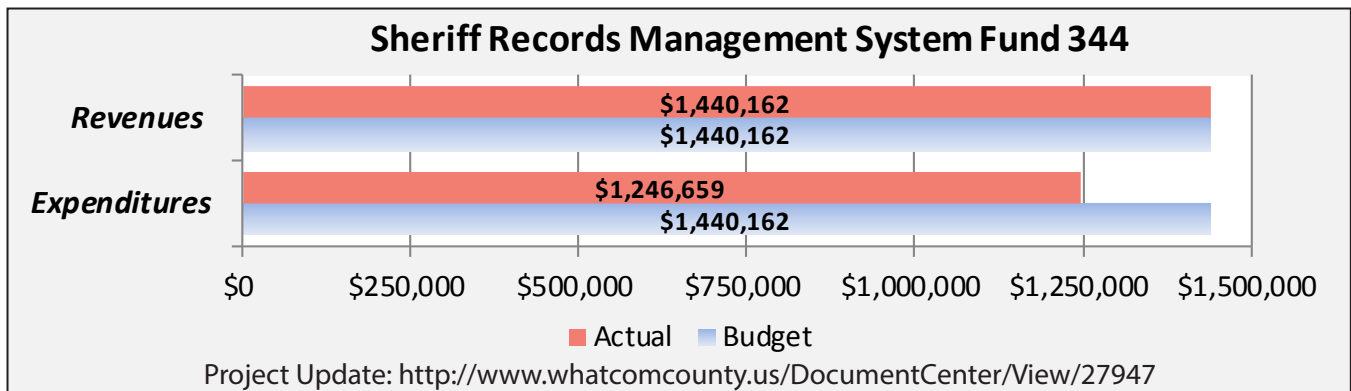
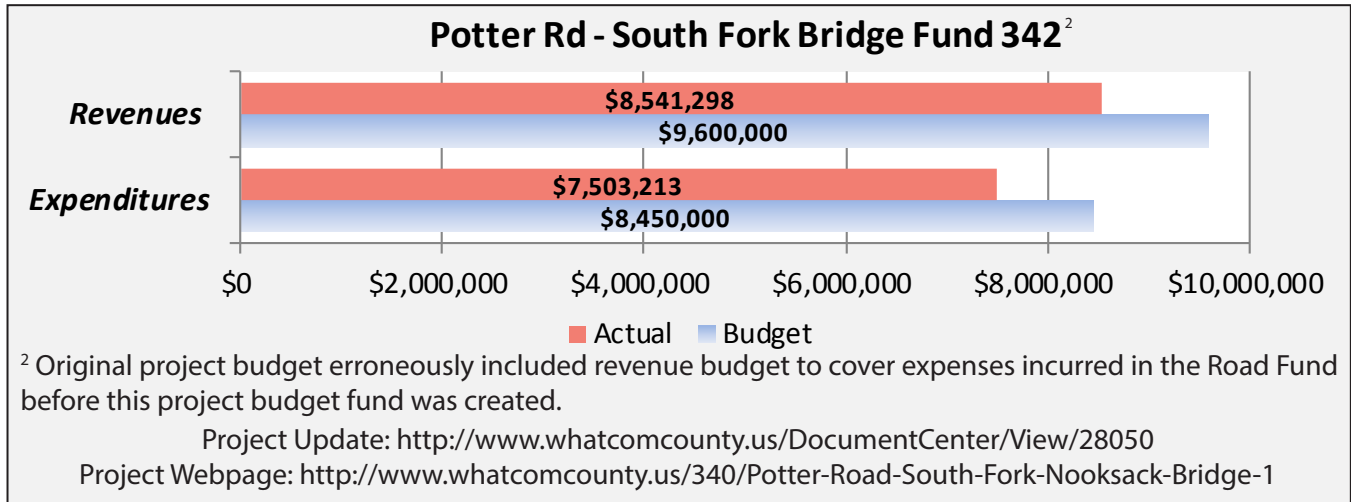


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Project Budget Funds, continued

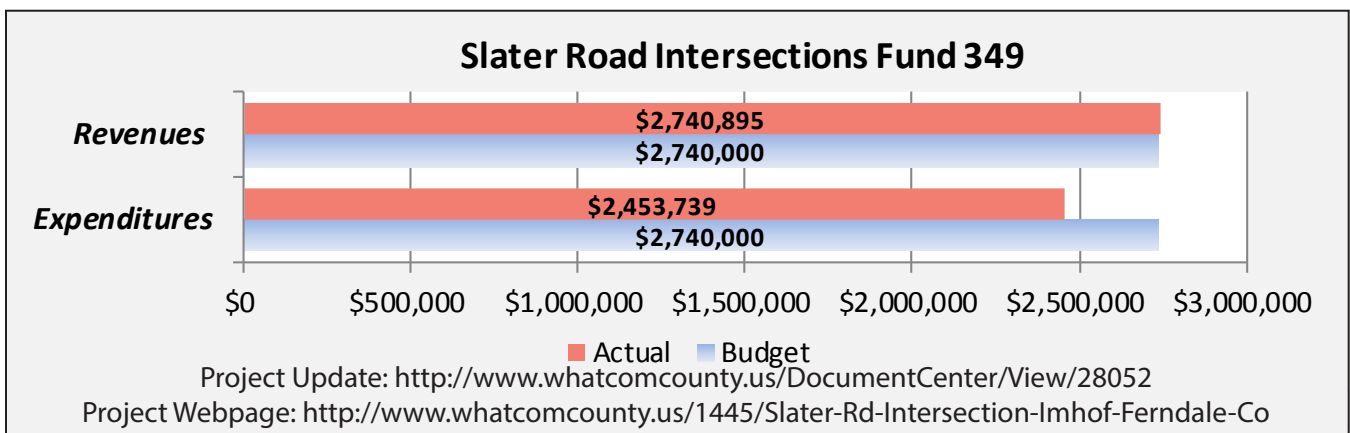
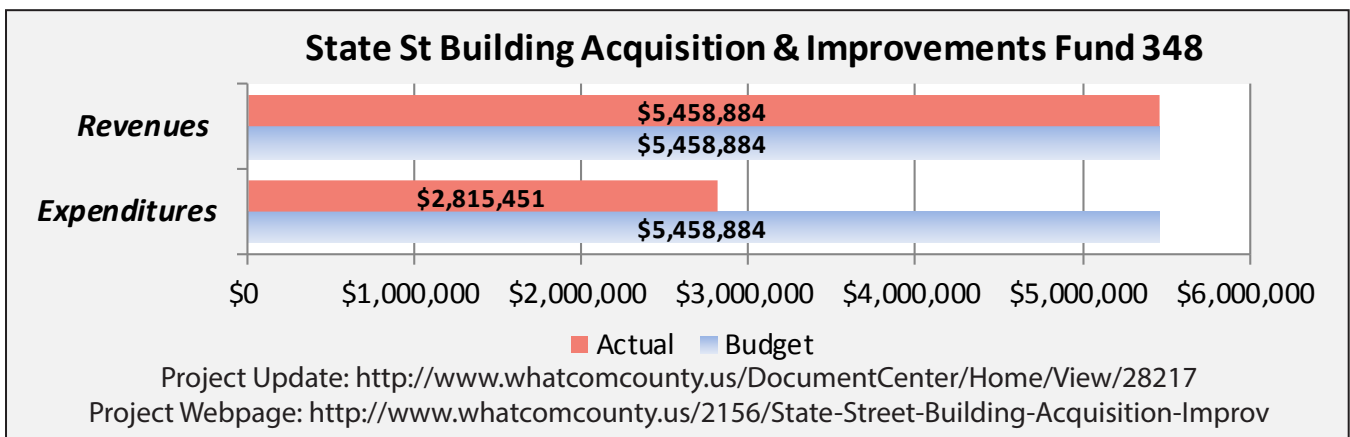
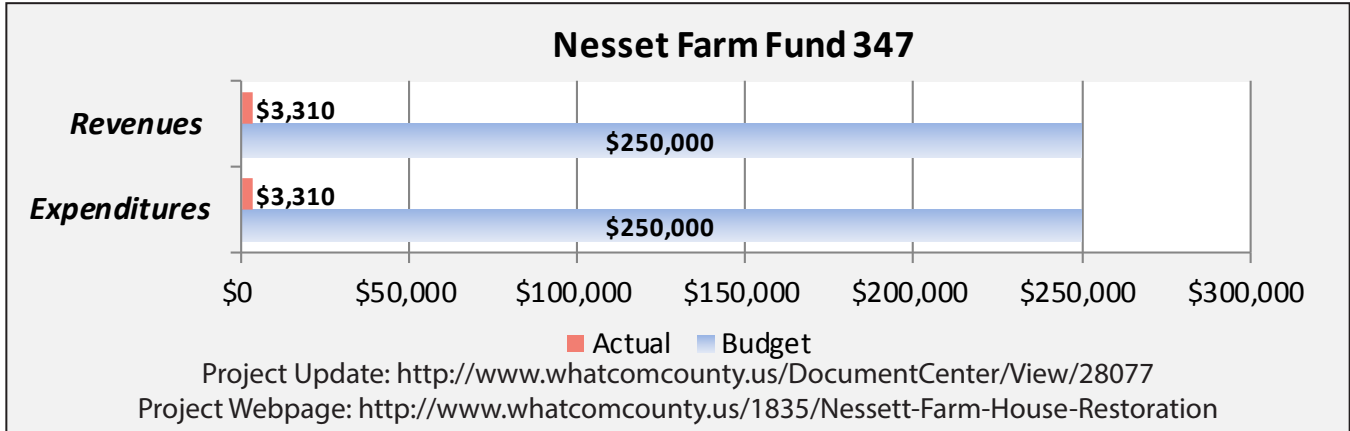


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Project Budget Funds, continued

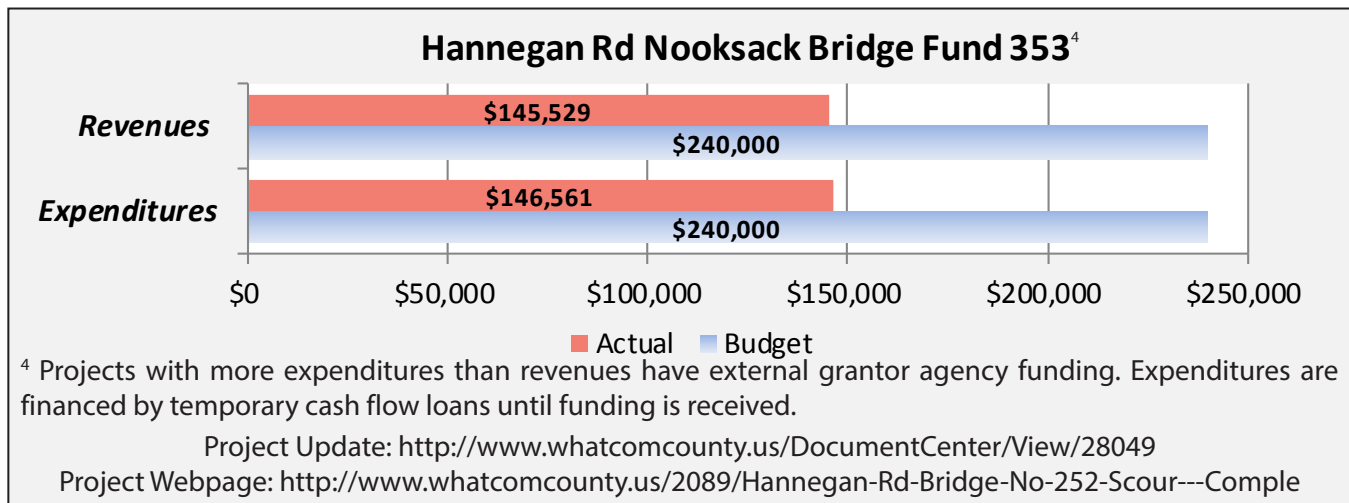
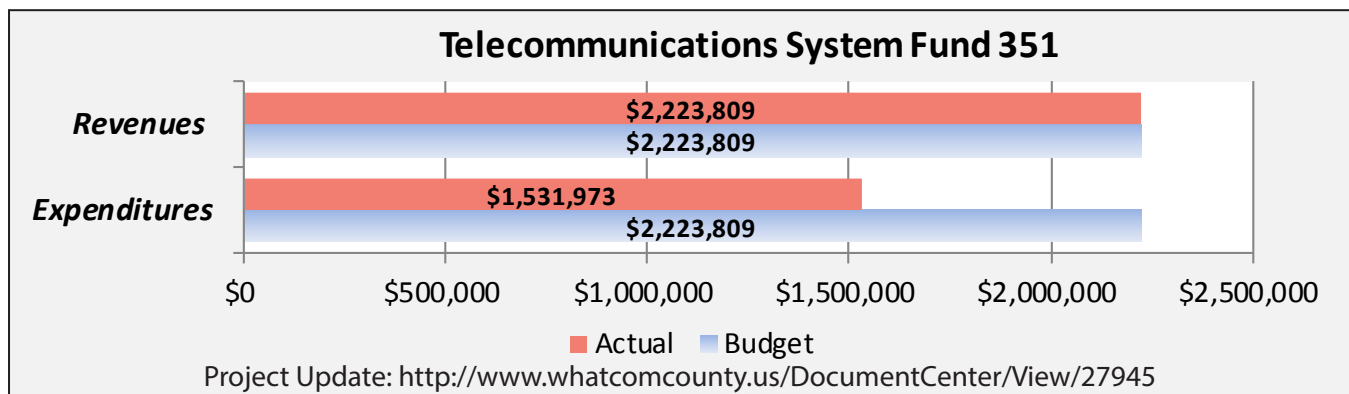
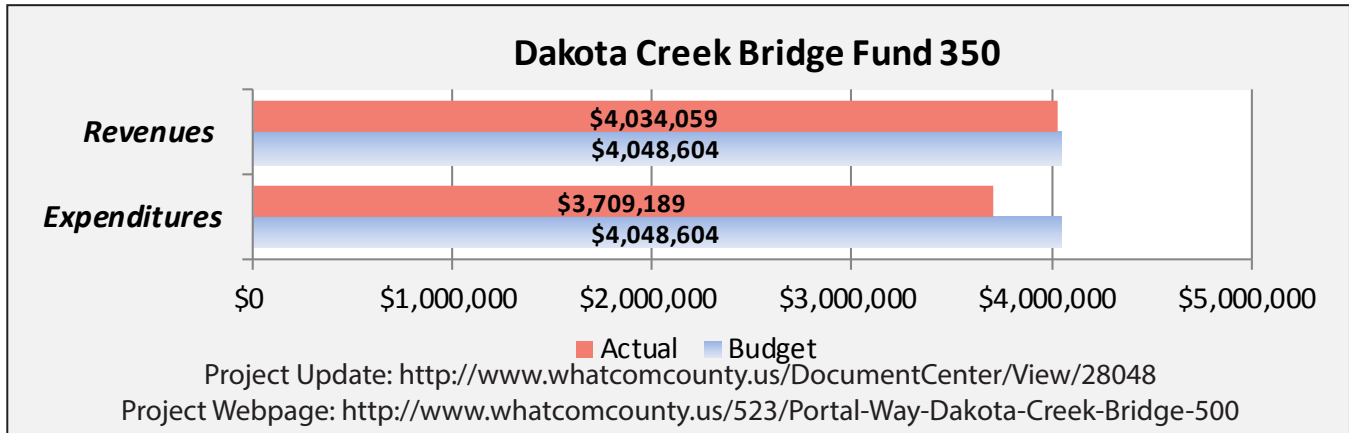


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For the Quarter Ended March 31, 2017



Project Budget Funds, continued

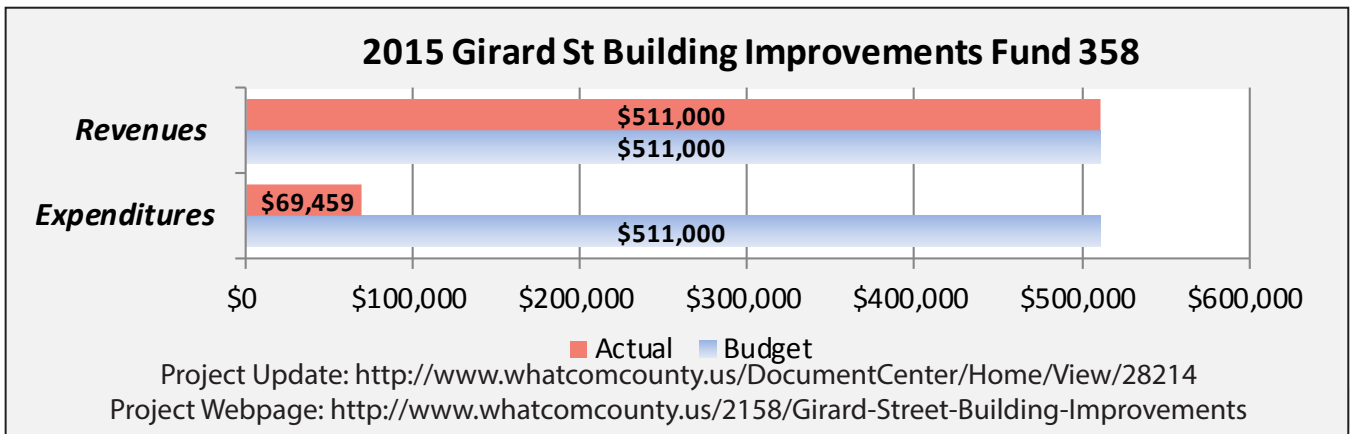
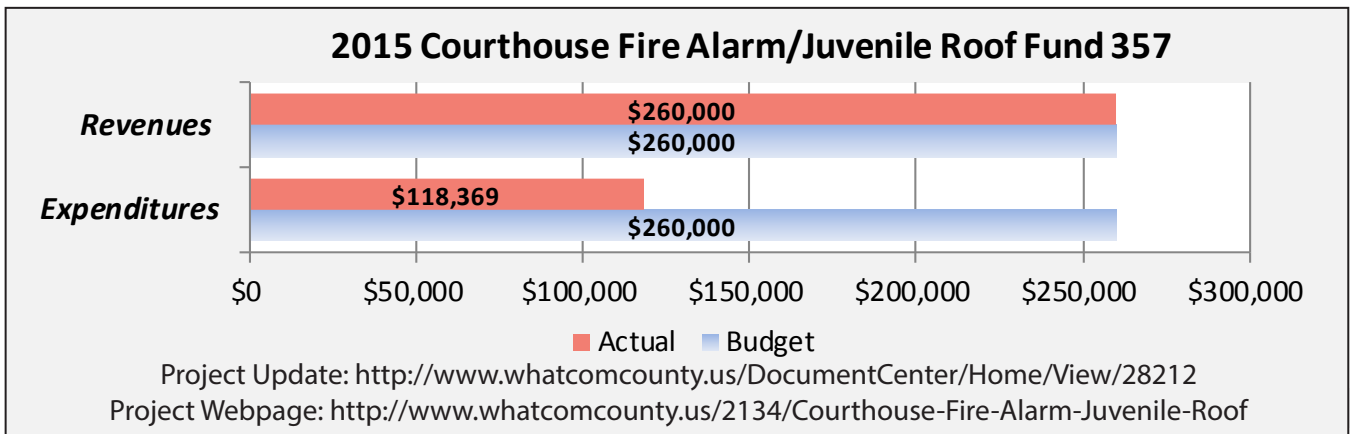
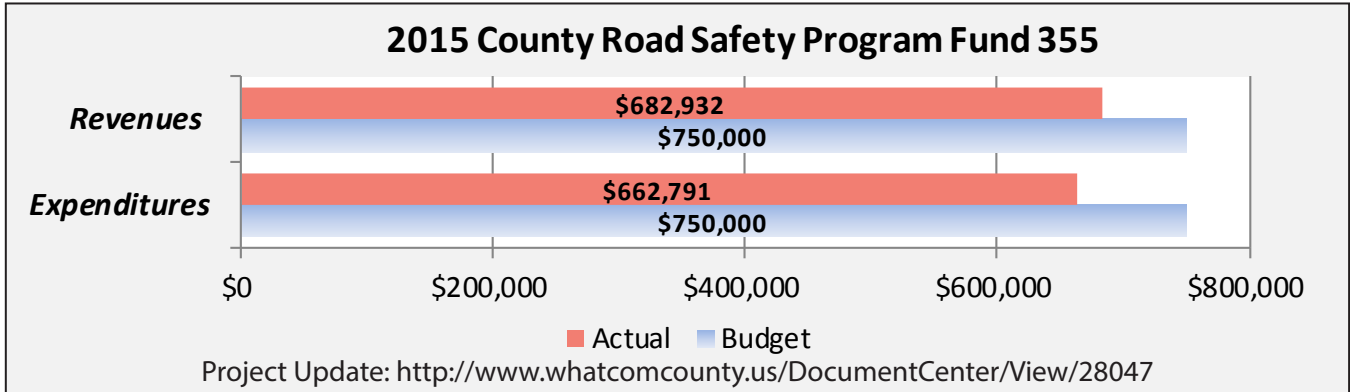


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For the Quarter Ended March 31, 2017



Project Budget Funds, continued

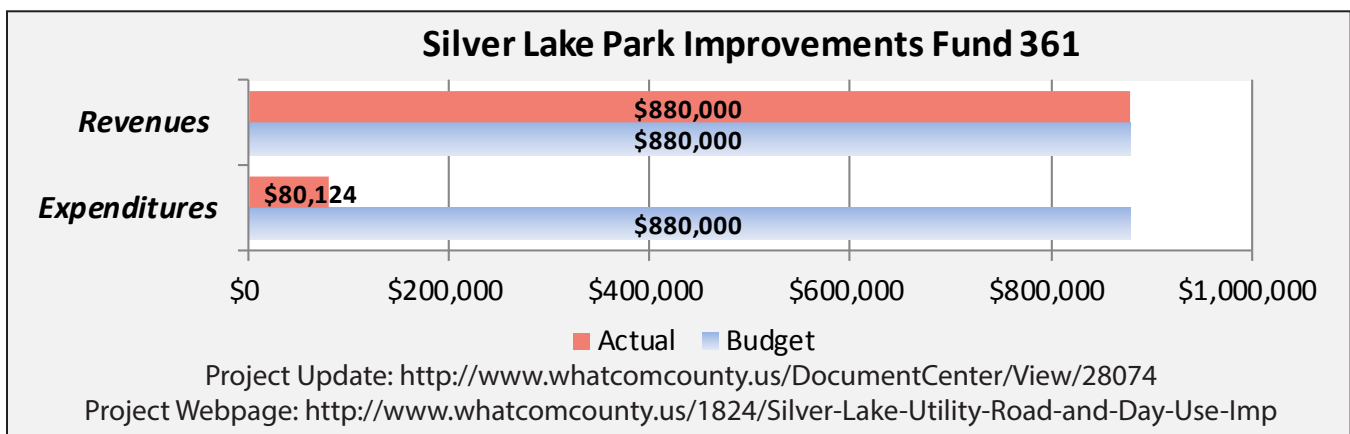
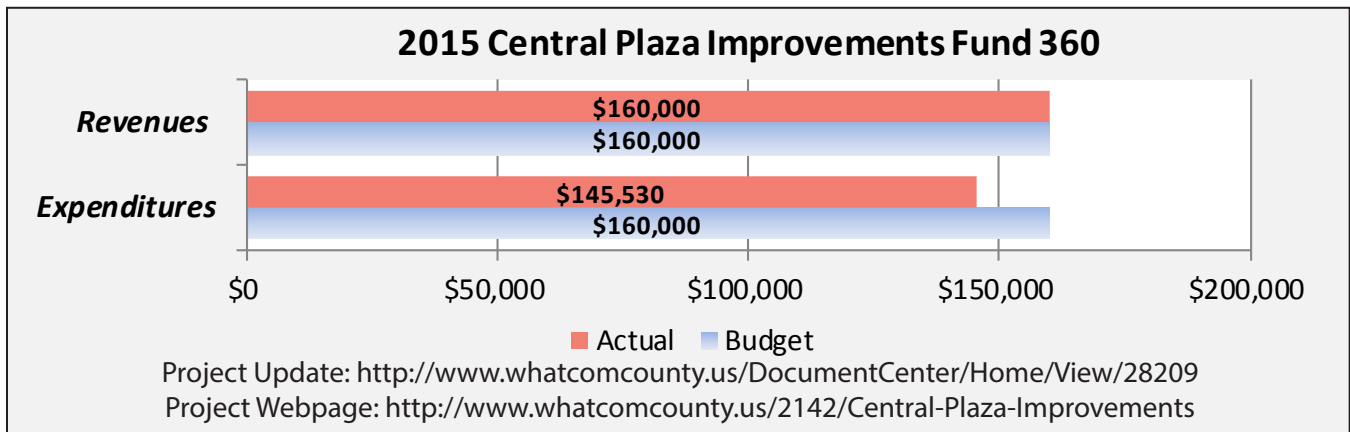
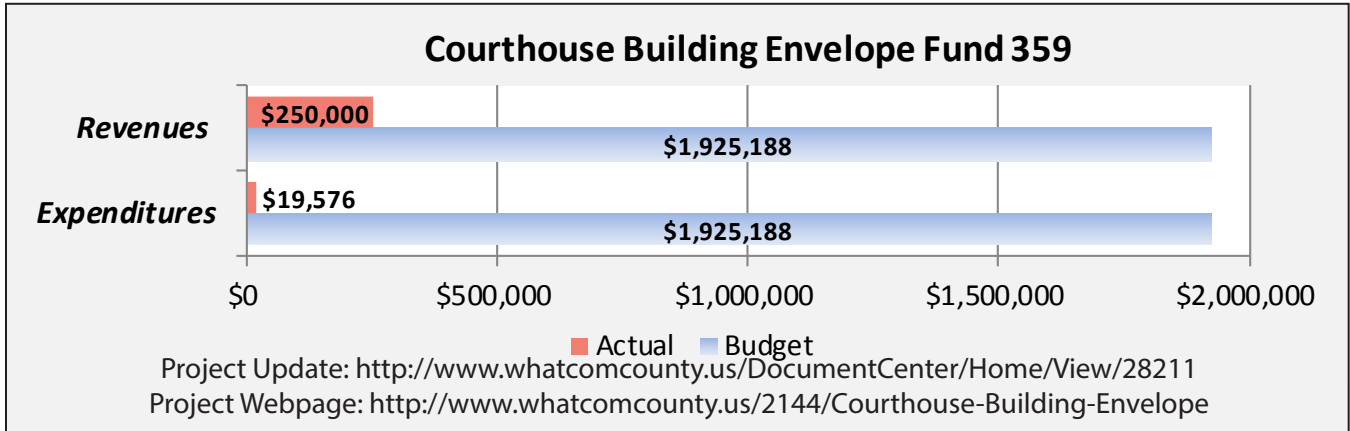


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Project Budget Funds, continued

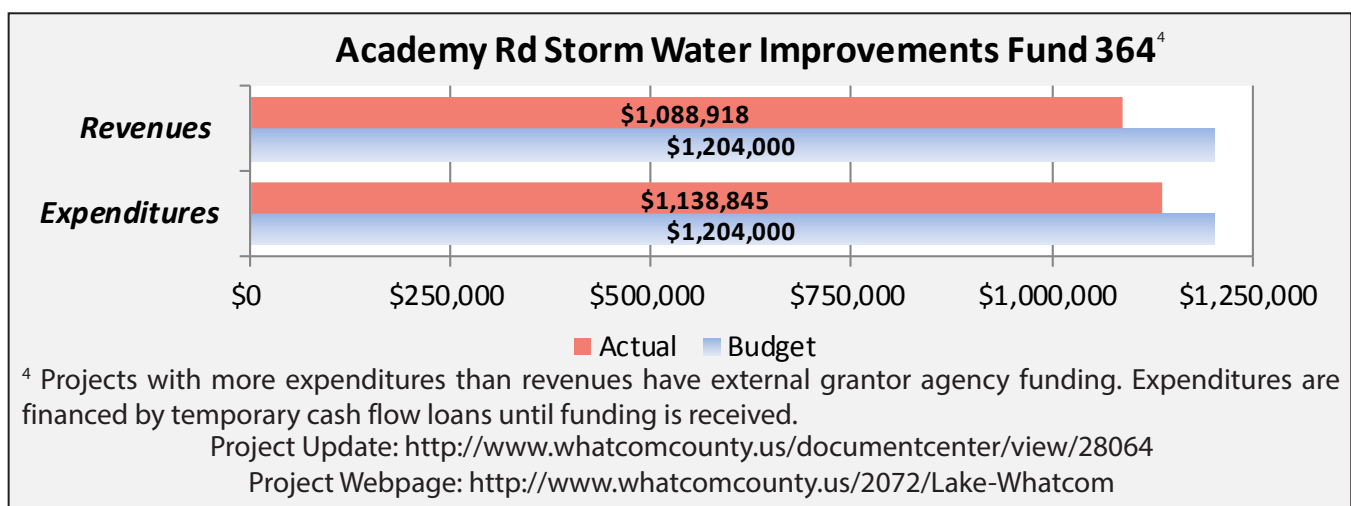
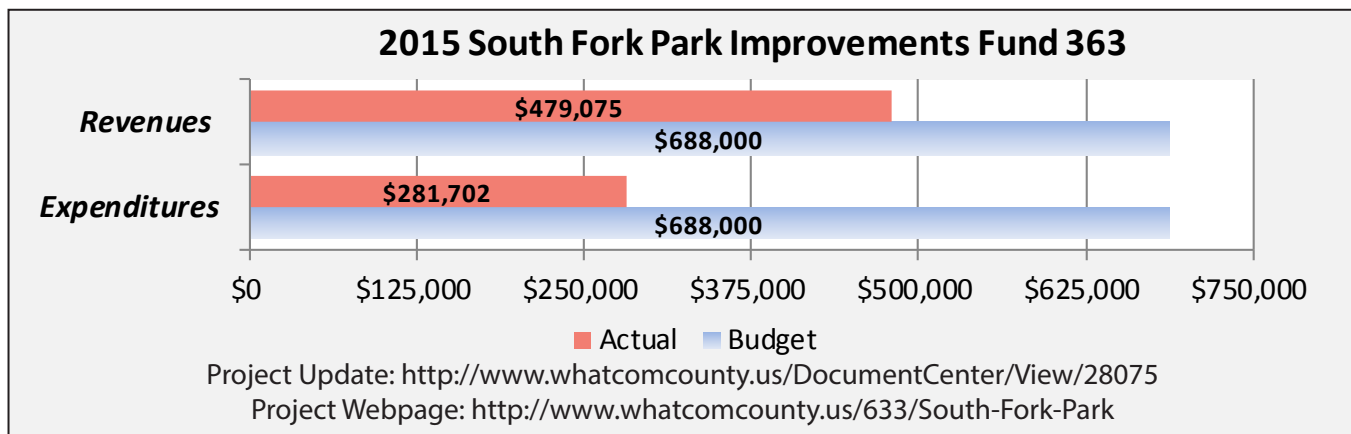
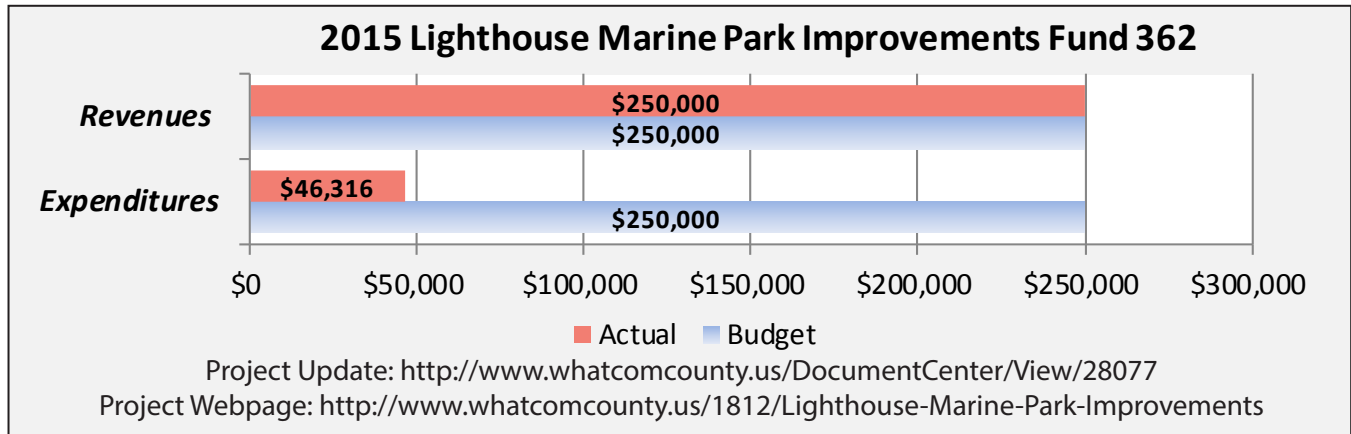


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Project Budget Funds, continued

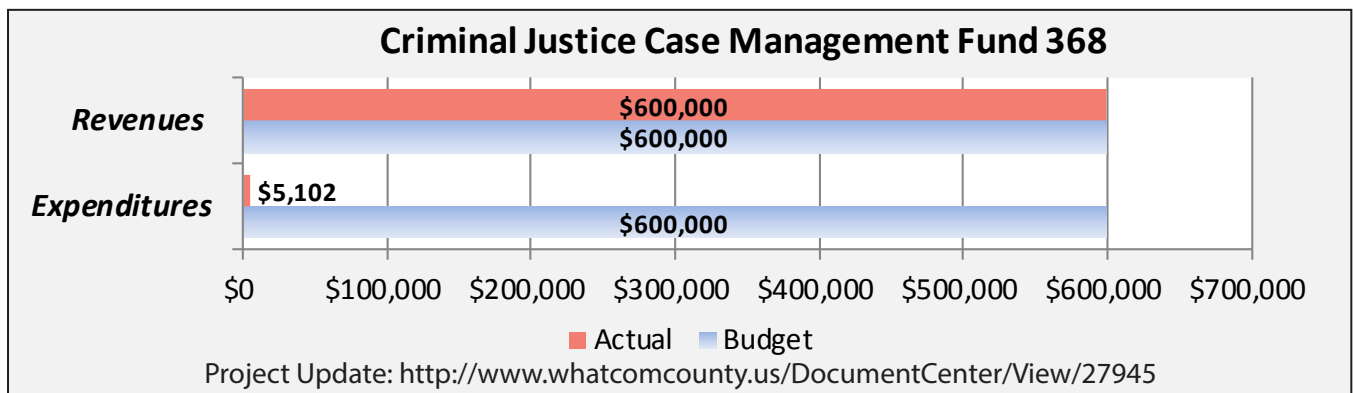
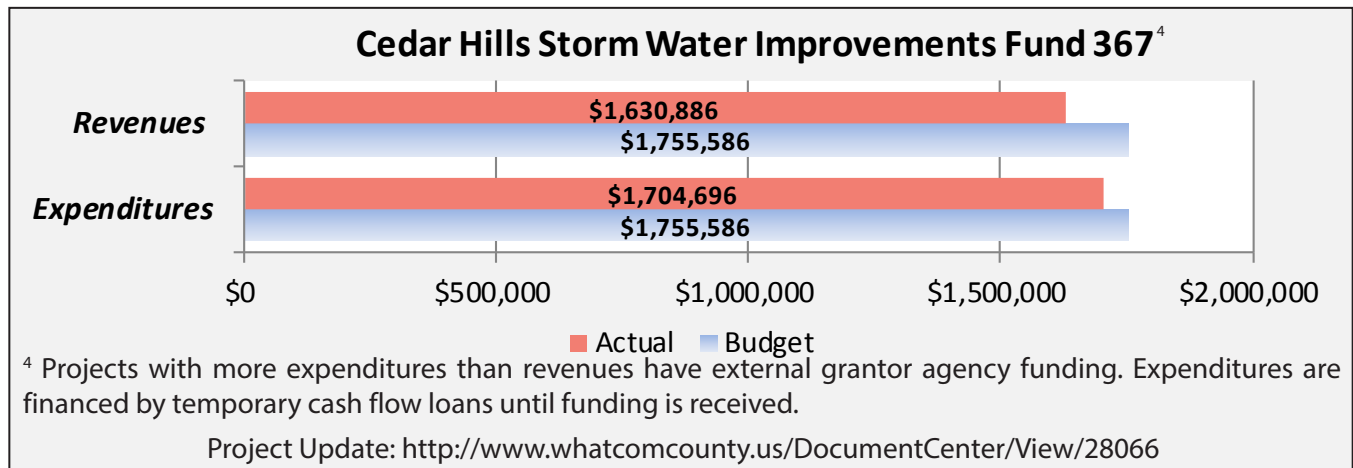
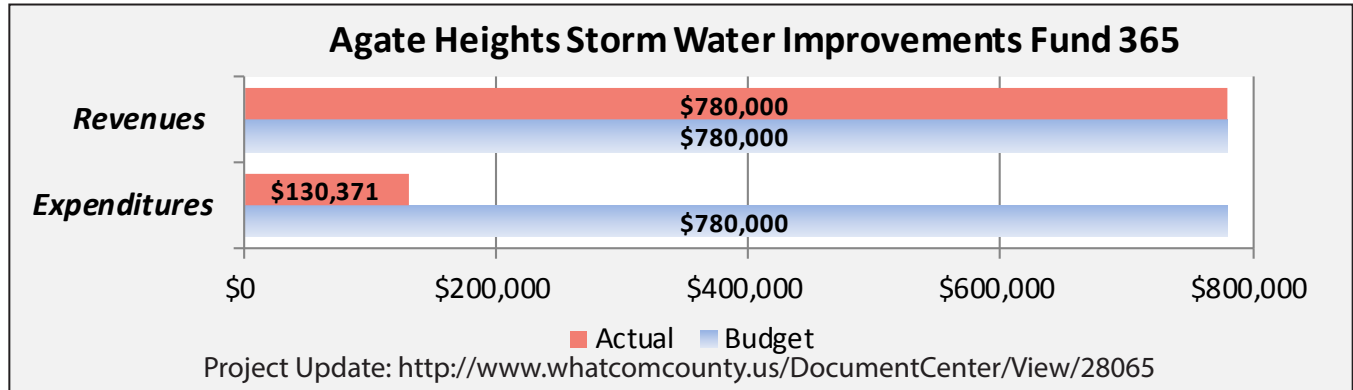


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Project Budget Funds, continued

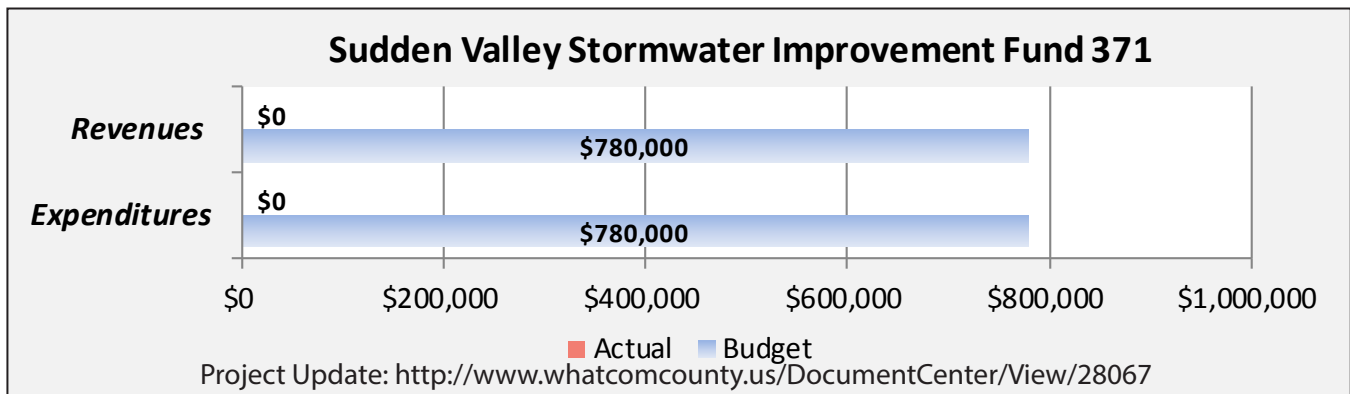
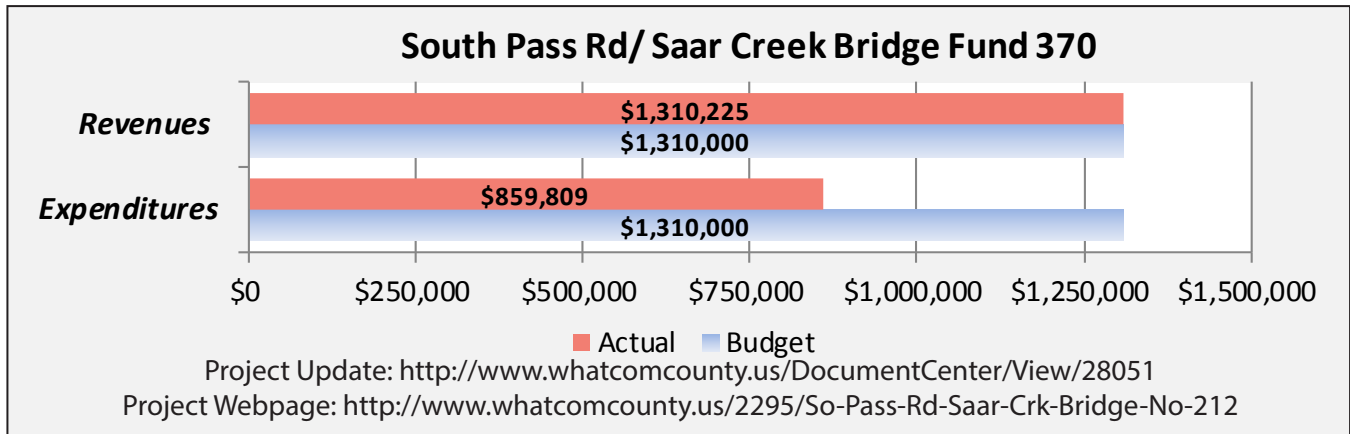
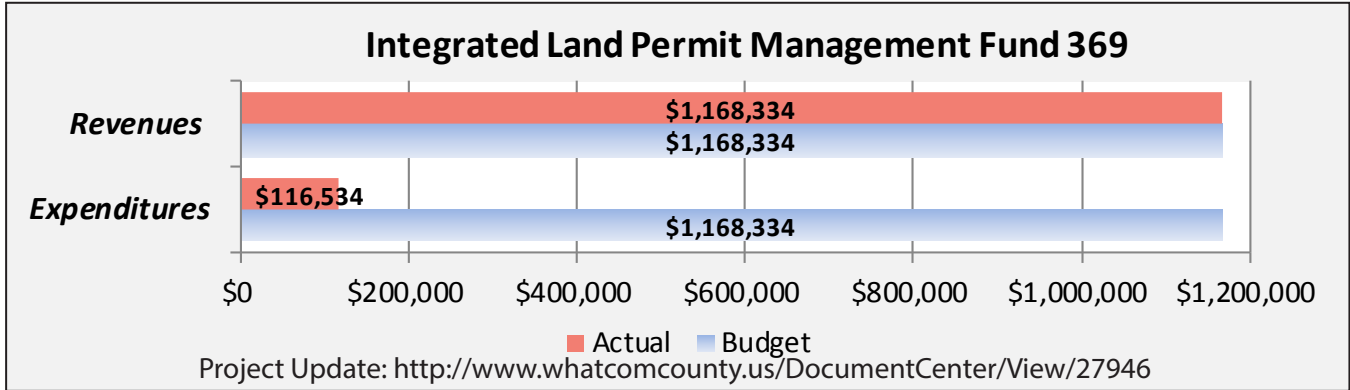


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Project Budget Funds, continued



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Project Budget Funds, continued

