



**2017
Third
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

November 13, 2017

Whatcom County Third Quarter 2017 Financial Report

For the Quarter Ended September 30, 2017



Executive Summary

The following information presents Whatcom County's third quarter 2017 financial report. The General Fund collected 66.95% of its budgeted revenues; this amount is in line with prior year experience and projections. The General Fund spent 67.7% of its budgeted expenditures. This amount is 1.5% to 2% lower than recent prior years and projections due to timing of bi-weekly payrolls and a large transfer in support of countywide emergency medical services no longer required due to the passage of the countywide EMS levy.

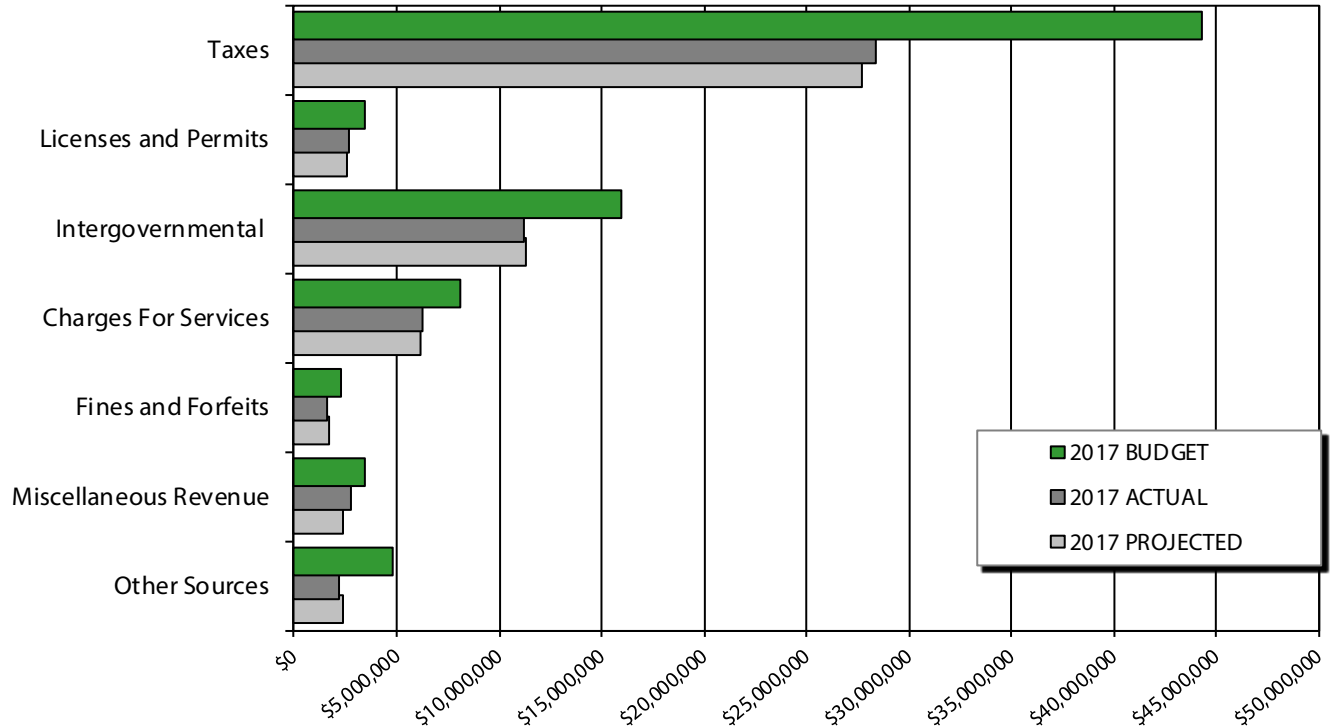
The estimated 2017 General Fund ending fund balance is projected to be approximately \$20.37 million.

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General Fund Revenue - Budget vs. Actual



	2017 Budget Adopted	2017 Budget Supp'ls	2017 Budget Amended	Actual as of 9/30/2017	% Collected To Date	Projected as of 9/30/2017
Taxes	44,312,831		44,312,831	28,341,997	63.96%	27,743,619
Licenses and Permits	3,418,943	32,000	3,450,943	2,668,784	77.33%	2,563,405
Intergovernmental	14,260,289	1,722,503	15,982,792	11,245,819	70.36%	11,281,825
Charges For Services	8,154,373		8,154,373	6,259,260	76.76%	6,190,203
Fines and Forfeits	2,239,750		2,239,750	1,590,168	71.00%	1,722,963
Miscellaneous Revenue	3,323,770	77,257	3,401,027	2,767,879	81.38%	2,361,238
Other Sources	4,657,282	114,307	4,771,589	2,231,084	46.76%	2,371,245
Total Revenue	80,367,238	1,946,067	82,313,305	55,104,991	66.95%	54,234,498

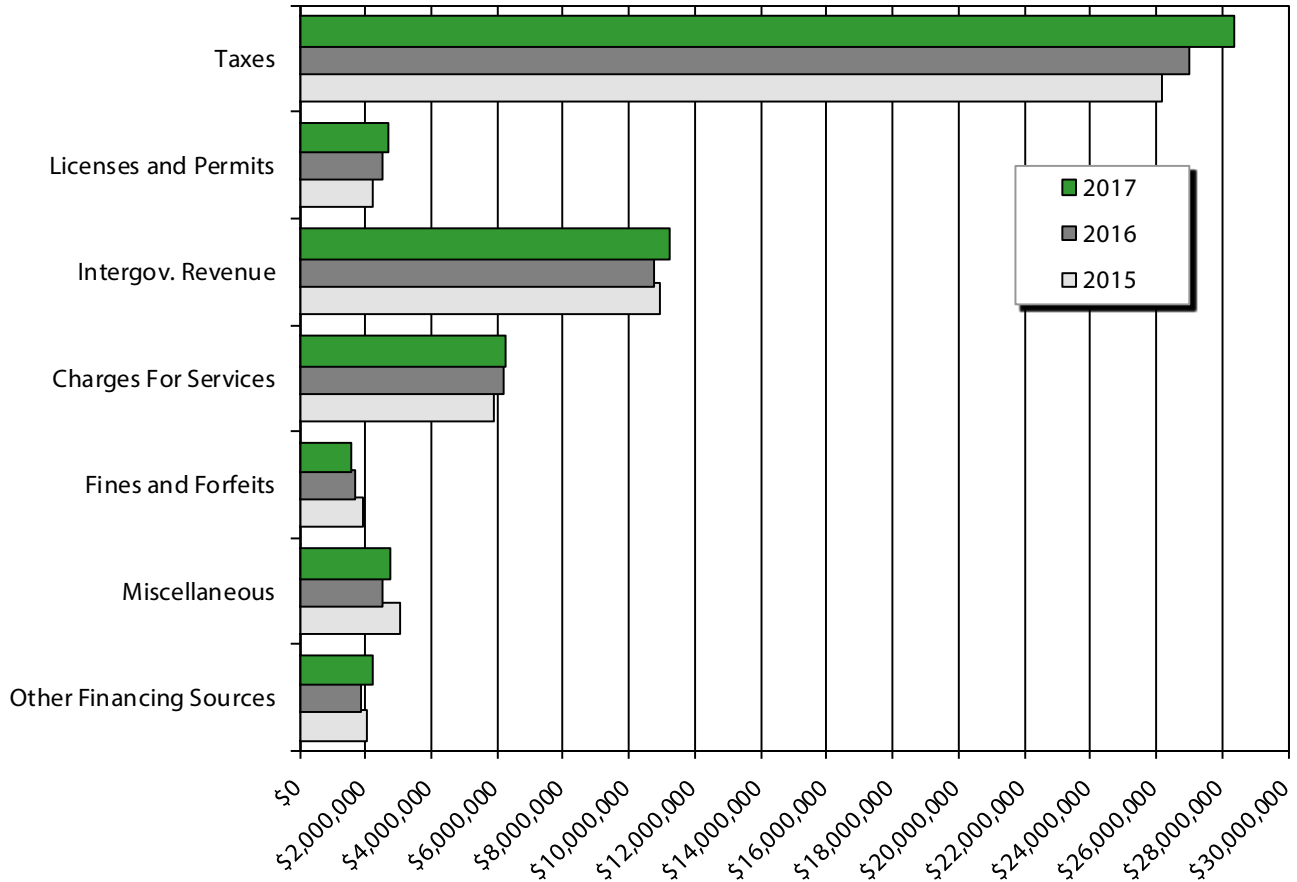
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2015	2016	2017
Taxes	26,176,828	27,030,362	28,341,997
Licenses and Permits	2,231,681	2,520,538	2,668,784
Intergov. Revenue	10,964,113	10,780,413	11,245,819
Charges For Services	5,895,551	6,204,983	6,259,260
Fines and Forfeits	1,950,686	1,706,326	1,590,168
Miscellaneous	3,024,829	2,516,963	2,767,879
Other Financing Sources	2,048,434	1,863,461	2,231,084
Total Revenue	52,292,122	52,623,046	55,104,991

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 \$1.3 million, or 4.85%, more than third quarter 2016 amounts. Current year sales tax collections are up 8.7%, or \$897,385, over last year's third quarter collections. Increases are due to an overall healthier economy and robust building industry. Current year property tax collections increased \$508,740 over third quarter 2016. Increased property tax revenues are the result of new construction and year to year variances in timing of when payments are received from taxpayers.

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 \$148,245, or 5.9%, more than amounts collected for the first three quarters of 2016 due primarily to increases in building permits (\$112,000), and restaurant and food handling permits (\$52,000). Firearms and on-site sewage permits are down by modest amounts.

Intergovernmental Revenue

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

Revenues collected are \$465,404, or 4.3%, more than third quarter year to date 2016. Most of that increase is from the receipt of an early fourth quarter contract payment from Seattle City Light for \$268,959. Otherwise, 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 \$54,273 or 0.9% over third quarter 2016. In general, real estate excise tax processing, sheriff deputy reimbursable overtime, building activity, and auditor vehicle licensing fees are up. Adult probation, a Sheriff's Office Housing Authority contract, and Medicaid admin fees are down.

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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 \$116,159, or 6.8%, from third quarter 2016 amounts. There is a \$25,000 decrease in civil penalties from enforcement actions in Planning & Development and Health Department – Environmental Health. There is also a \$70,000 decrease in property tax penalties in the Treasurer's Office.

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 \$250,915, or 9.97%, from third quarter 2016. Increases are principally due to improving interest rates on investment income.

Other Financing Sources

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

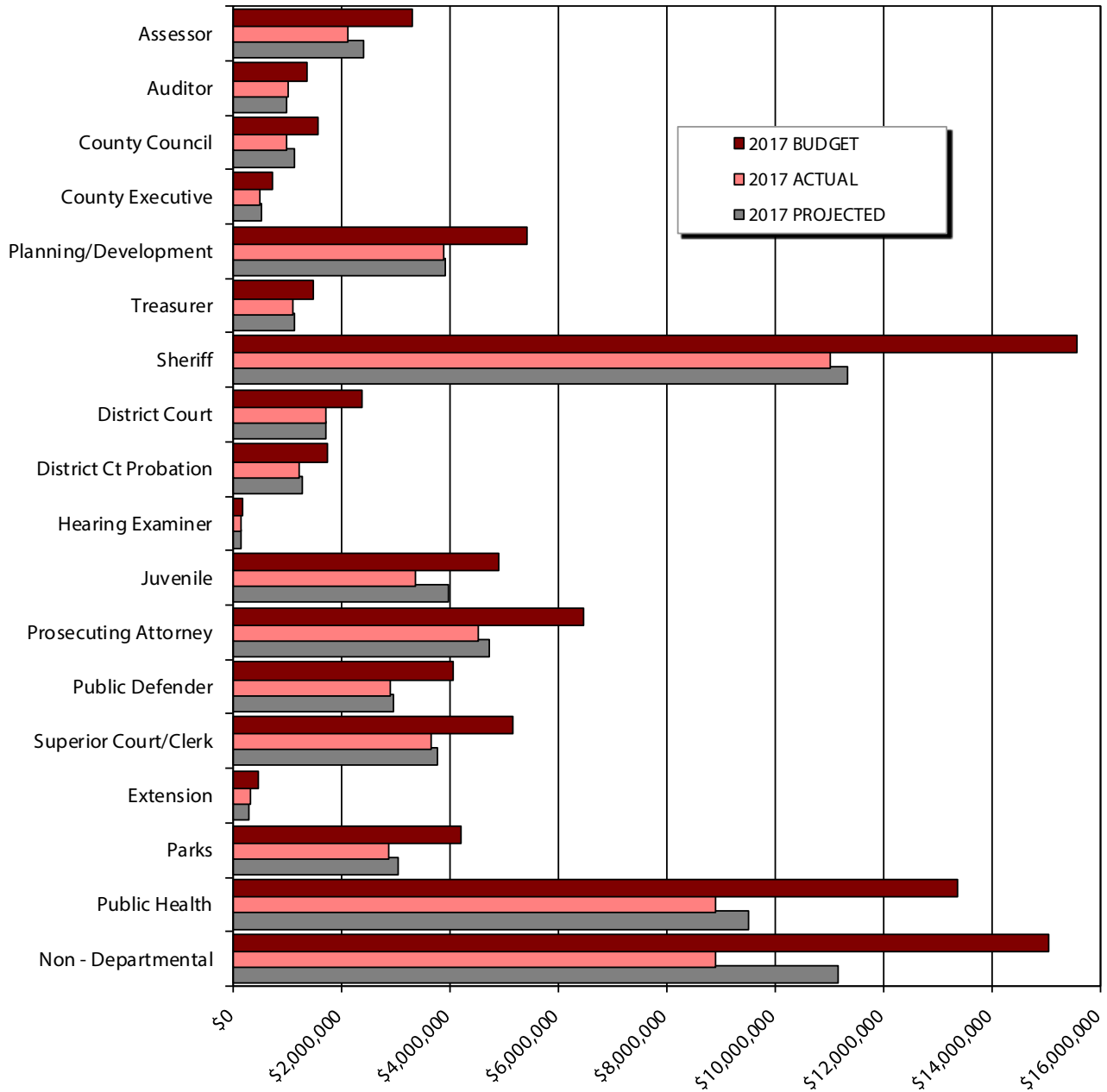
The Other Financing Sources category is \$367,624, or 19.7%, more than third quarter 2016 amounts. Timber sales revenue increased \$70,000 and operating transfers increased \$298,000 over 2016 amounts. Timber revenues fluctuate based on harvest plans and market conditions. The timing of operating transfers between departments also fluctuates from year to year despite the overall budget not being significantly different.

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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 Supp'ls	Amended Budget	Actual as of 9/30/17	% Expended To Date	Projected as of 9/30/17
Assessor	3,121,698	210,897	3,332,595	2,138,250	64.16%	2,434,409
Auditor	1,339,656	25,609	1,365,265	1,014,689	74.32%	1,001,430
County Council	1,400,209	193,339	1,593,548	995,658	62.48%	1,152,767
County Executive	724,212	15,124	739,336	514,768	69.63%	541,049
Planning & Development	5,300,873	131,784	5,432,657	3,896,394	71.72%	3,929,350
Treasurer	1,485,708	20,297	1,506,005	1,116,730	74.15%	1,131,027
Sheriff	14,858,845	720,522	15,579,367	11,022,238	70.75%	11,355,410
District Court	2,353,334	35,206	2,388,540	1,719,522	71.99%	1,737,897
District Court Probation	1,692,590	59,072	1,751,662	1,230,745	70.26%	1,276,961
Hearing Examiner	195,571	2,339	197,910	145,226	73.38%	145,205
Juvenile	4,818,926	96,231	4,915,157	3,389,333	68.96%	3,975,532
Prosecuting Attorney	6,439,290	50,026	6,489,316	4,547,479	70.08%	4,734,737
Public Defender	3,981,747	92,106	4,073,853	2,914,002	71.53%	2,975,675
Superior Court/Clerk	5,080,416	86,631	5,167,047	3,663,139	70.89%	3,794,074
Extension	480,603	6,179	486,782	320,251	65.79%	312,292
Park	4,103,848	106,292	4,210,140	2,879,249	68.39%	3,068,218
Public Health	12,583,373	785,024	13,368,397	8,920,100	66.73%	9,513,455
Non - Departmental	15,278,897	(221,223)	15,057,674	8,916,292	59.21%	11,162,841
Total General Fund Exp	85,239,796	2,415,455	87,655,251	59,344,065	67.70%	64,242,329

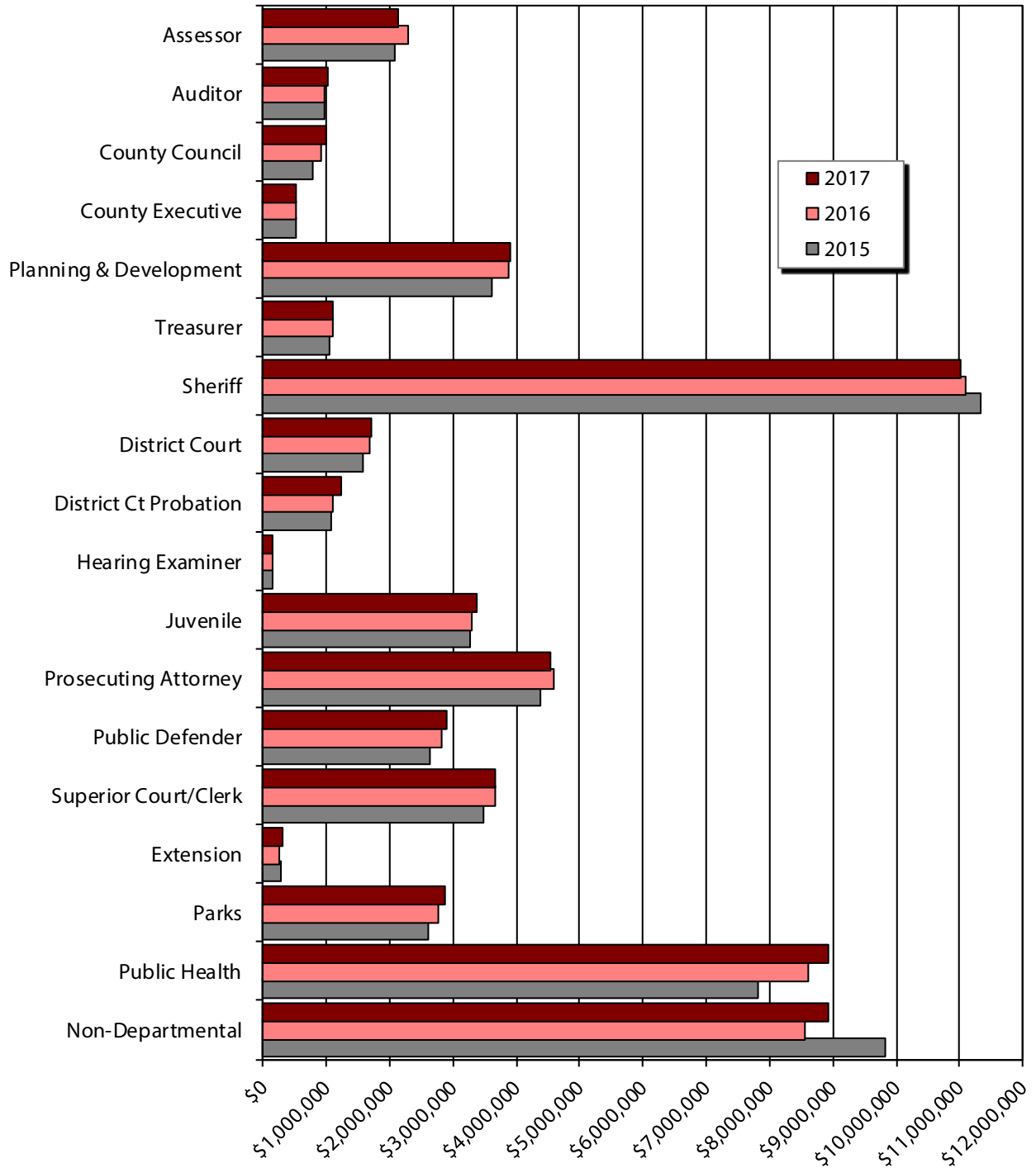
See page 9 for General Fund Expenditure Notes.

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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	2,079,981	2,297,678	2,138,250
Auditor	964,069	983,722	1,014,689
County Council	788,829	906,166	995,658
County Executive	532,380	510,411	514,768
Planning & Development	3,615,279	3,876,744	3,896,394
Treasurer	1,062,589	1,109,853	1,116,730
Sheriff	11,336,371	11,092,754	11,022,238
District Court	1,582,768	1,685,125	1,719,522
District Ct Probation	1,067,049	1,112,915	1,230,745
Hearing Examiner	141,696	144,843	145,226
Juvenile	3,265,254	3,301,930	3,389,333
Prosecuting Attorney	4,377,027	4,603,753	4,547,479
Public Defender	2,642,611	2,832,820	2,914,002
Superior Court/Clerk	3,491,463	3,667,379	3,663,139
Extension	275,633	269,567	320,251
Parks	2,604,939	2,775,413	2,879,249
Public Health	7,815,844	8,605,425	8,920,100
Non-Departmental	9,827,550	8,550,872	8,916,292
TOTAL	57,471,332	58,327,370	59,344,065

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the third quarter were at 67.7% of the approved budget. This percentage is a bit less than prior years due to the timing of bi-weekly payrolls. In addition, a \$1.67 million transfer to the Countywide Emergency Medical Services Fund to backfill support for countywide Advanced Life Support services will not be made due to the passage of the EMS levy. At the time of biennial budget preparation, the passage of the levy had not been accomplished. All other departmental spending is within budgetary expectations with no significant variations.

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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
Increased Revenue Estimates		340,000
Continuing Appropriations from 2017		422,132
Supplemental Budgets 2017		1,523,935
Total Revenue	80,367,238	82,653,305
Expenditures		
Budgeted Expenditures 2017	85,239,796	85,239,796
Elimination of Emergency Medical Service Transfer	-	(2,500,000)
Continuing Appropriations from 2016		630,160
Supplemental Budgets 2017		1,785,295
Total Expenditures	85,239,796	85,155,251
Adjusted Surplus (Deficit)	(4,872,558)	(2,501,946)
Other Considerations		
Estimated Budget Lapse ¹	3,409,592	4,683,539
Projected Ending Fund Balance 12/31/17	13,680,524	18,883,337
Interfund Loan Adjustment²	1,489,361	1,489,361
Adjusted Fund Balance 12/31/17	15,169,885	20,372,698

Notes:

¹ The adopted budget lapse is 4%, projected budget lapse is 5.5%.

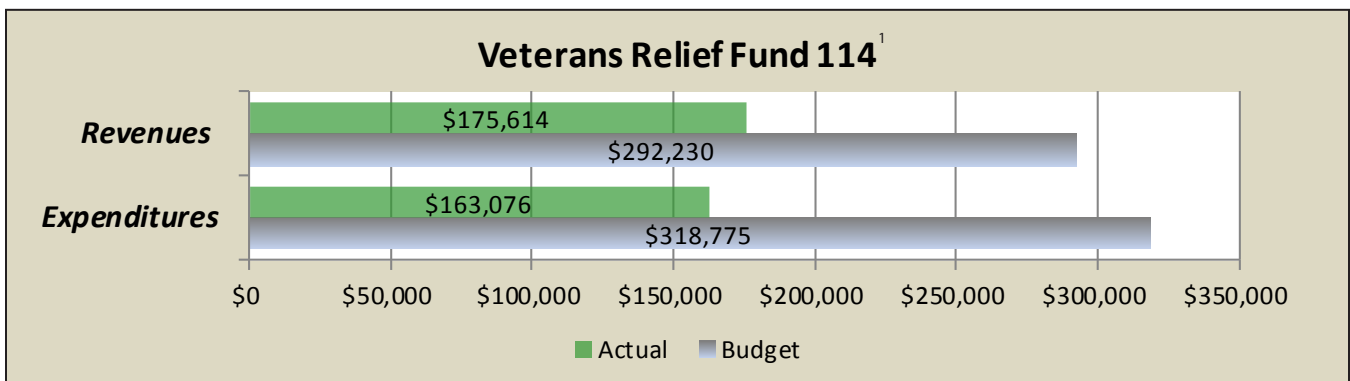
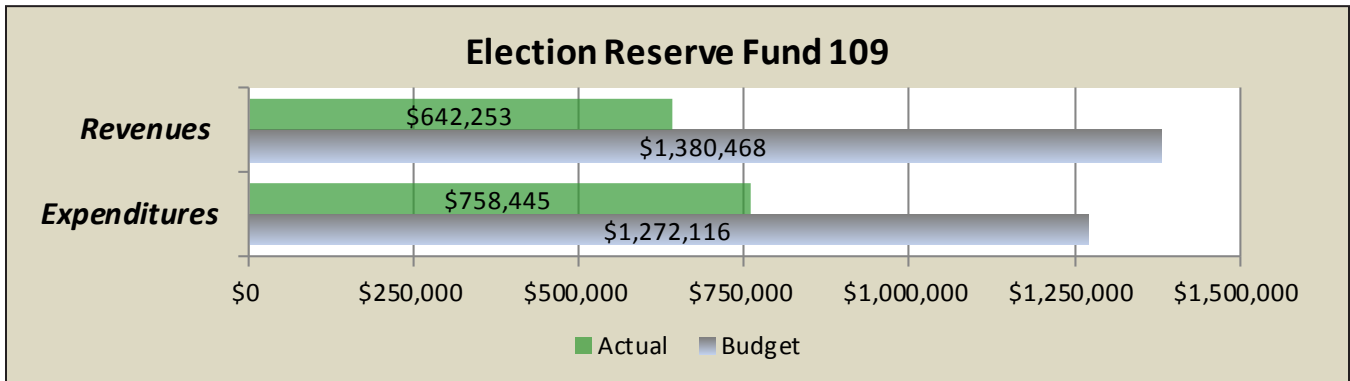
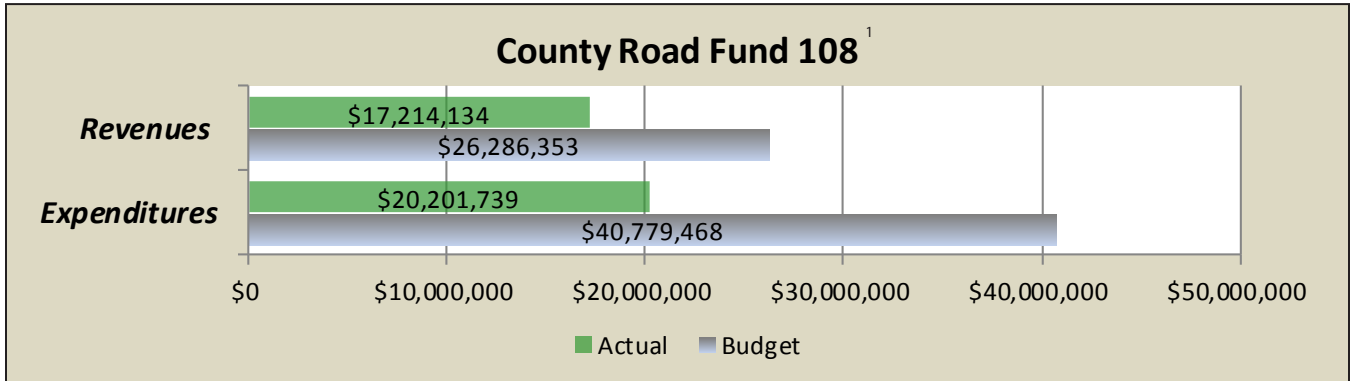
² Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the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

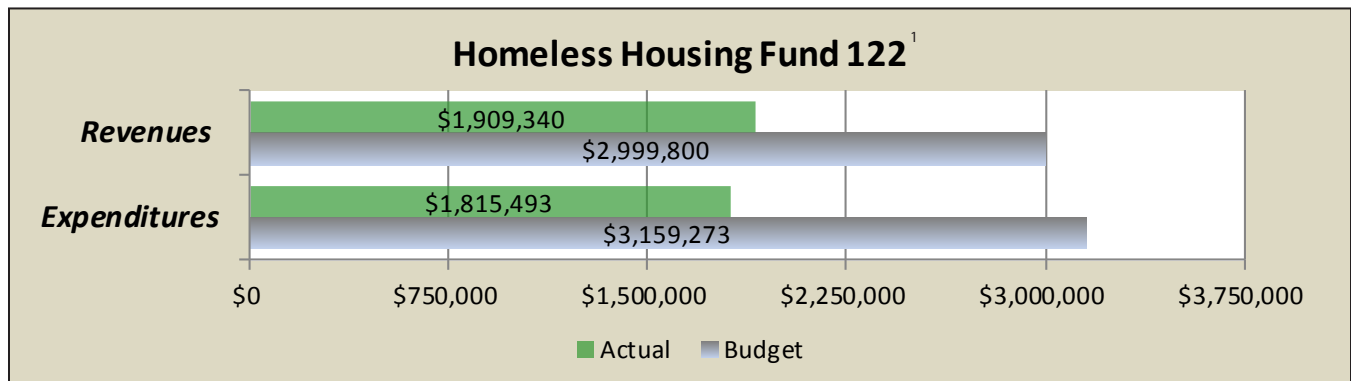
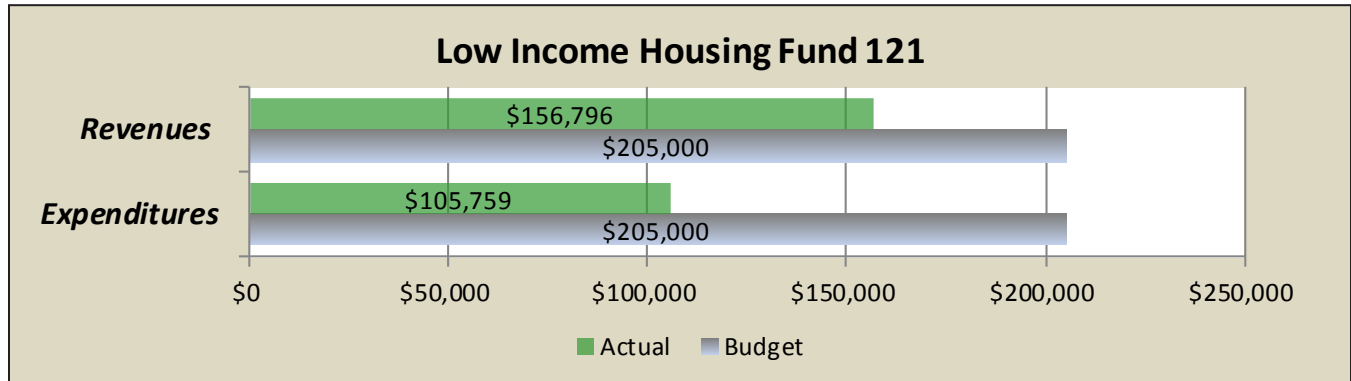
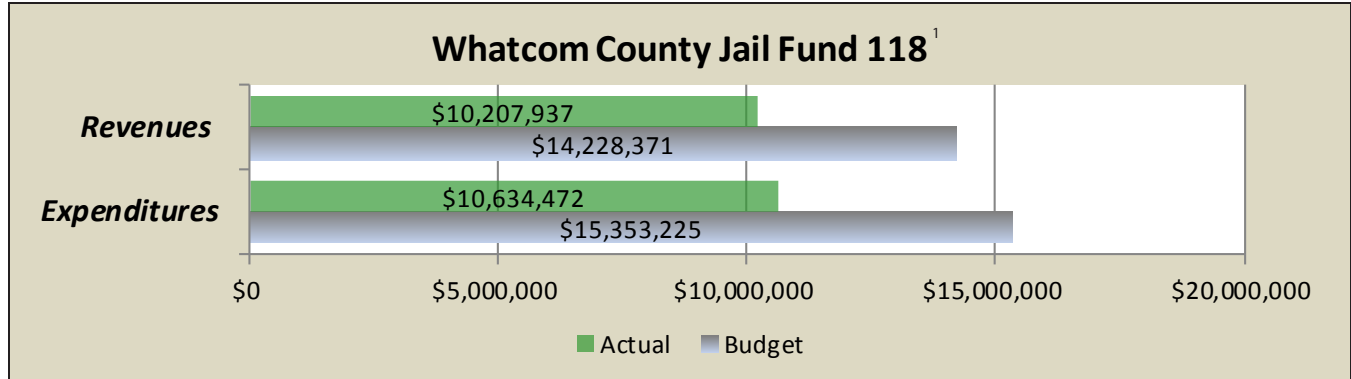
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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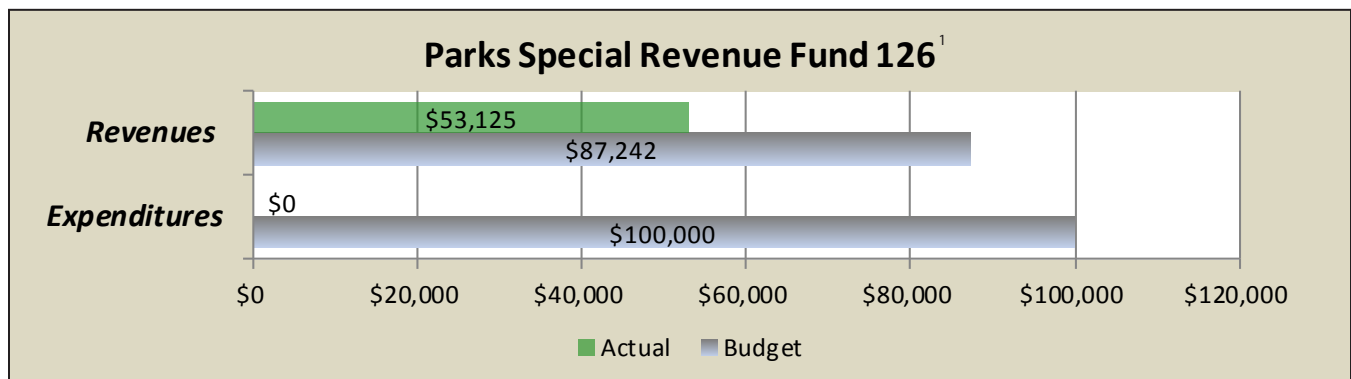
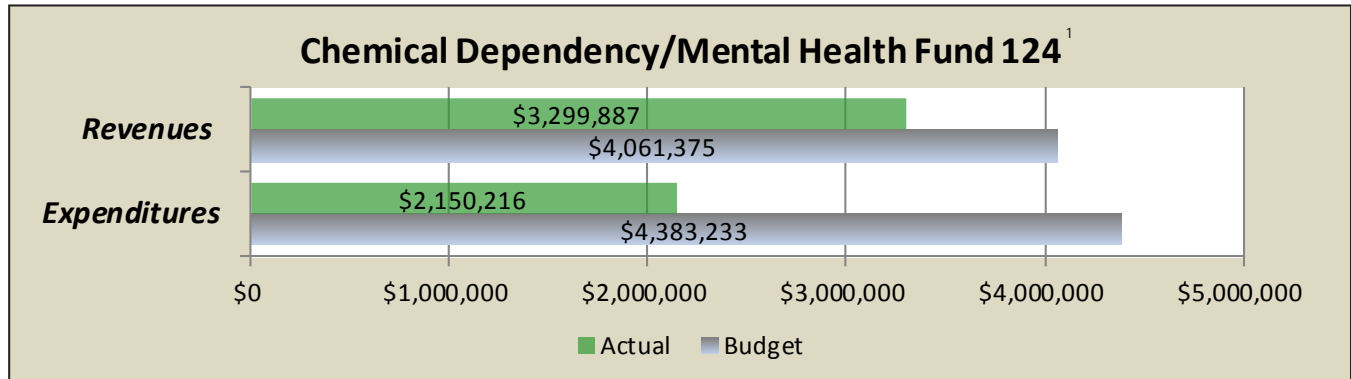
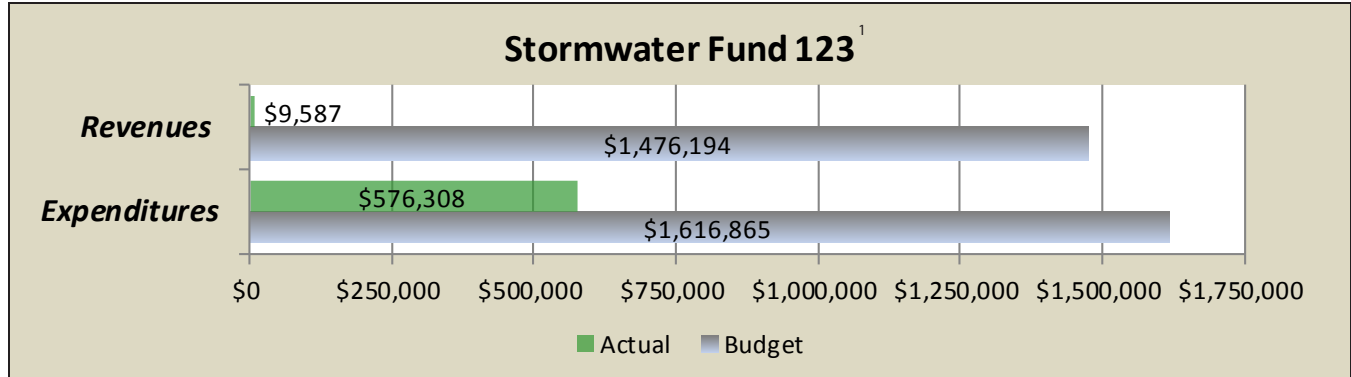
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Special Revenue Funds and Other Funds, continued



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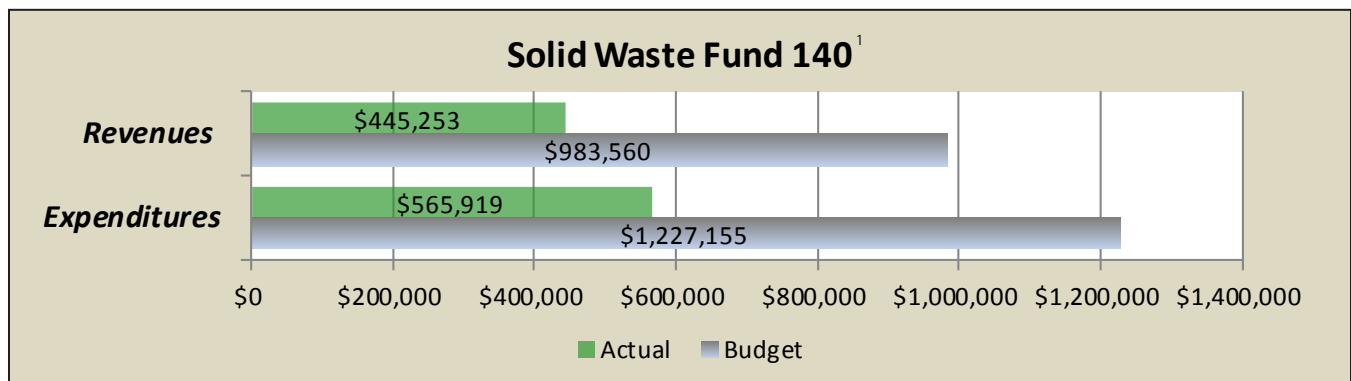
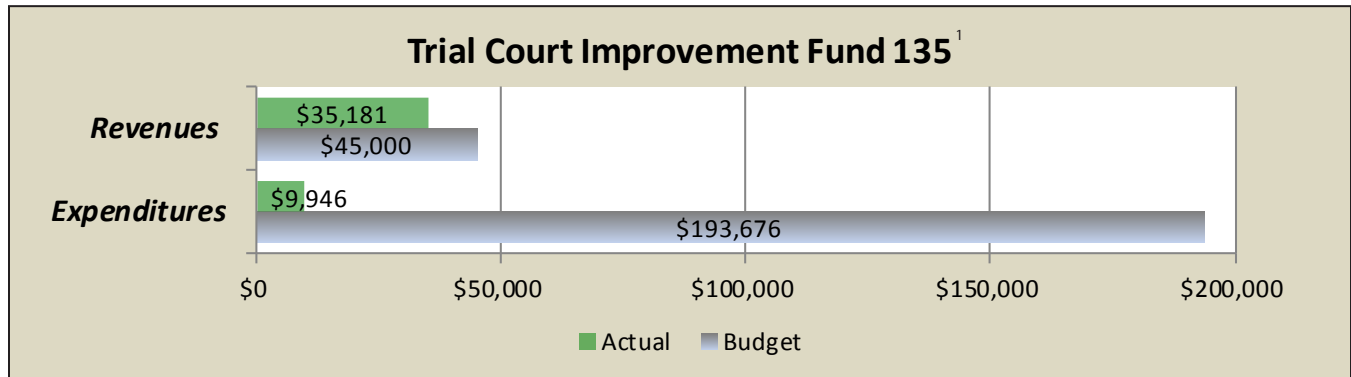
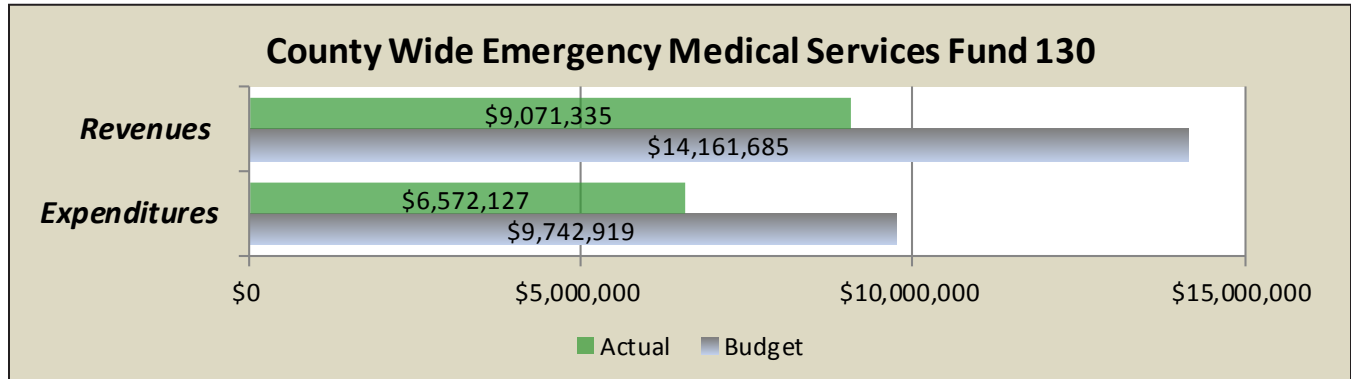
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Special Revenue Funds and Other Funds, continued



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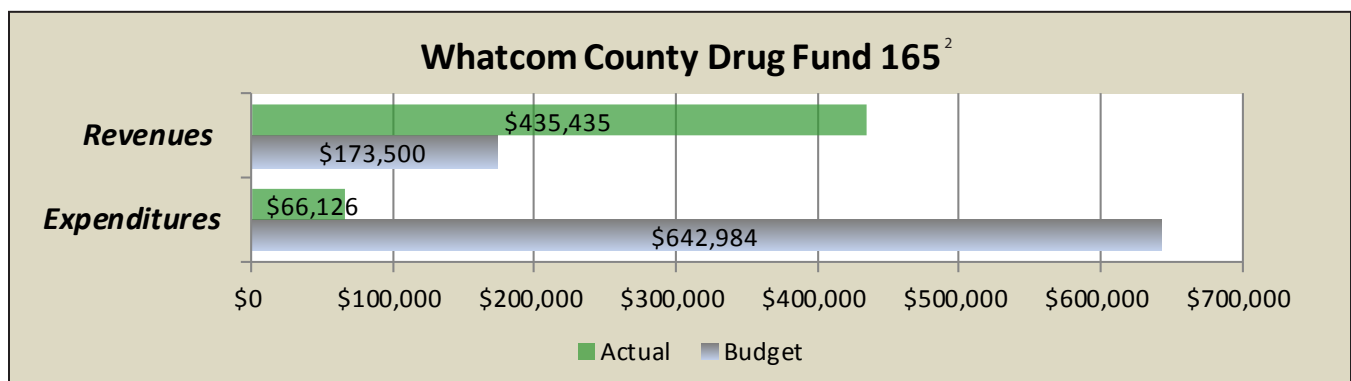
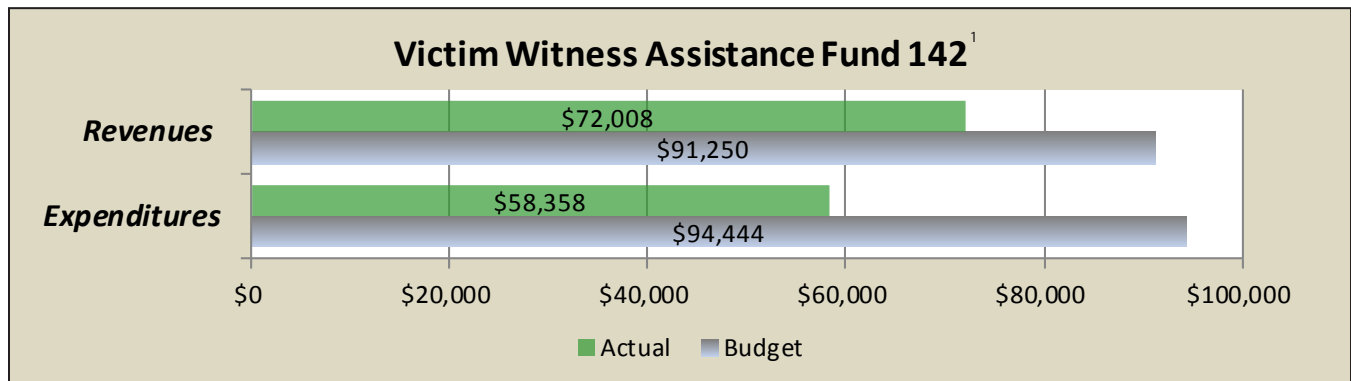
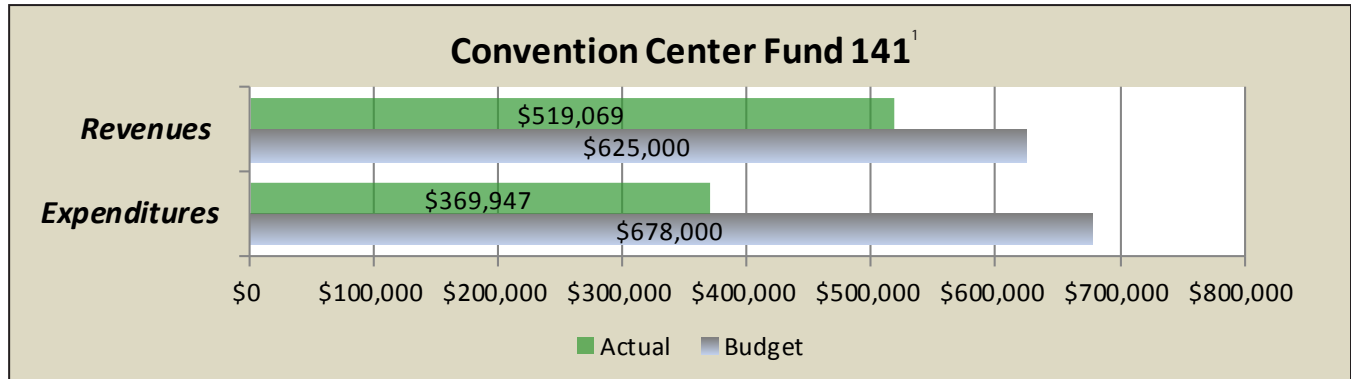
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Special Revenue Funds and Other Funds, continued



Notes:

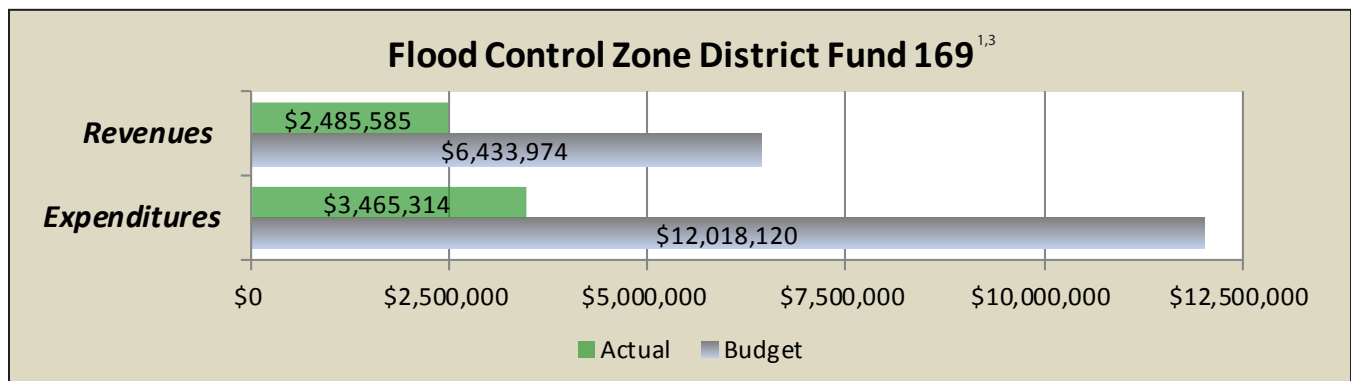
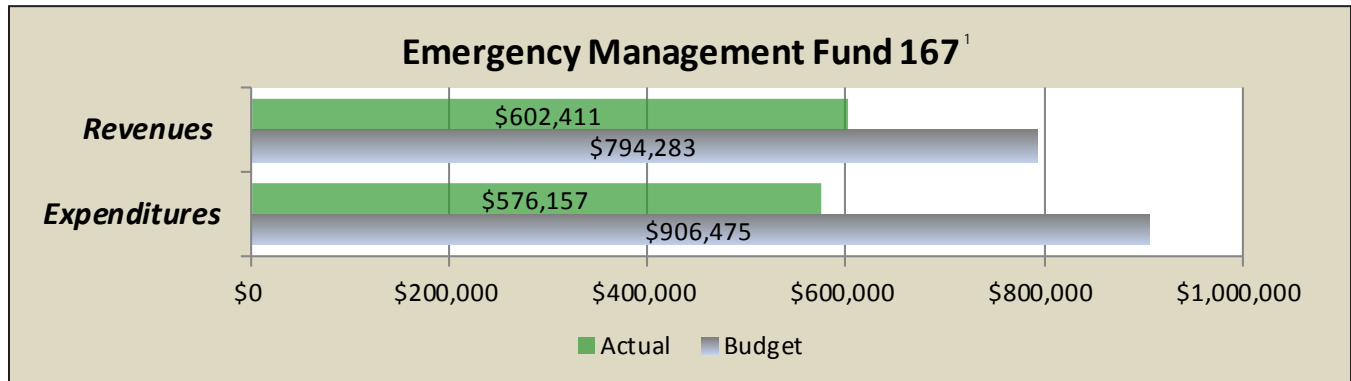
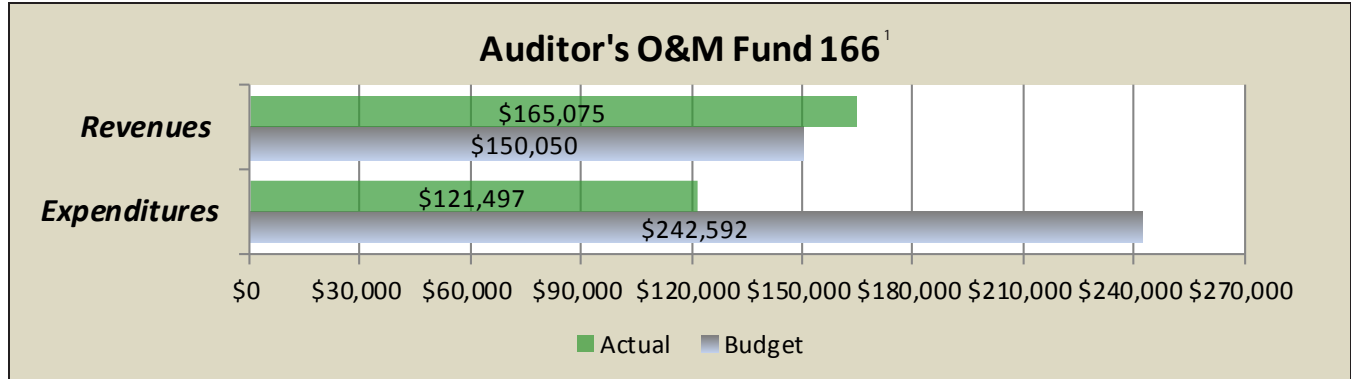
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

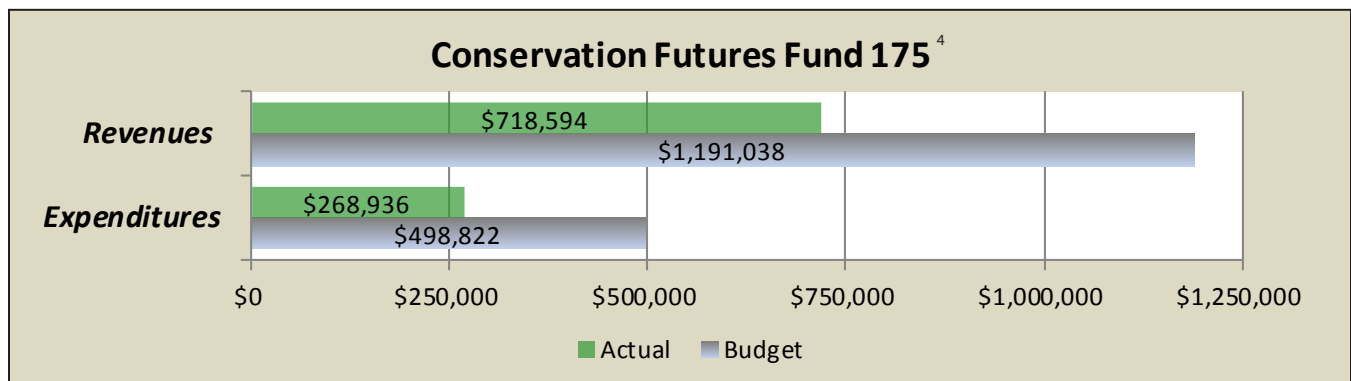
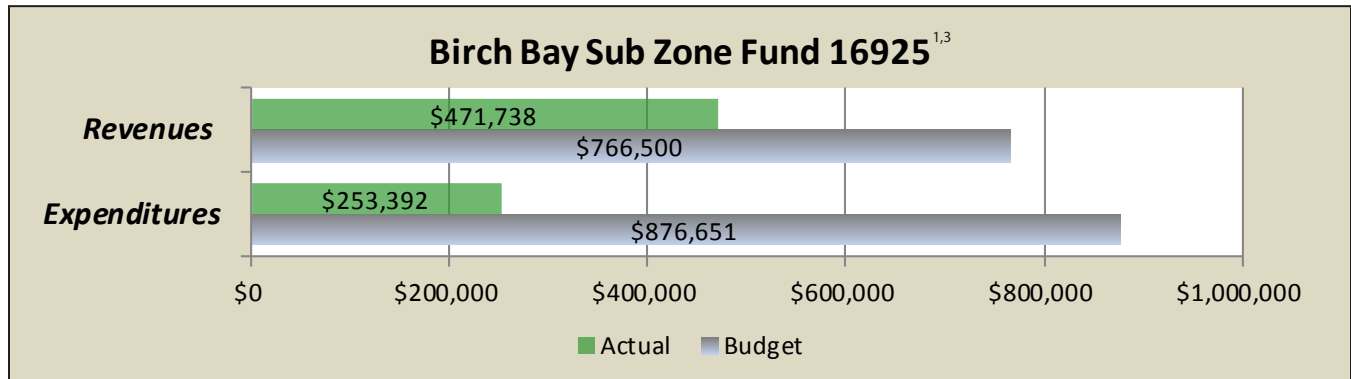
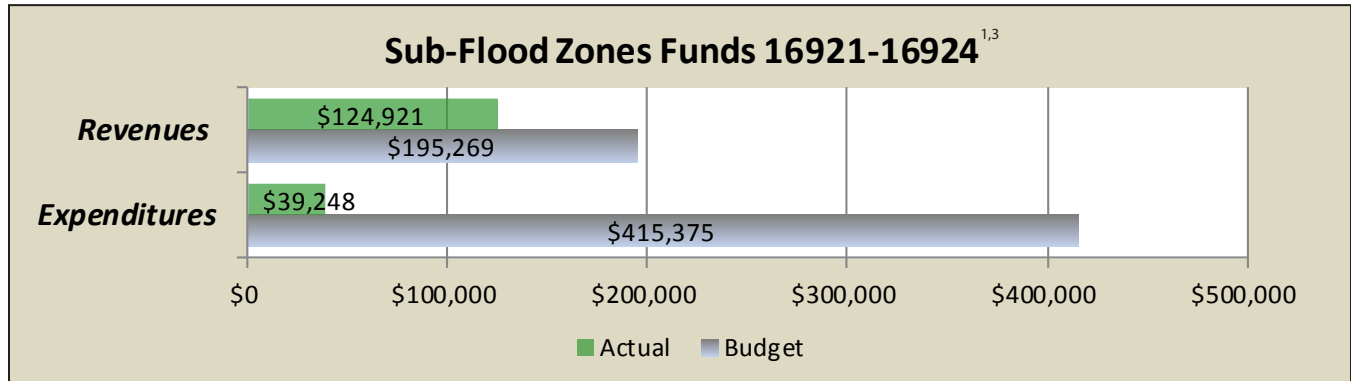
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



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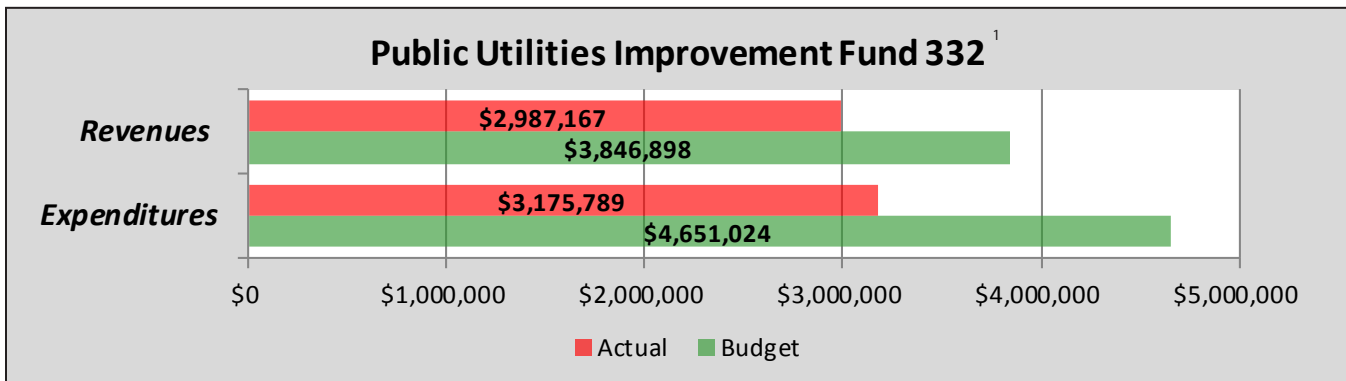
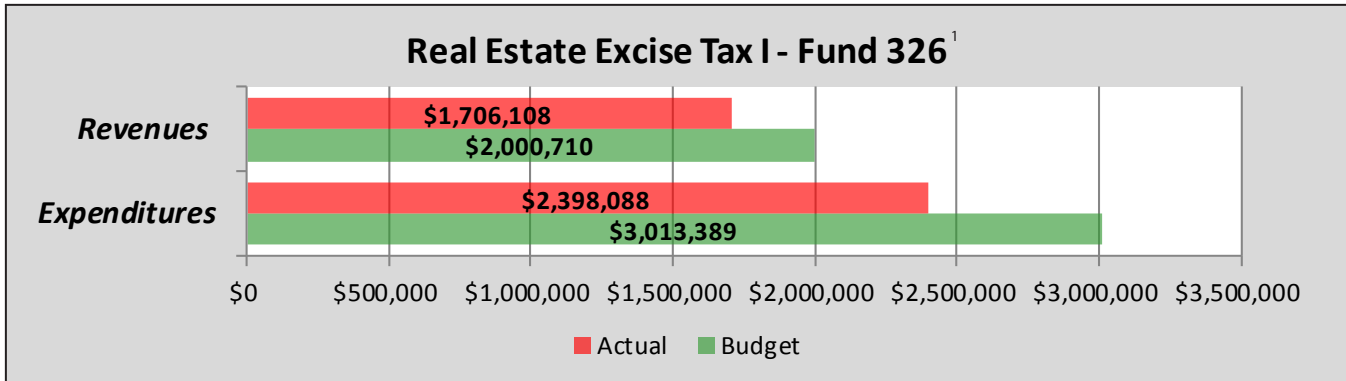
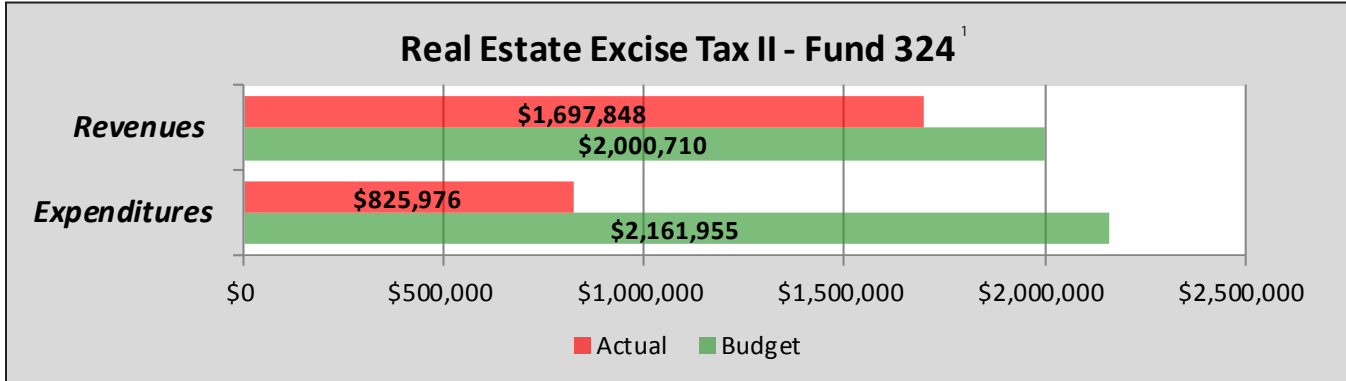
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ⁴ Most Conservations Futures funding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



Notes:

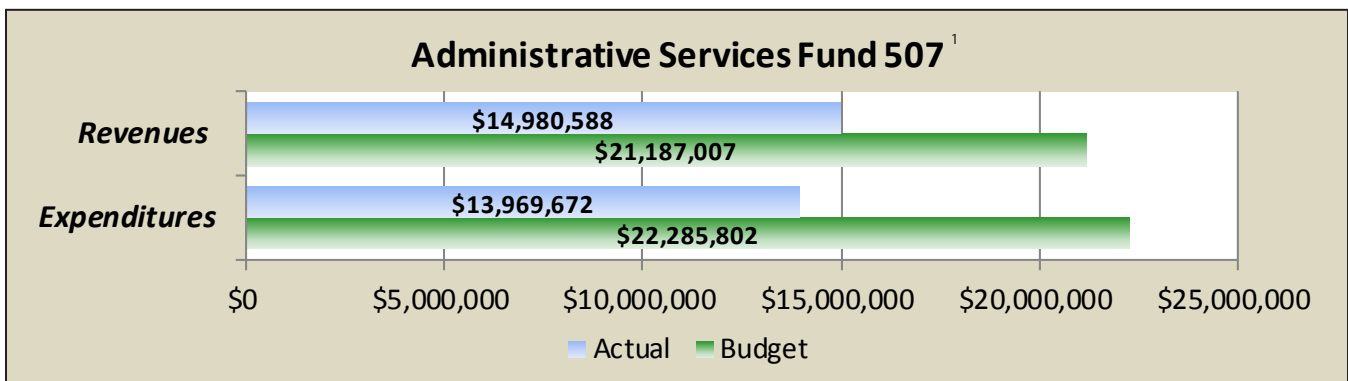
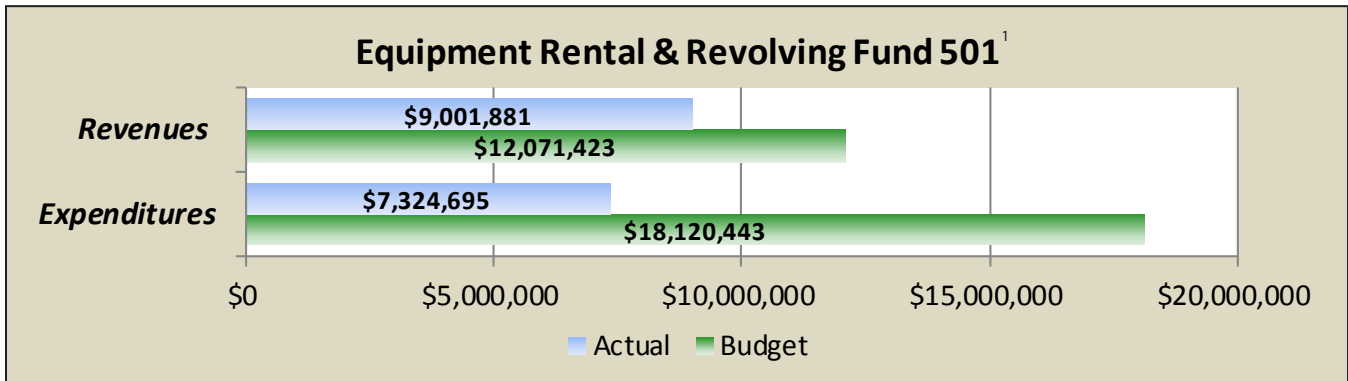
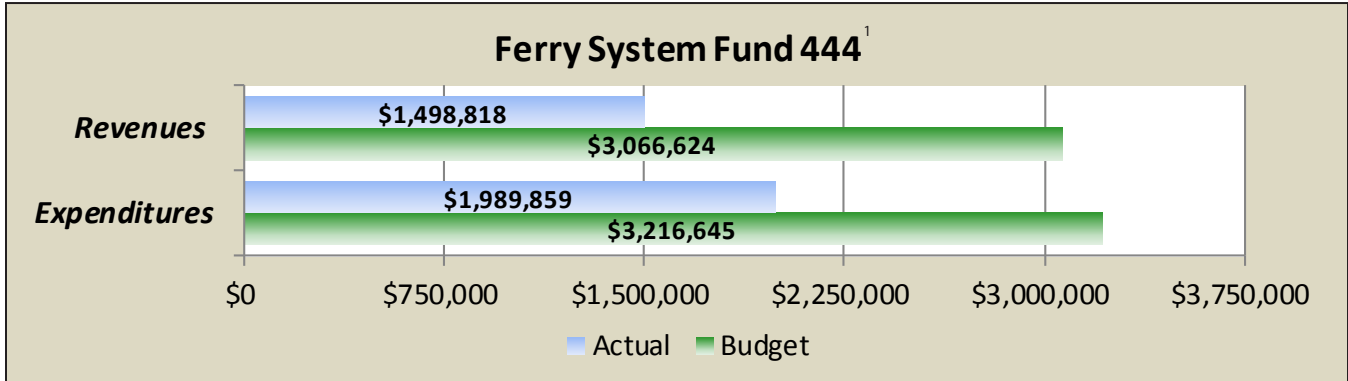
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Enterprise and Internal Service Funds



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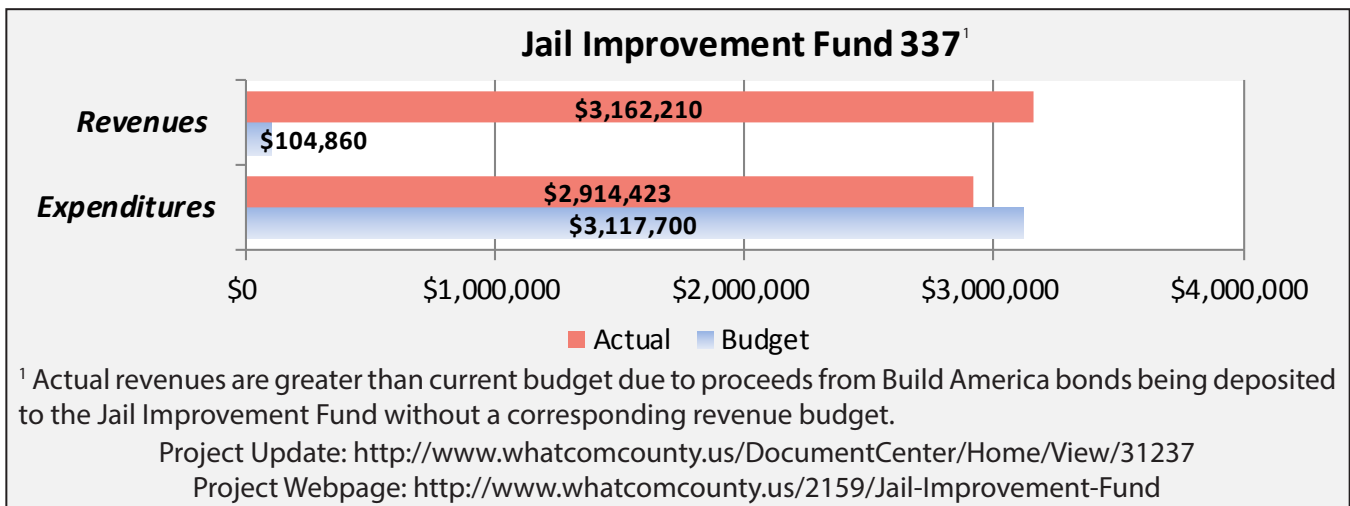
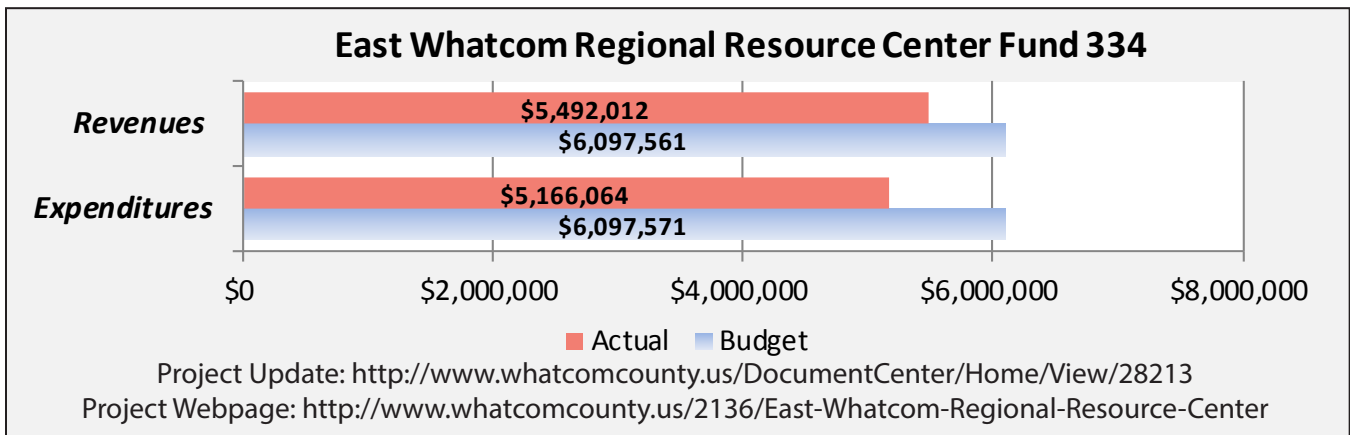
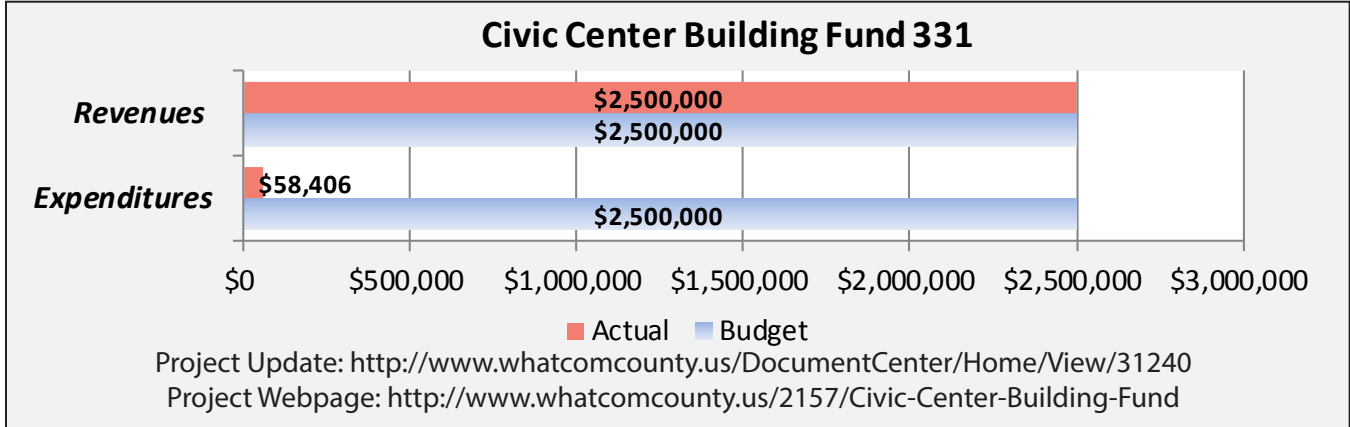
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Project Budget Funds

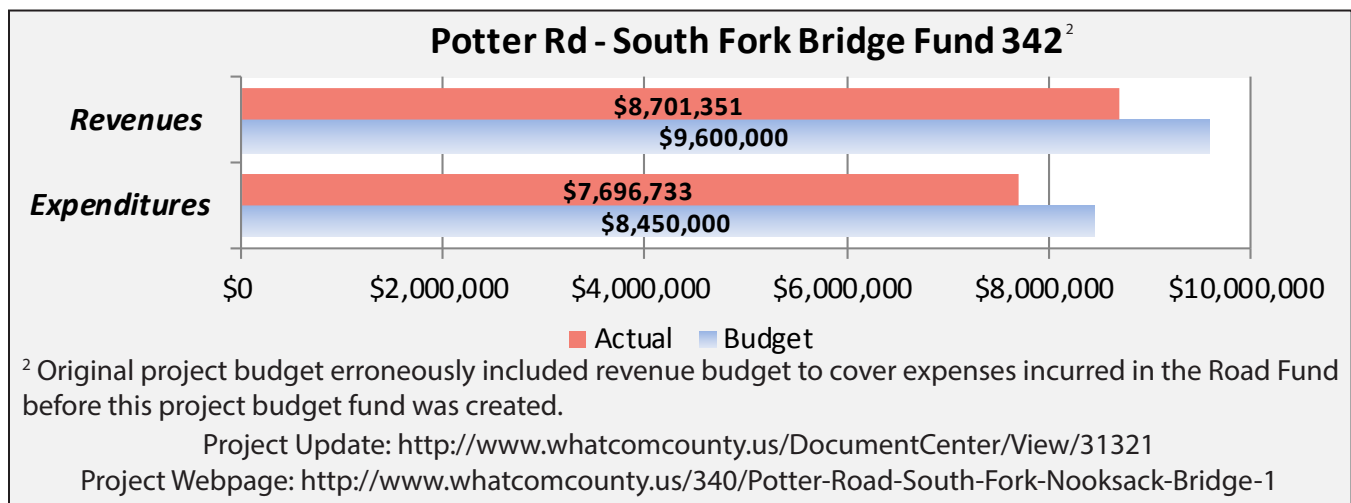
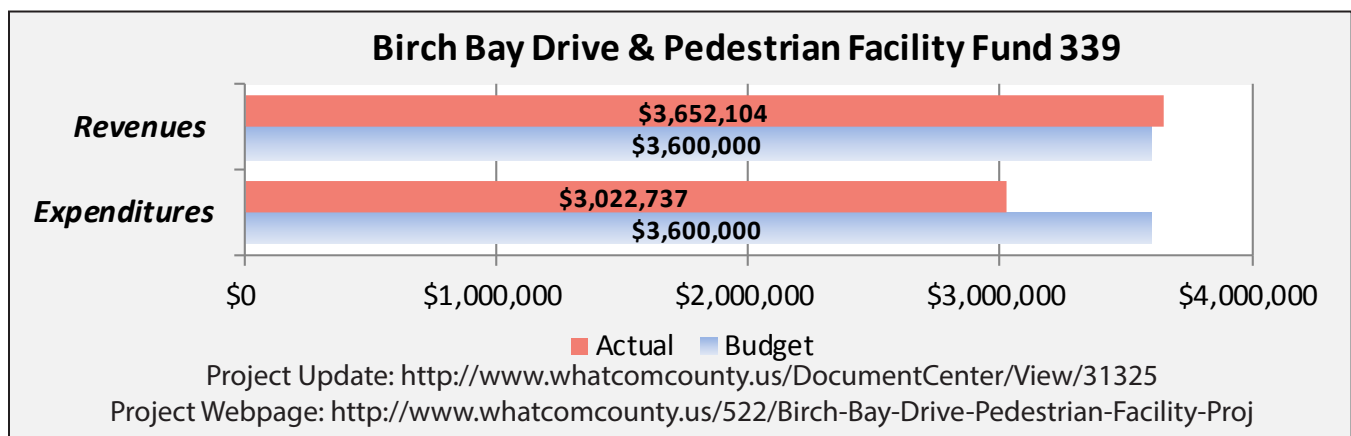
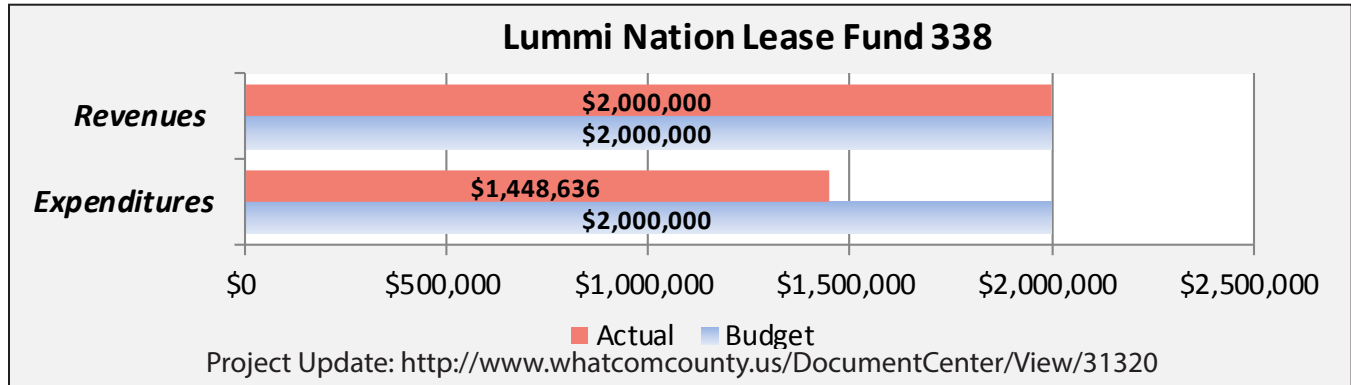


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Project Budget Funds, continued

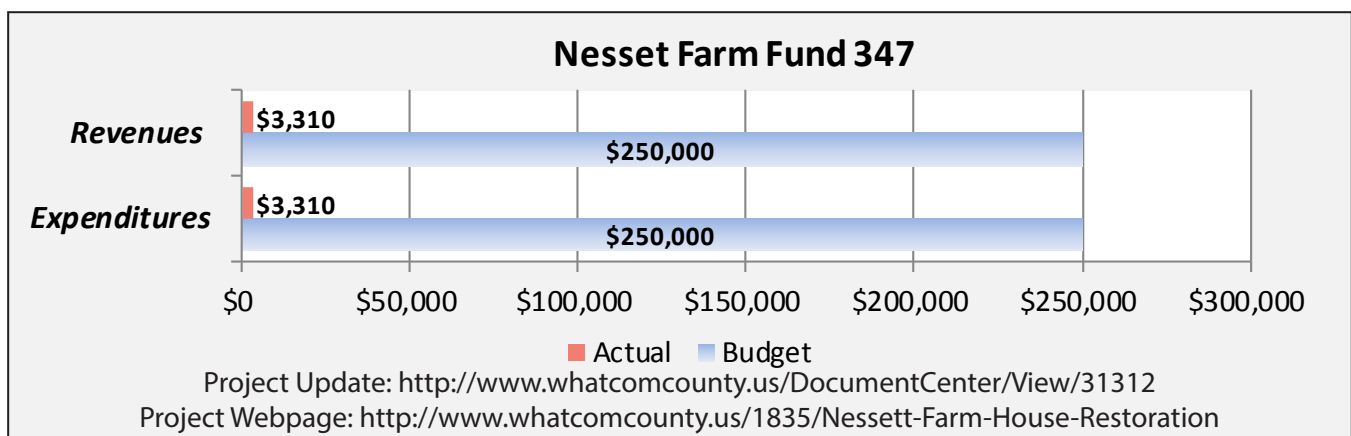
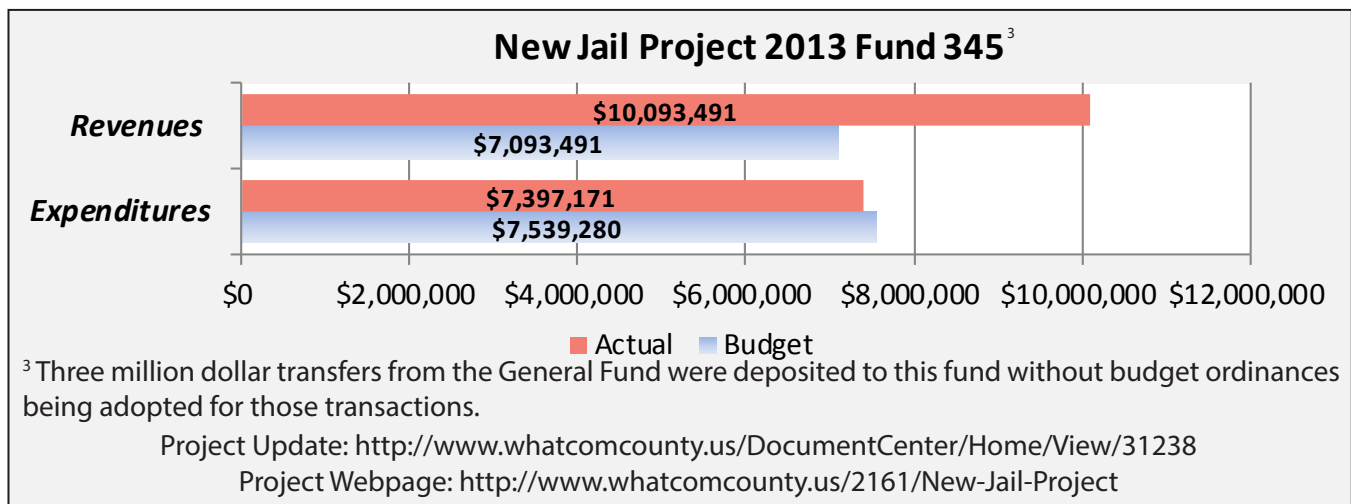
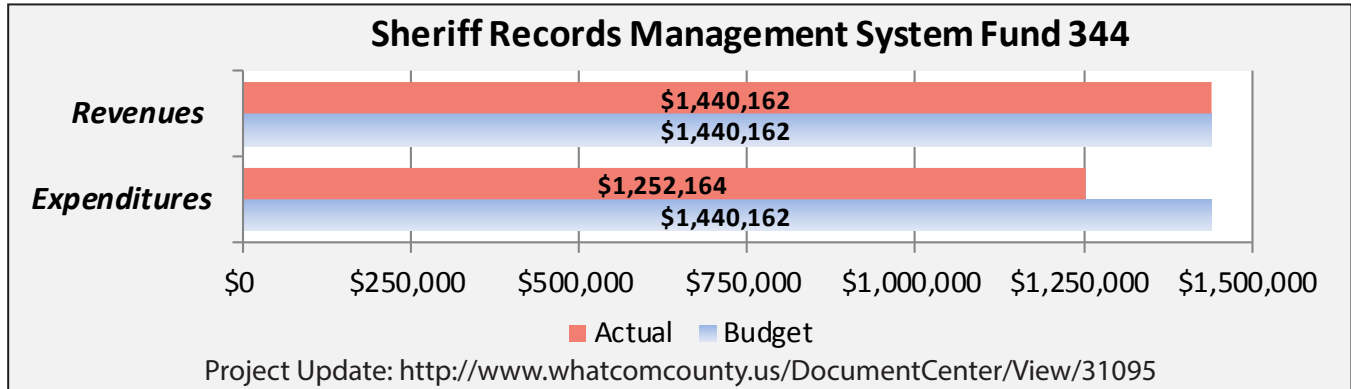


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Project Budget Funds, continued

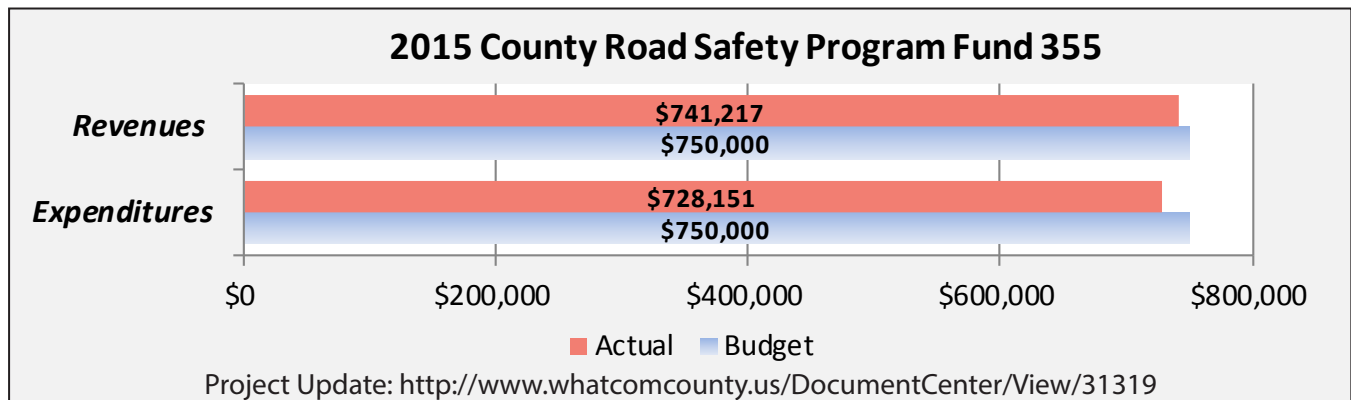
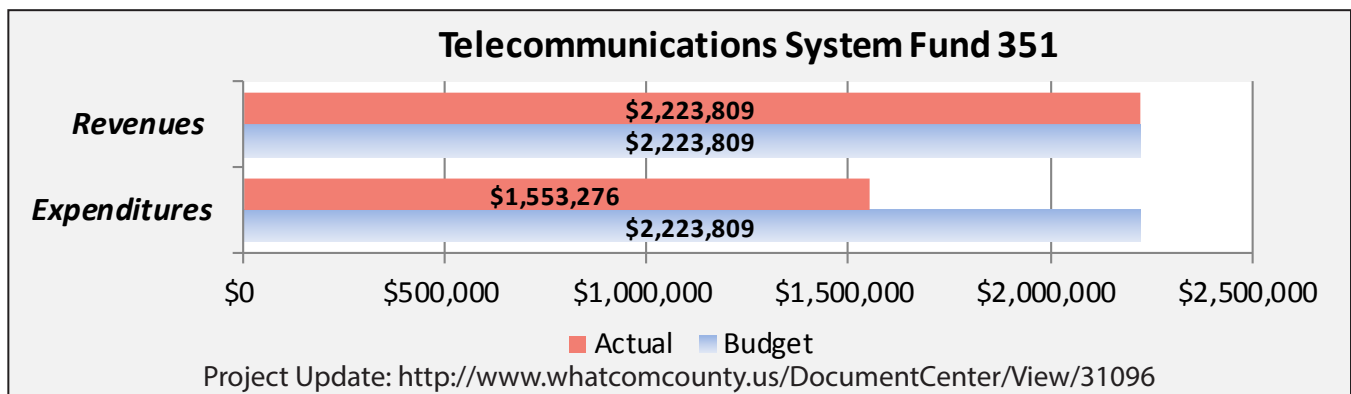
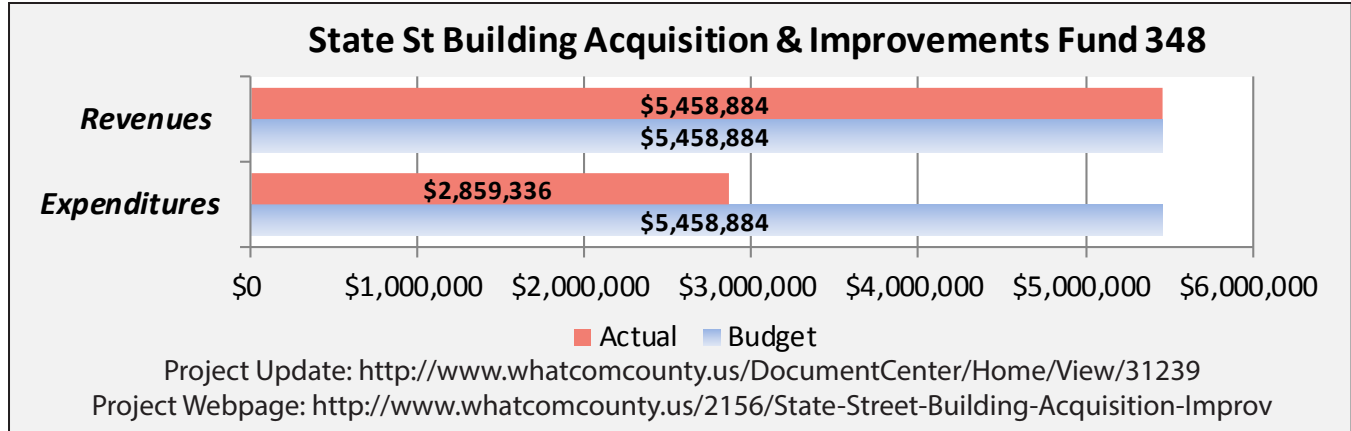


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Project Budget Funds, continued

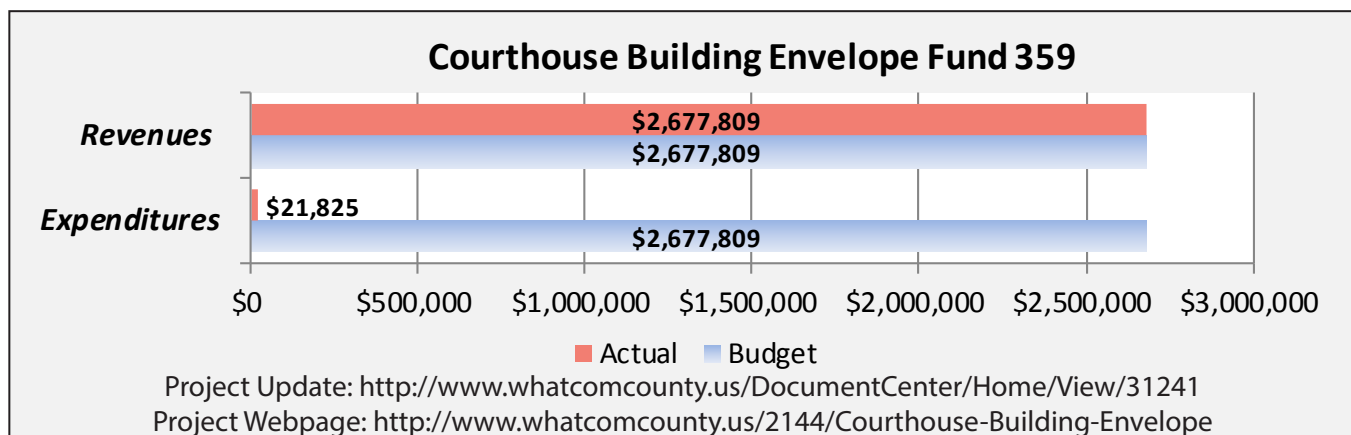
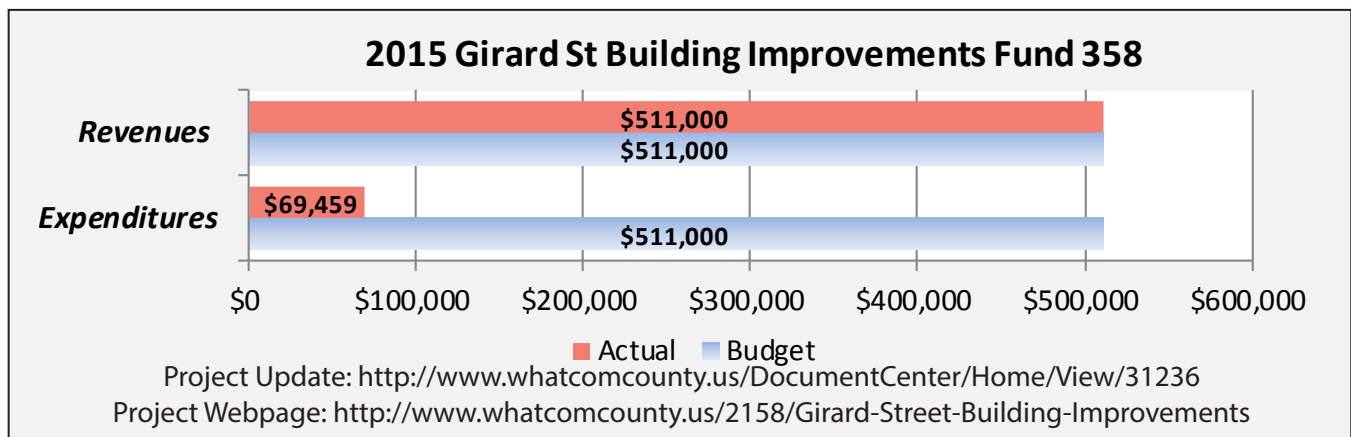
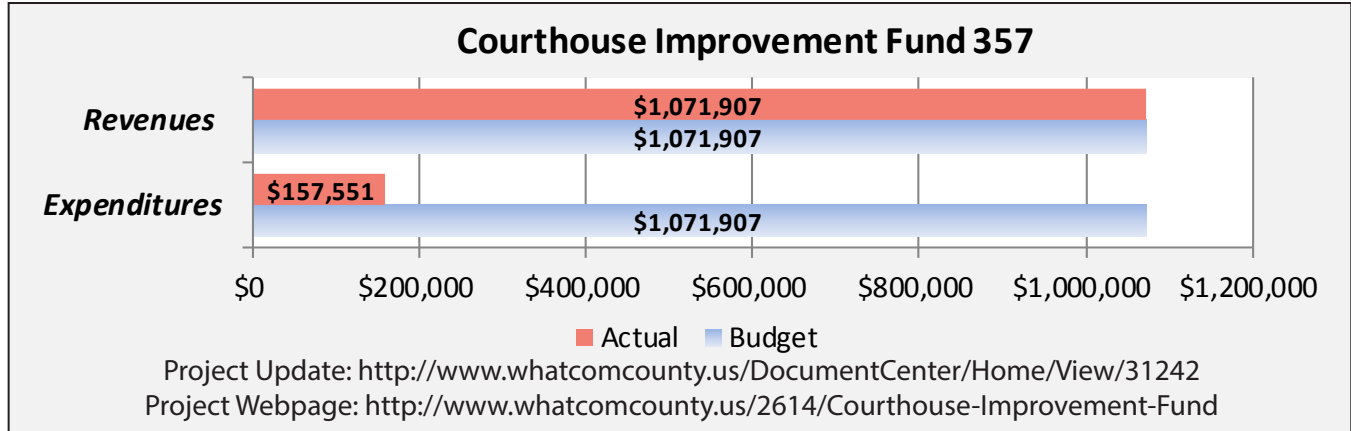


Whatcom County Third Quarter 2017 Financial Report

For the Quarter Ended September 30, 2017



Project Budget Funds, continued

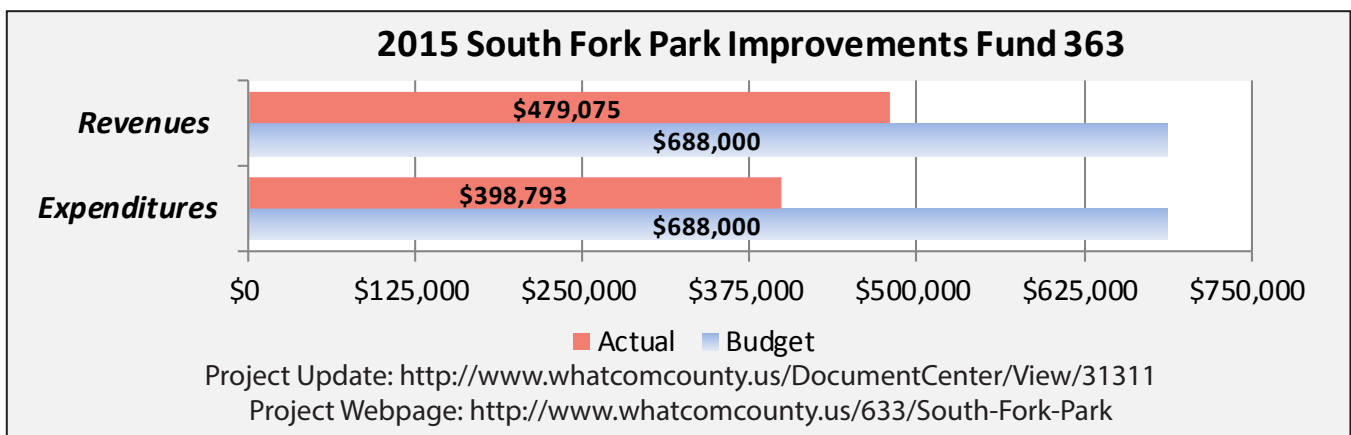
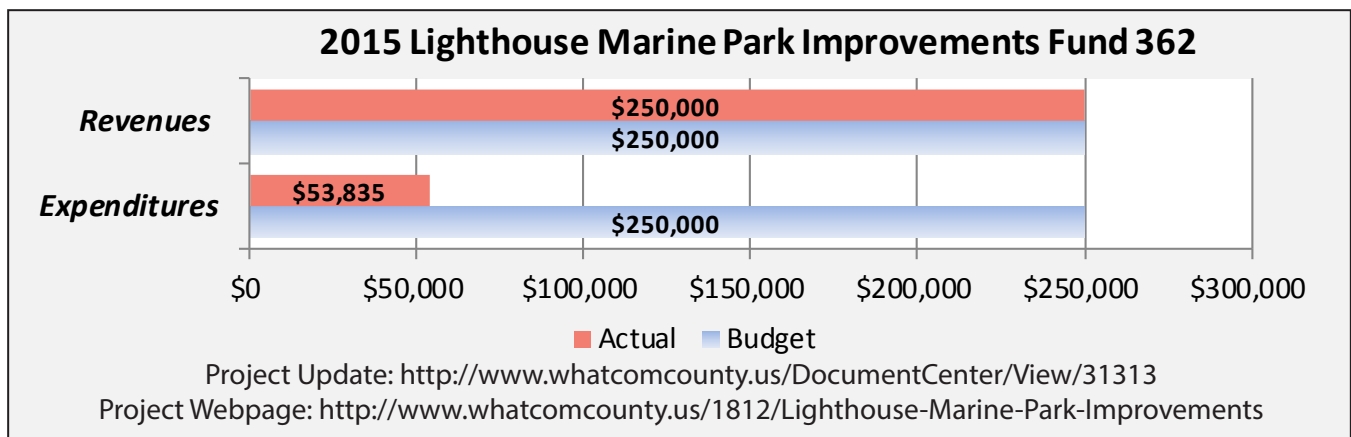
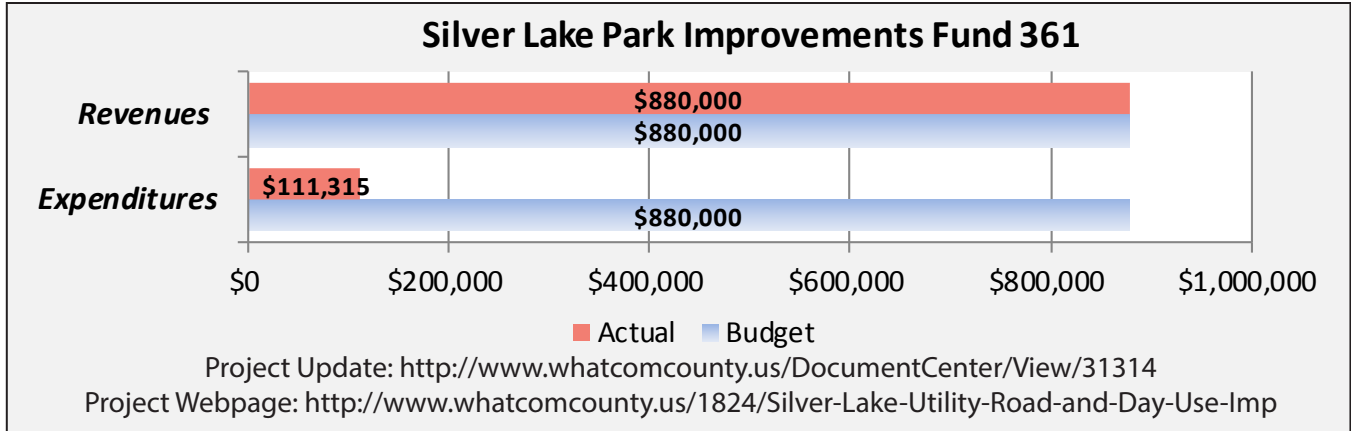


Whatcom County Third Quarter 2017 Financial Report

For the Quarter Ended September 30, 2017



Project Budget Funds, continued

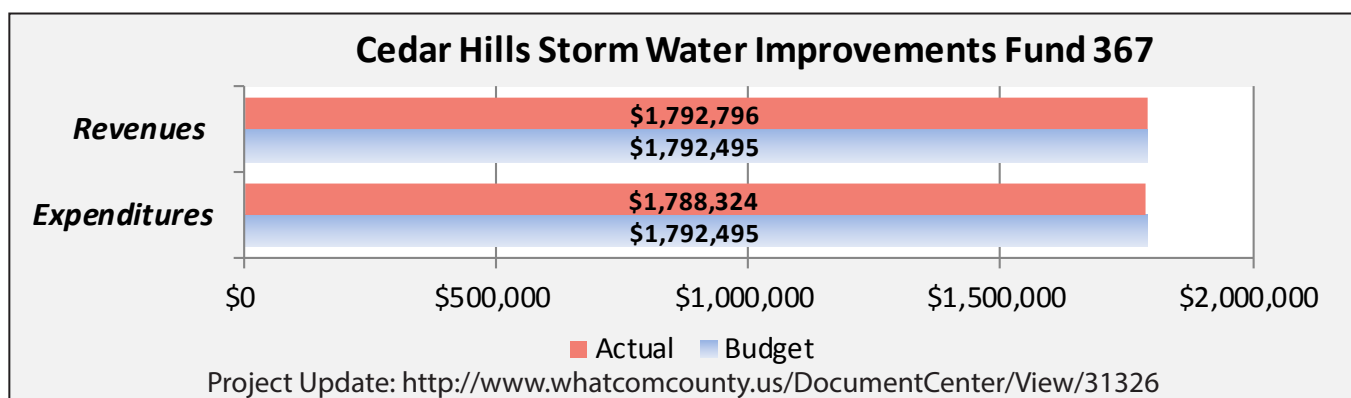
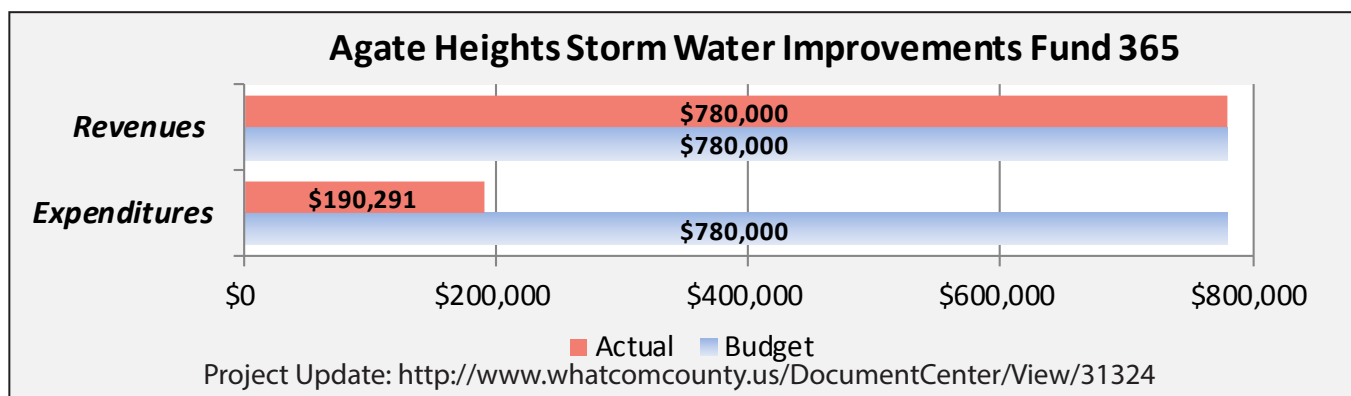
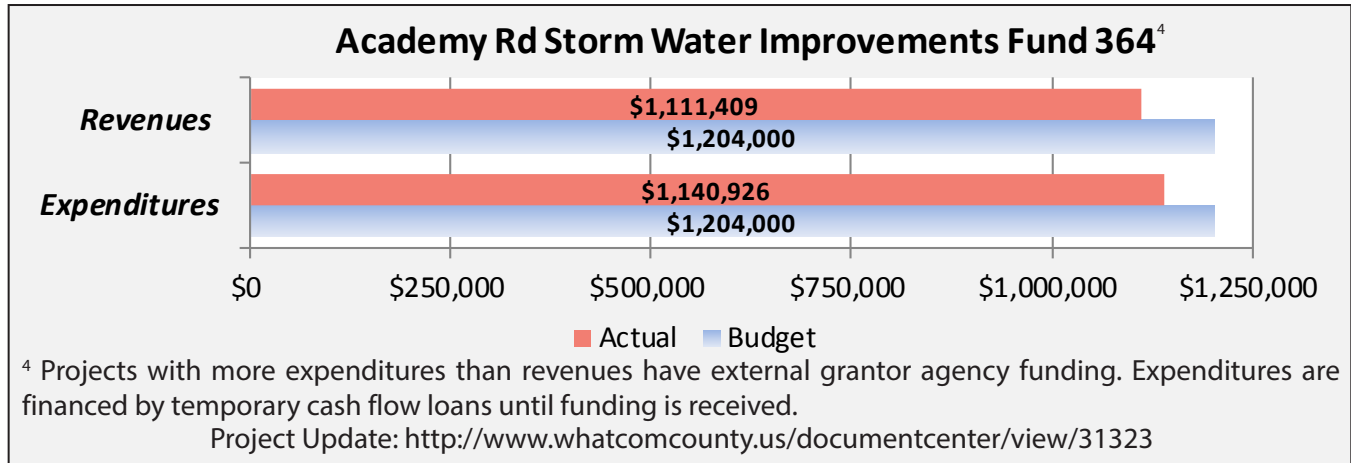


Whatcom County Third Quarter 2017 Financial Report

For the Quarter Ended September 30, 2017



Project Budget Funds, continued

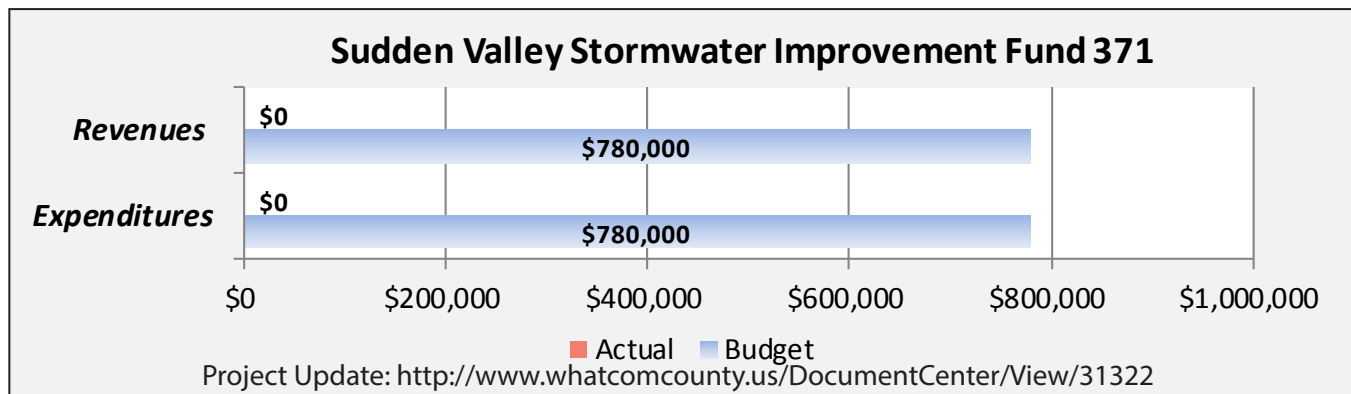
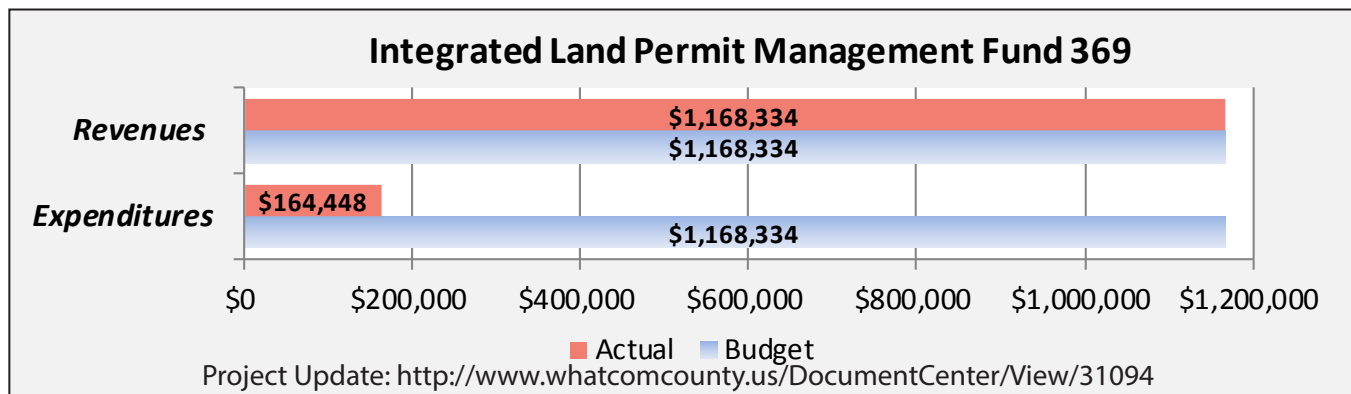
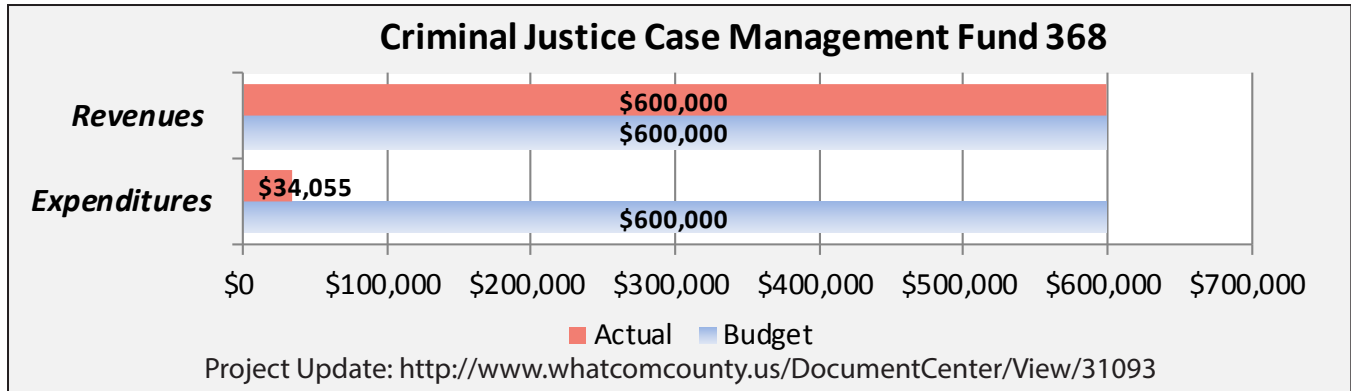


Whatcom County Third Quarter 2017 Financial Report

For the Quarter Ended September 30, 2017



Project Budget Funds, continued



Whatcom County Third Quarter 2017 Financial Report

For the Quarter Ended September 30, 2017



Project Budget Funds, continued

