



**2016
Fourth
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

February 27, 2017

Whatcom County Fourth Quarter 2016 Financial Report

For the Quarter Ended December 31, 2016



Executive Summary

The following information presents Whatcom County's fourth quarter 2016 financial report. At year-end Whatcom County's General Fund collected 100.84% of its budgeted revenues. Whatcom County's General Fund spent 94.36% of its budgeted expenditures.

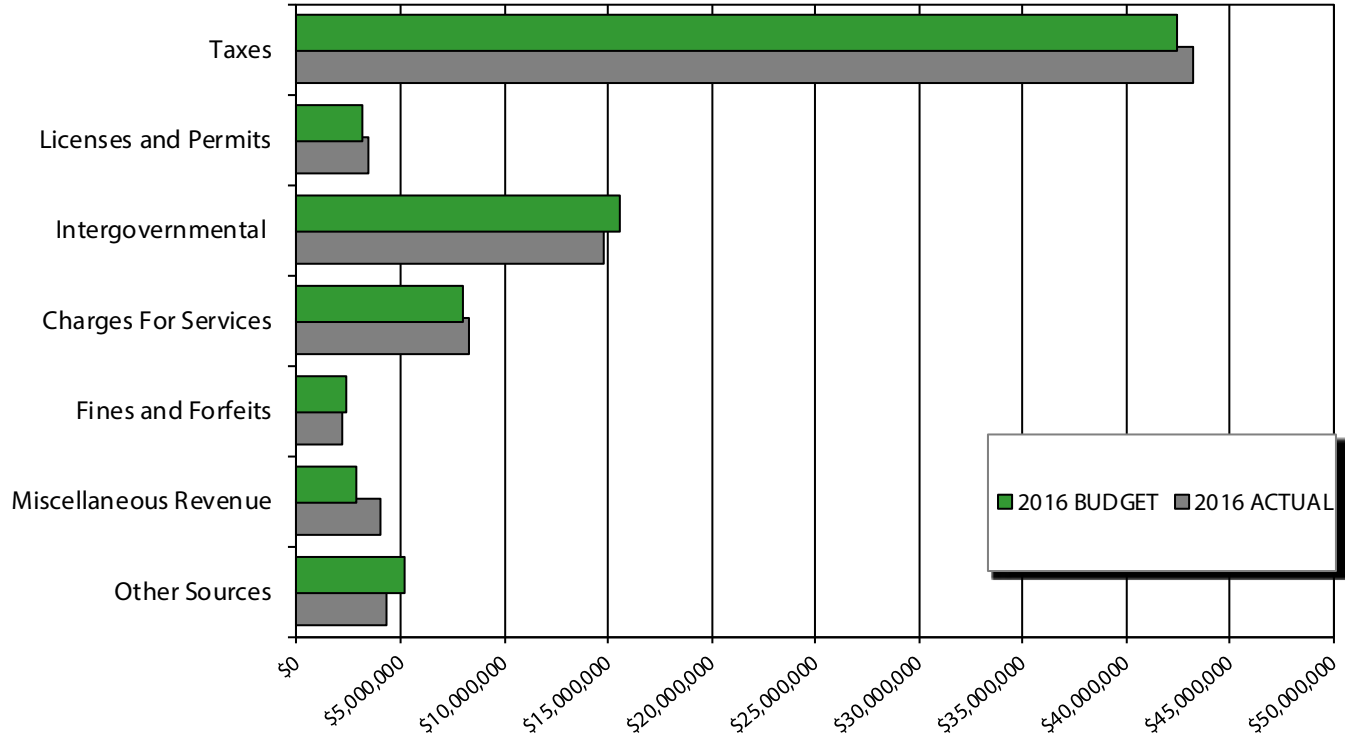
The estimated 2016 General Fund ending fund balance is projected to be approximately \$16.8 million. This is an increase of \$1,443,000 over the 2015 ending fund balance. The increase is principally due to revenue including projections of 2016 revenue yet to be collected exceeding the amended budget by approximately \$1.4 million. The increased revenues are from higher than budgeted sales tax revenues, building industry related fees and permits, and investment earnings.

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General Fund Revenue - Budget vs. Actual



	2016 Budget Adopted	2016 Budget Supp'ls	2016 Budget Amended	Actual as of 12/31/2016	% Collected To Date
Taxes	41,873,536	625,000	42,498,536	43,262,285	101.80%
Licenses and Permits	3,166,844		3,166,844	3,435,525	108.48%
Intergovernmental	13,518,121	2,077,103	15,595,224	14,757,042	94.63%
Charges For Services	9,463,143	(1,462,475)	8,000,668	8,329,411	104.11%
Fines and Forfeits	2,420,700		2,420,700	2,231,512	92.18%
Miscellaneous Revenue	2,786,965	81,807	2,868,772	4,042,142	140.90%
Other Sources	3,272,874	1,895,516	5,168,390	4,334,282	83.86%
Total Revenue	76,502,183	3,216,951	79,719,134	80,392,199	100.84%

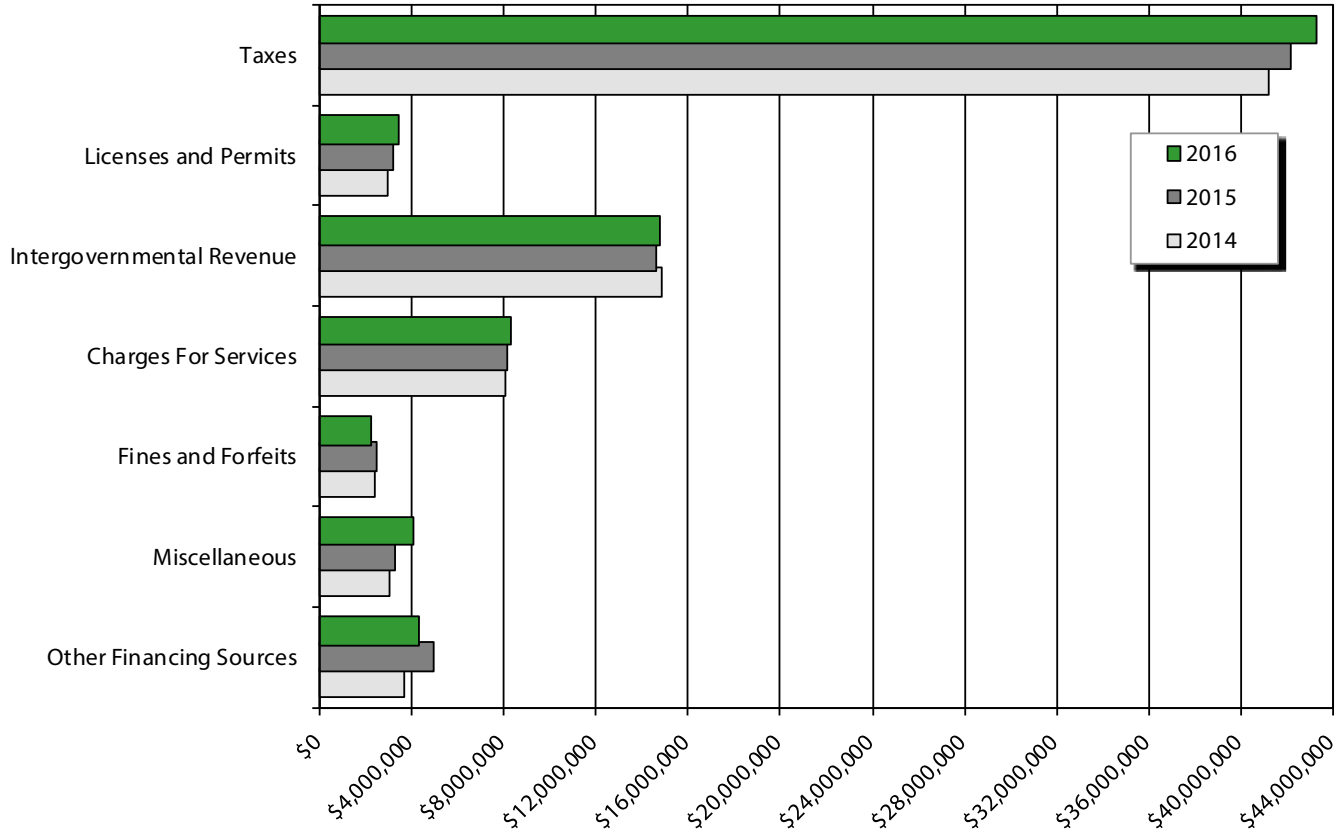
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2014	2015	2016
Taxes	41,246,226	42,181,694	43,262,285
Licenses and Permits	2,936,659	3,195,057	3,435,525
Intergovernmental Revenue	14,834,972	14,625,697	14,757,042
Charges For Services	8,027,254	8,155,563	8,329,411
Fines and Forfeits	2,379,101	2,434,412	2,231,512
Miscellaneous	3,046,763	3,255,216	4,042,142
Other Financing Sources	3,658,754	4,925,947	4,334,282
Total Revenue	76,129,729	78,773,586	80,392,199

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 \$1,080,592, or 2.56%, more than 2015 amounts. Current year sales tax collections are up 5.1%, or \$685,571, as compared to collections from last year. Property tax collections increased \$468,648 over last year as a result of new construction added to the tax rolls.

Licenses & Permits

Building permits account for 48% of "Licenses & Permits" budgets. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 47% of the budgets. Marriage licenses, firearms permits, and fire control permits account for the remaining 5%.

License and Permit Fees are \$240,469, or 7.5%, more than amounts collected during 2015. Building permit fees are \$114,757 (8.7%) more than 2015 levels, business related licenses and permits are up \$121,059 (15%), onsite sewage applications are up \$94,505 (36.6%), and firearms permits are up \$36,968 (50.6%). Business related licenses and permit increases are mainly from restaurants, taverns and groceries and food handler permits.

Intergovernmental Revenue

Intergovernmental Revenues are mainly federal and state grants, entitlements, and shared revenues.

The revenues collected as of year-end are approximately \$800,000 less than budget. Grant projects continuing into 2017 will result in \$422,000 of revenue being re-budgeted in the new year. The year-end closing process will result in more grant account receivables being recorded after the date of this report. It is expected that final 2016 intergovernmental revenue amounts will approximate budget with the exception of the continuing grant projects mentioned above.

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 \$178,843, or 2.1%. Planning and Development fees are up \$310,000, or 16.3%, as a result of increased building activity. Adult probation fees are down \$200,000. Probation collections from individual District Court participants are down about \$100,000. Medicaid administrative fees for the Health Department increased \$140,000 in 2016.

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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 \$202,904, or 8.3%, under 2015 amounts. Traffic infraction revenues decreased \$192,000, or 17.5%; this follows a 22% decrease in the number of tickets being issued. Other court related fines and penalties are also down due to a state requirement that judges take indigence into consideration when awarding judgements.

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 \$768,926, or 23.6%, due to large increases in interest earnings. Settlement of the BP valuation in controversy resulted in one payment of interest on back taxes of almost \$500,000. In addition, regular interest earnings on investments are rebounding modestly after several years of very low earnings.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (7%) and transfers from other Whatcom County funds (93%).

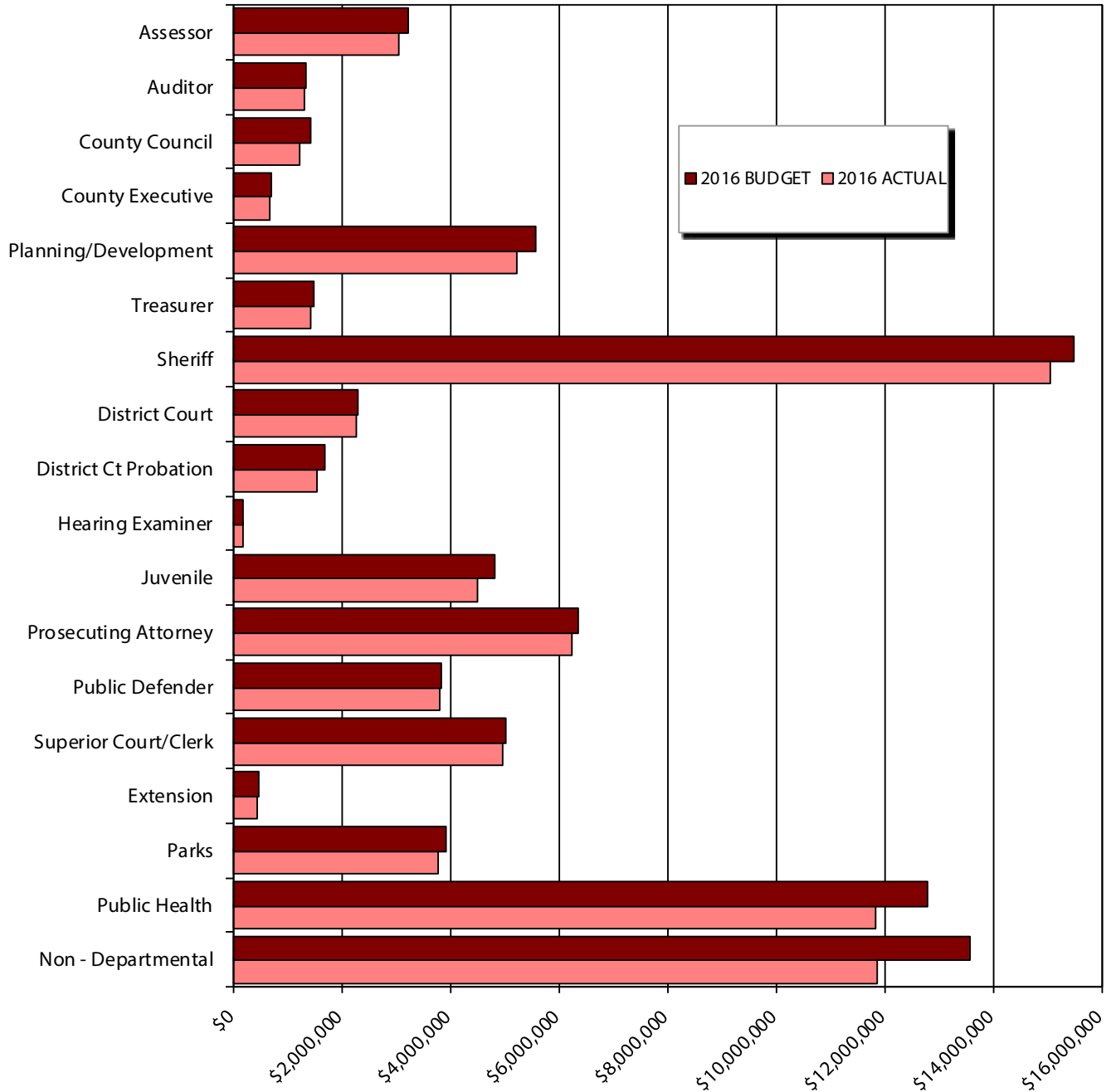
The Other Financing Sources category is currently \$591,666, or 12%, below 2015 levels. Timber sales revenue is \$261,773, or 62.5%, below 2015 amounts. Timber revenues fluctuate based on harvest plans and market conditions. Operating transfers are currently \$623,000 under budget. Several fourth quarter transfers in the Health Department have not been recorded. Budgets for \$160,000 of transfers from the Jail Fund and Behavioral Health Fund for a Jail Incarceration Prevention Task Force project will be continued into 2017. Approximately \$190,000 of Drug Fund transfers in support of the Prosecuting Attorney's and Sheriff's Office will not be made due to lack of funding.

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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 2016 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/16	% Expended To Date
Assessor	2,920,622	325,423	3,246,045	3,068,227	94.52%
Auditor	1,312,399	27,110	1,339,509	1,332,333	99.46%
County Council	1,139,265	296,539	1,435,804	1,220,208	84.98%
County Executive	706,898	12,856	719,754	692,790	96.25%
Planning & Development	5,203,234	363,198	5,566,432	5,238,163	94.10%
Treasurer	1,439,383	48,377	1,487,760	1,448,280	97.35%
Sheriff	14,242,438	1,245,897	15,488,335	15,054,193	97.20%
District Court	2,179,738	132,413	2,312,151	2,282,810	98.73%
District Court Probation	1,609,756	82,151	1,691,907	1,549,847	91.60%
Hearing Examiner	188,958	7,170	196,128	194,107	98.97%
Juvenile	4,691,221	130,339	4,821,560	4,501,880	93.37%
Prosecuting Attorney	6,025,441	334,904	6,360,345	6,259,193	98.41%
Public Defender	3,654,165	193,922	3,848,087	3,823,759	99.37%
Superior Court/Clerk	4,766,243	256,467	5,022,710	4,960,115	98.75%
Extension	440,203	27,401	467,604	452,679	96.81%
Park	3,845,152	85,717	3,930,869	3,775,637	96.05%
Public Health	11,596,064	1,201,378	12,797,442	11,827,713	92.42%
Non - Departmental	13,846,582	(267,728)	13,578,854	11,876,303	87.46%
Total General Fund Exp	79,807,762	4,503,534	84,311,296	79,558,237	94.36%

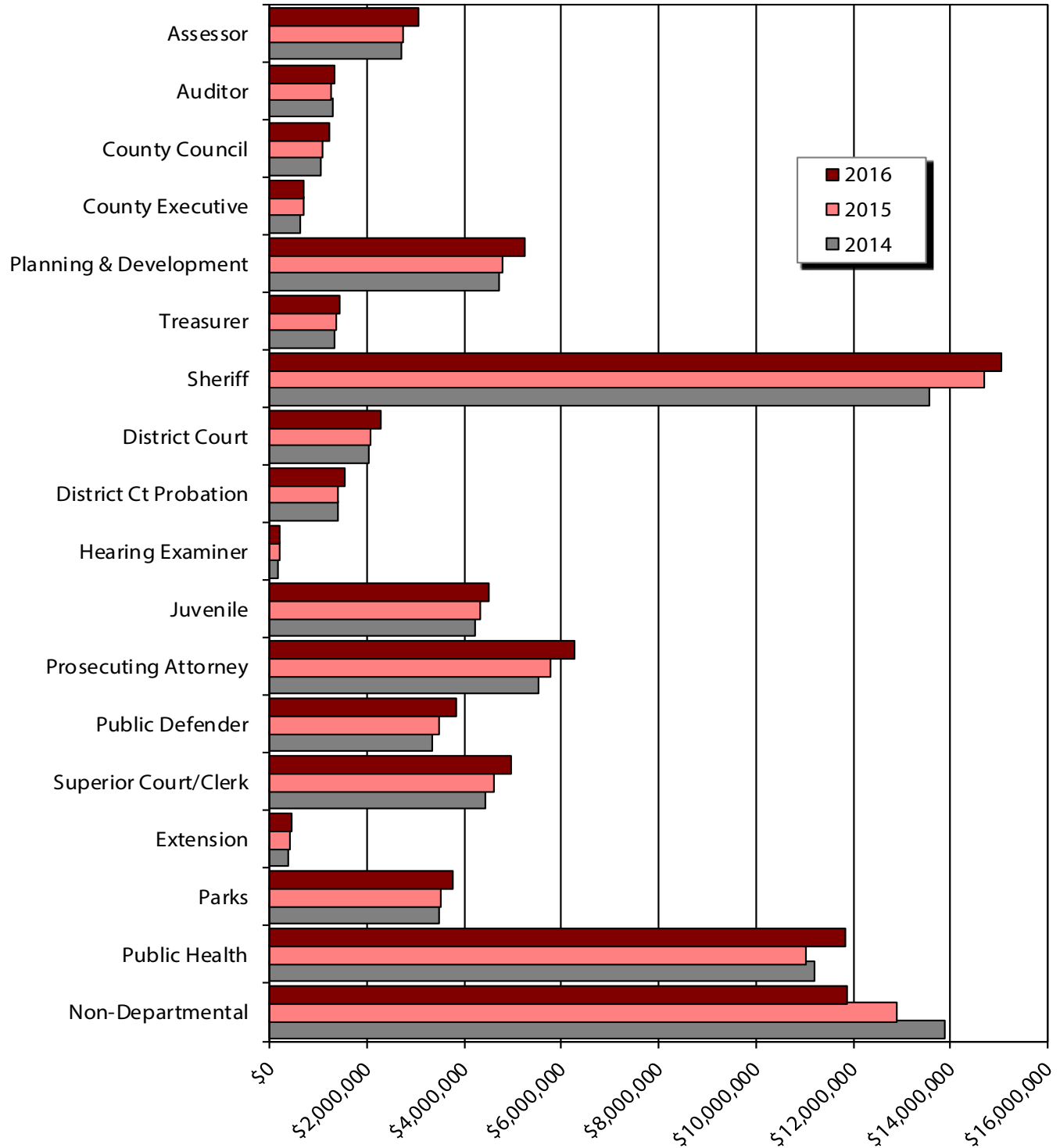
See page 9 for General Fund Expenditure Notes.

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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

	2014	2015	2016
Assessor	2,721,062	2,740,018	3,068,227
Auditor	1,312,940	1,270,851	1,332,333
County Council	1,049,644	1,067,280	1,220,208
County Executive	630,565	691,362	692,790
Planning & Development	4,713,829	4,792,125	5,238,163
Treasurer	1,341,868	1,361,150	1,448,280
Sheriff	13,576,263	14,674,393	15,054,193
District Court	2,033,125	2,086,001	2,282,810
District Ct Probation	1,399,418	1,415,187	1,549,847
Hearing Examiner	182,083	188,085	194,107
Juvenile	4,204,327	4,313,821	4,501,880
Prosecuting Attorney	5,536,250	5,759,108	6,259,193
Public Defender	3,352,016	3,490,453	3,823,759
Superior Court /Clerk	4,425,605	4,597,092	4,960,115
Extension	390,209	403,903	452,679
Parks	3,483,093	3,518,844	3,775,637
Public Health	11,196,943	11,021,357	11,827,713
Non-Departmental	13,895,501	12,898,633	11,876,303
TOTAL	75,444,741	76,289,663	79,558,237

General Fund Expenditure Notes

Overall General Fund expenditures at the end of the year were 94.36% of the amended budget. All departmental expenditures were within budget. Approximately \$630,000 of 2016 budget authority for contracts will be continued into 2017. In addition, re-appropriation of \$335,000 of 2016 budget authority will be requested to carryforward an unfinished Community Development Housing Rehab grant project.

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General Fund Conclusion

	Adopted Budget	Projected
Beginning Fund Balance 1/1/16	10,159,066	15,333,393
Revenues		
Budgeted Revenues 2016	76,502,183	76,502,183
Increased Revenue Estimates	-	1,363,065
Continuing Appropriations from 2015	-	808,687
Supplemental Budgets 2016	-	2,408,264
Total Revenue	76,502,183	81,082,199
Expenditures		
Budgeted Expenditures 2016	79,807,762	79,807,762
Continuing Appropriations from 2015	-	1,118,794
Supplemental Budgets 2016	-	3,384,740
Total Expenditures	79,807,762	84,311,296
Adjusted Surplus (Deficit)	(3,305,579)	(3,229,097)
Other Considerations		
Estimated Budget Lapse	3,384,569	4,662,415
Projected Ending Fund Balance 12/31/16	10,238,056	16,766,710
Interfund Loan Adjustment¹	1,198,448	1,860,083
Adjusted Fund Balance 12/31/16	11,436,504	18,626,793

Note:

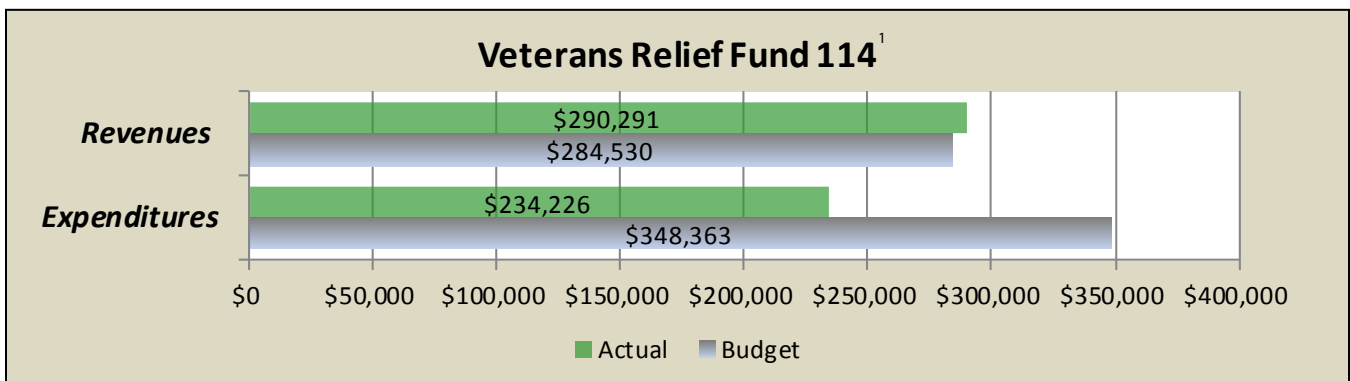
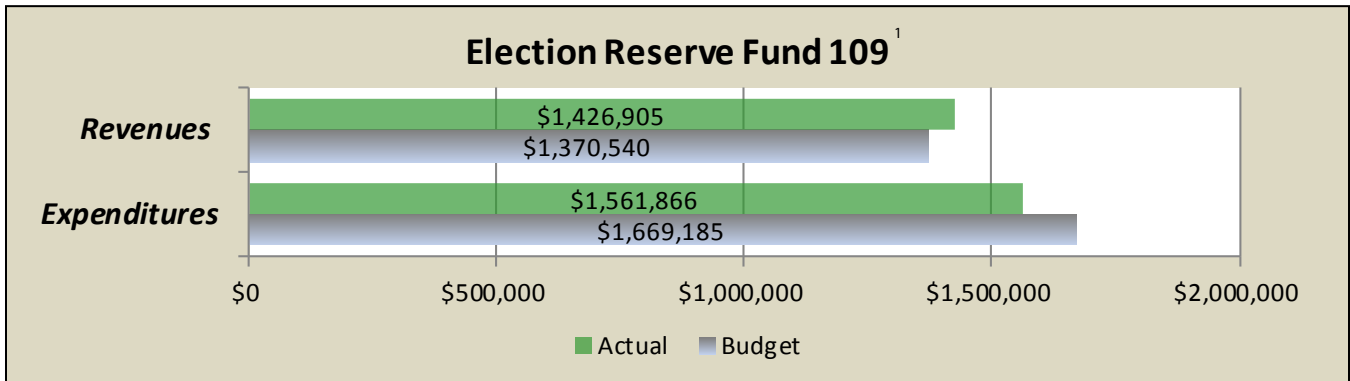
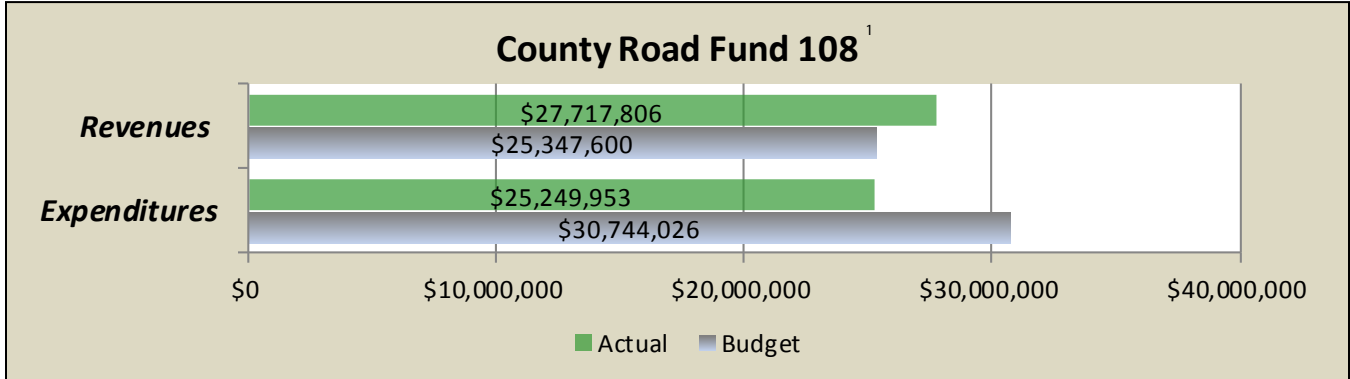
¹ Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the 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:

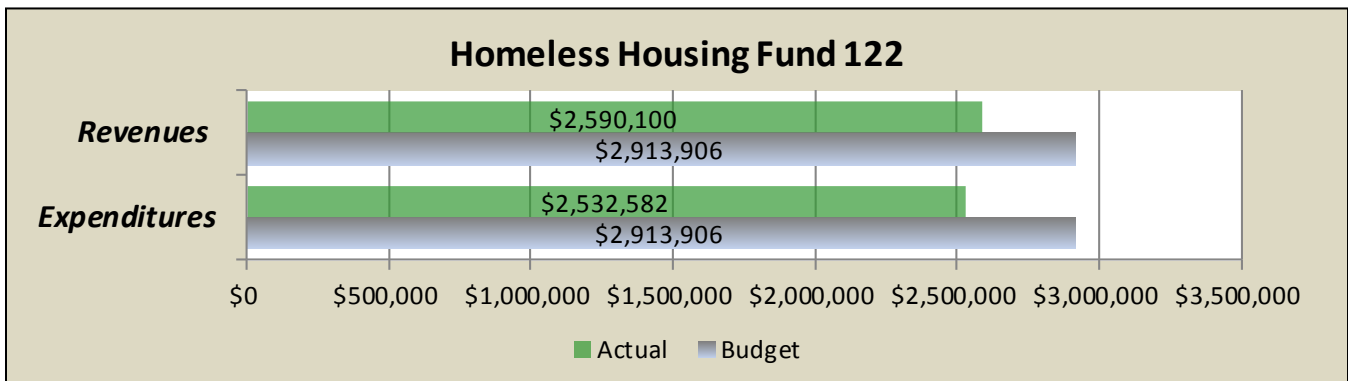
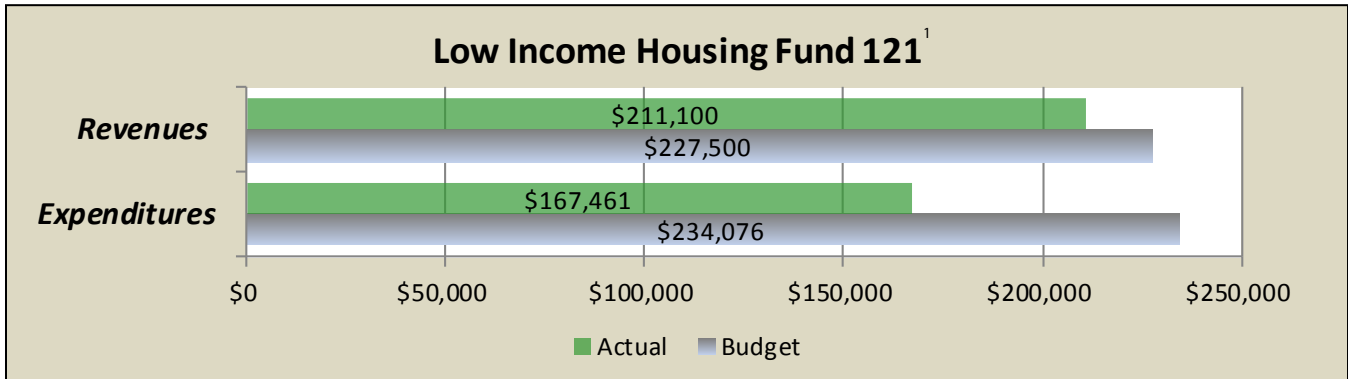
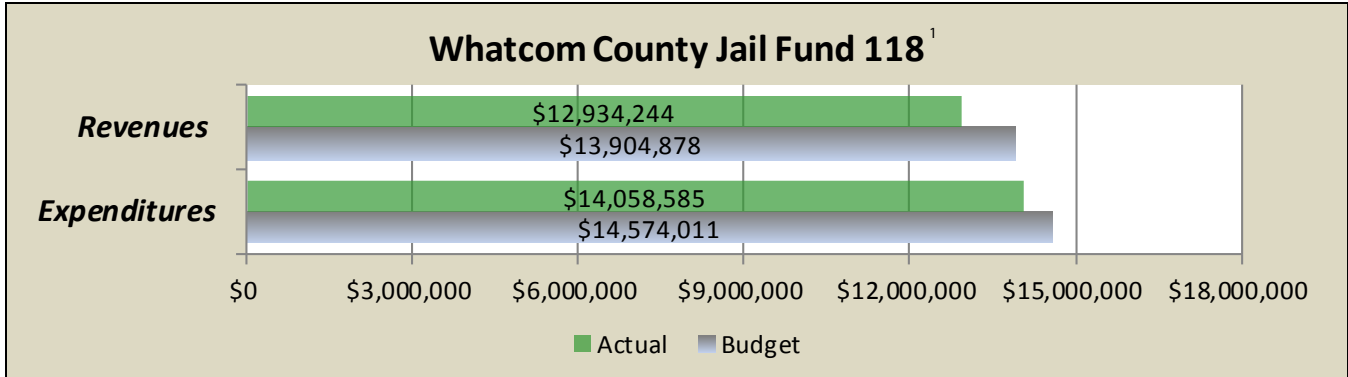
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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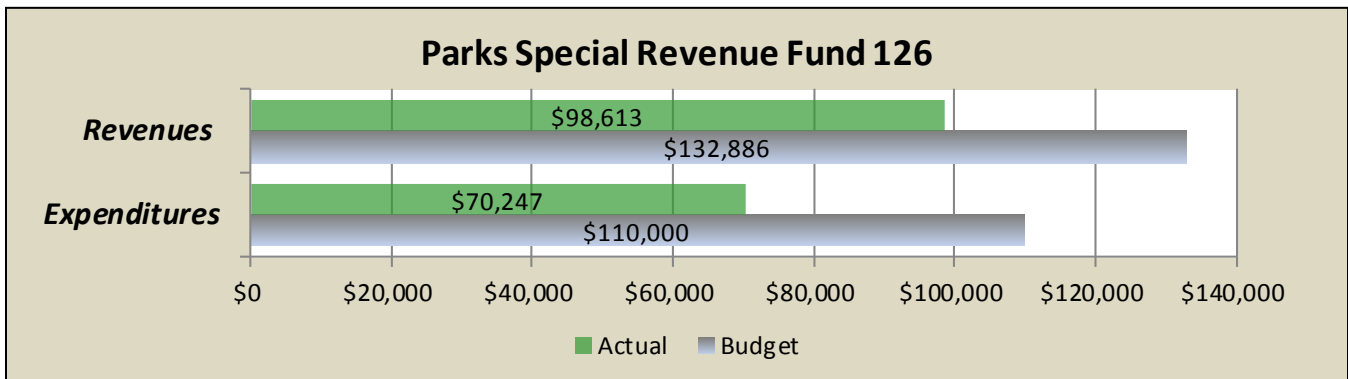
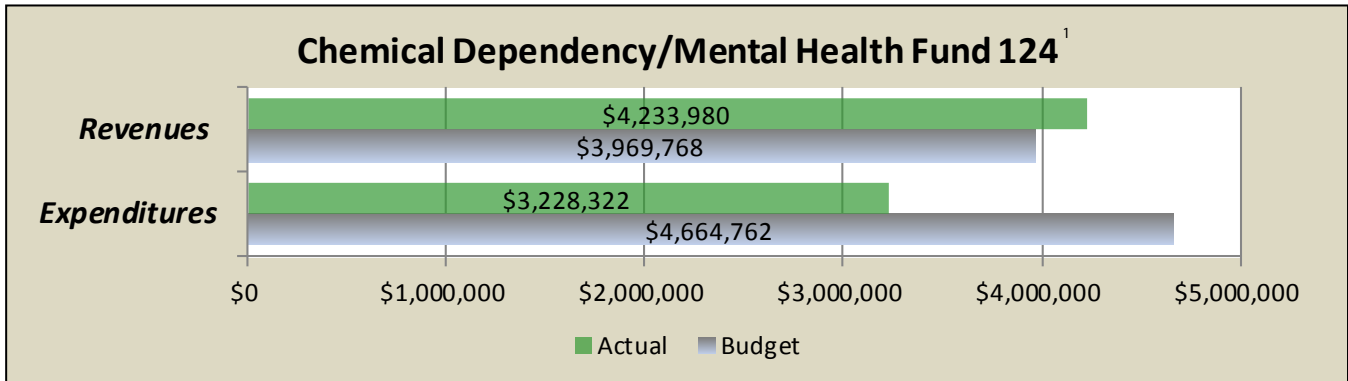
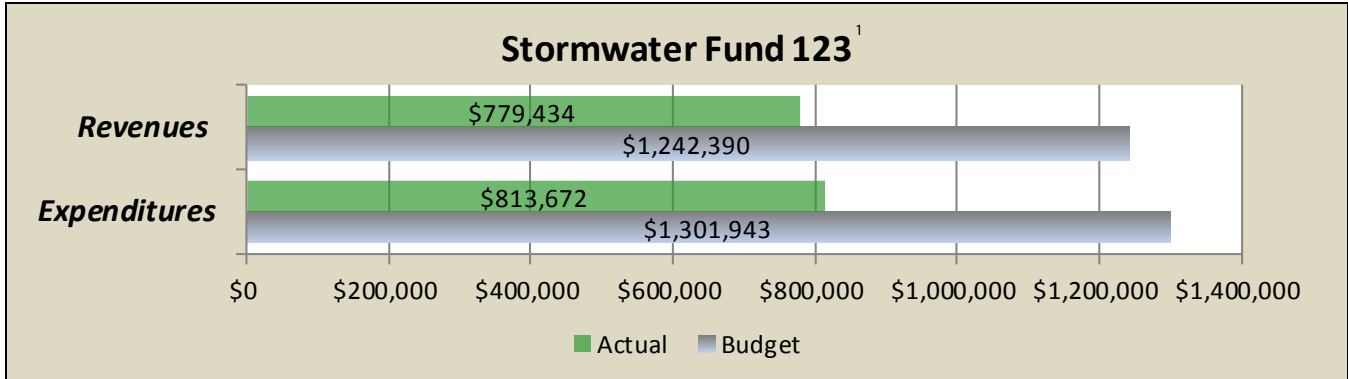
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Special Revenue Funds and Other Funds, continued



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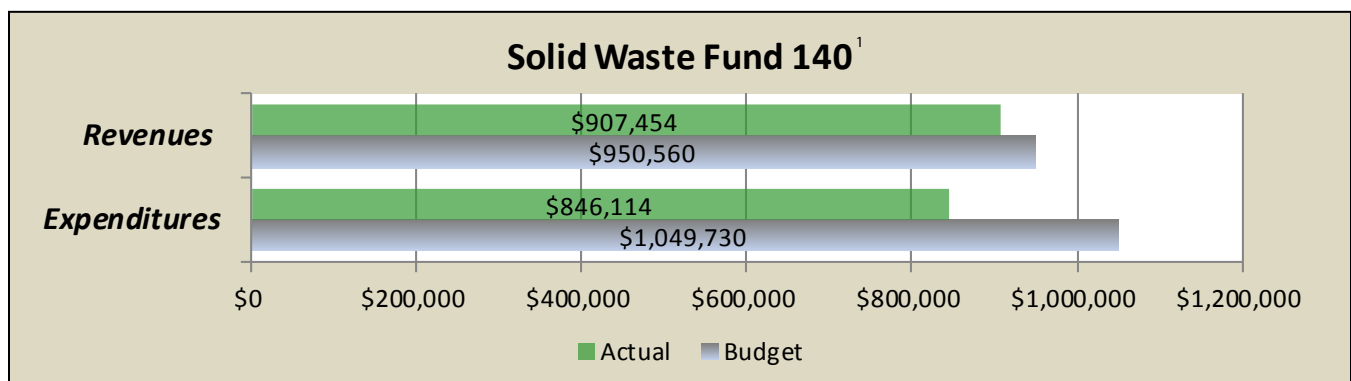
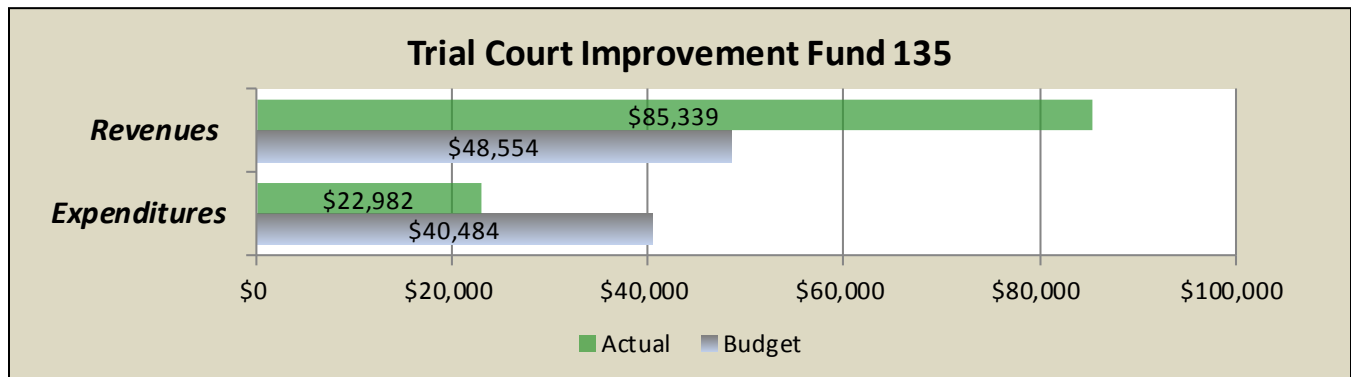
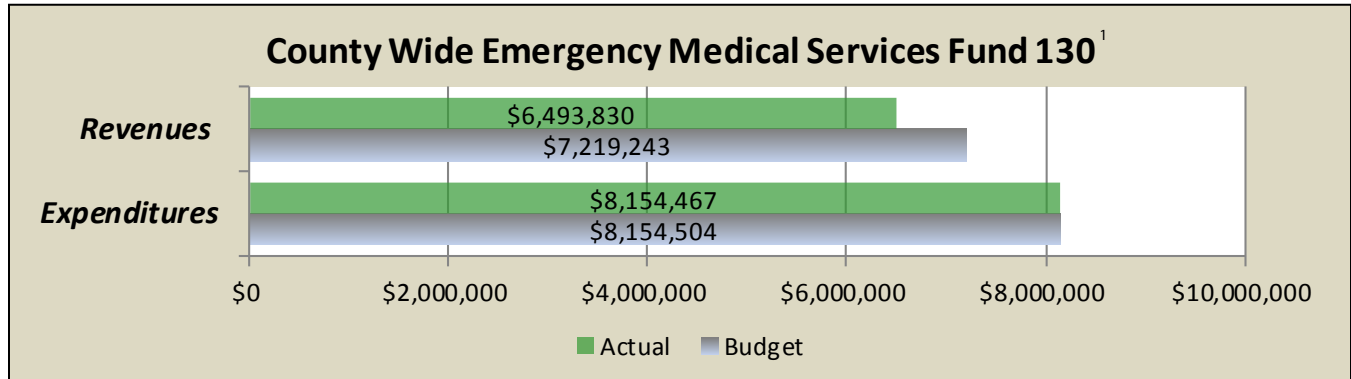
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Special Revenue Funds and Other Funds, continued



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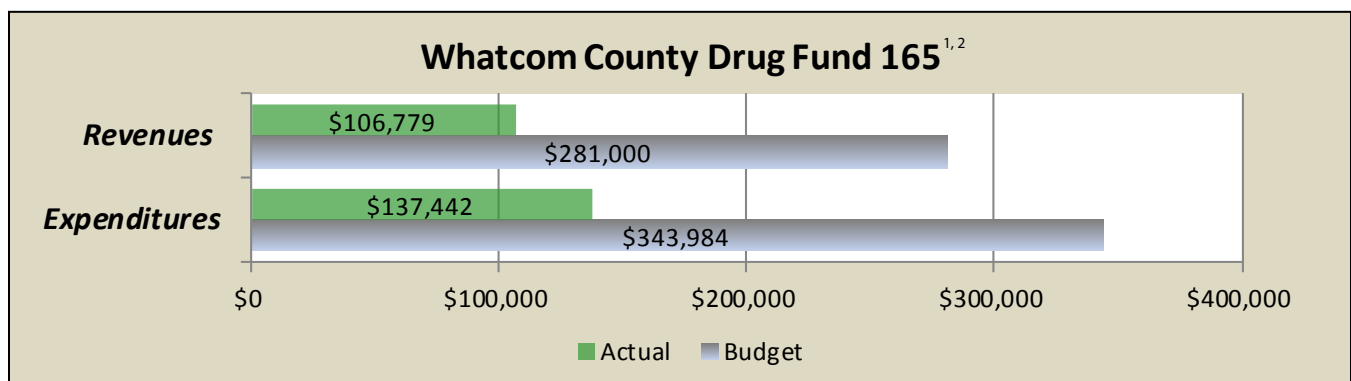
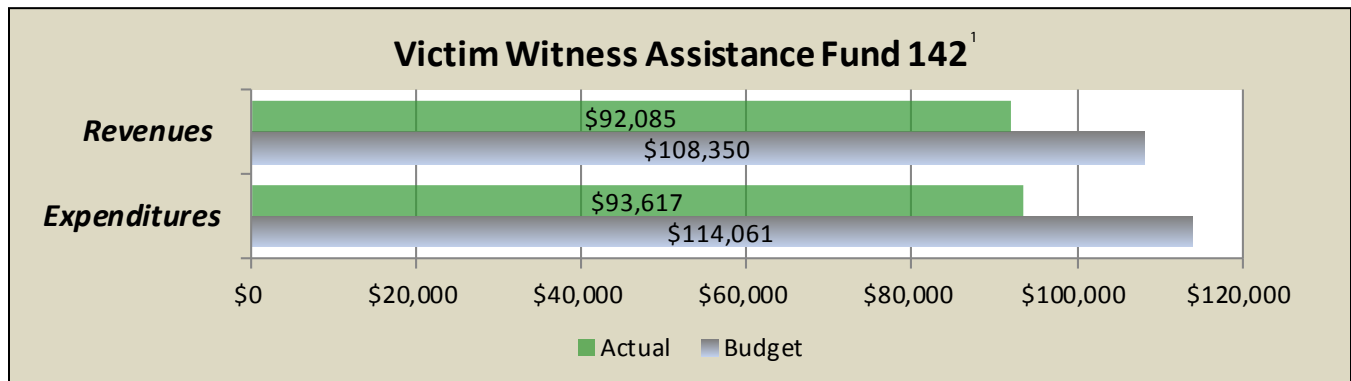
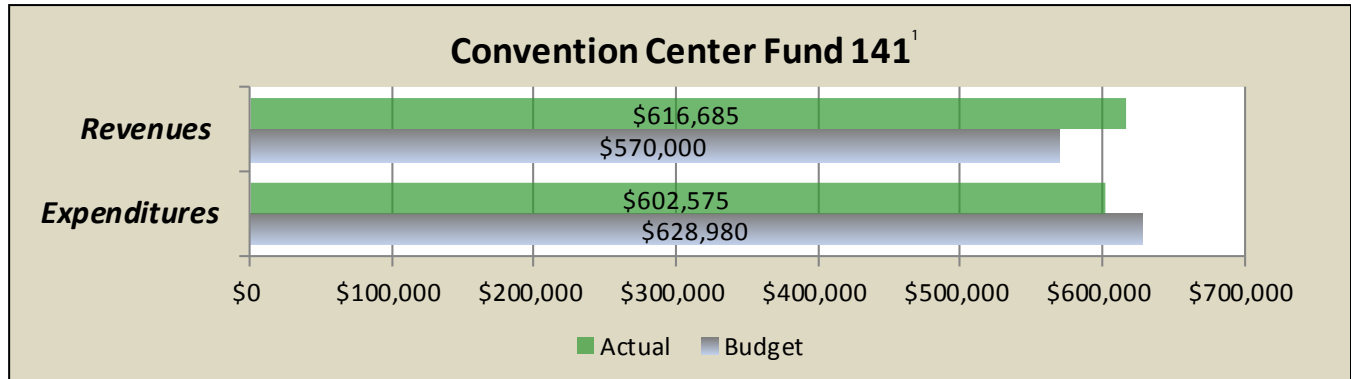
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Special Revenue Funds and Other Funds, continued



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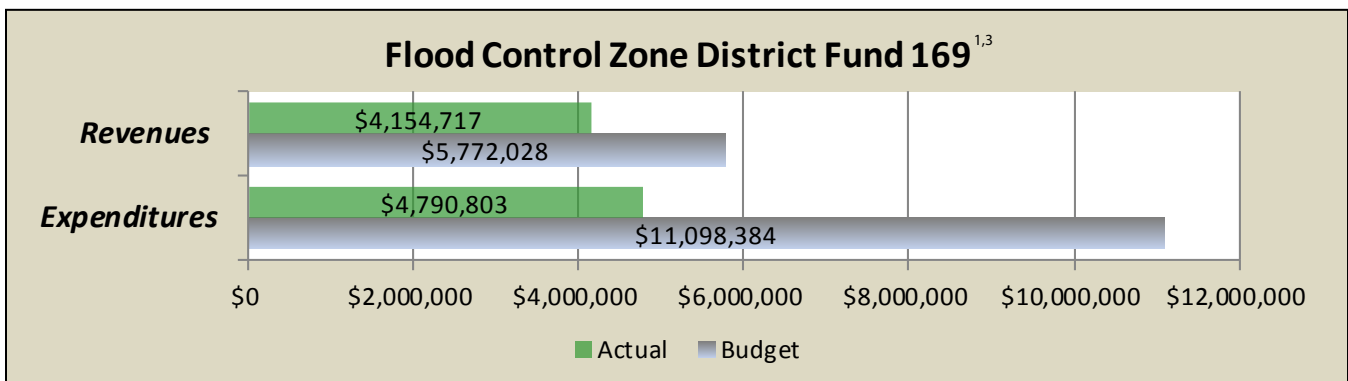
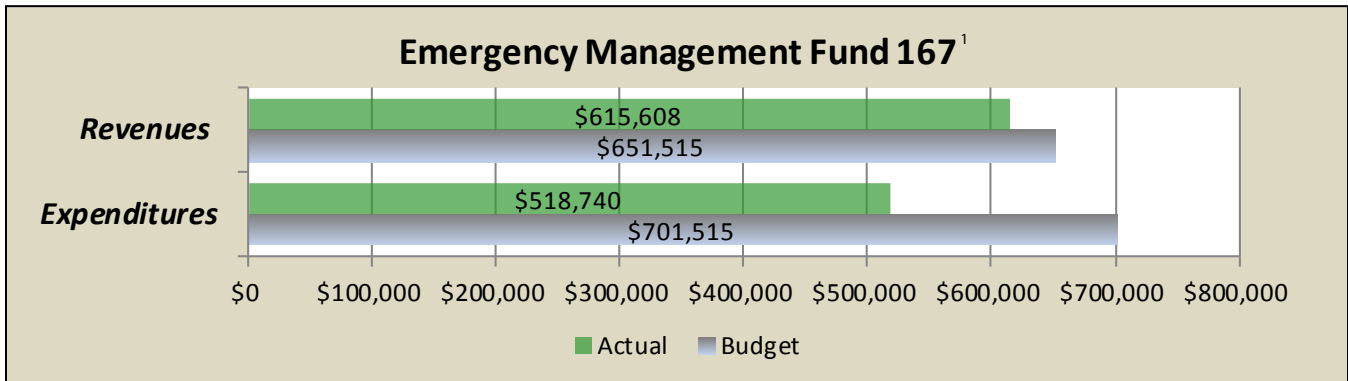
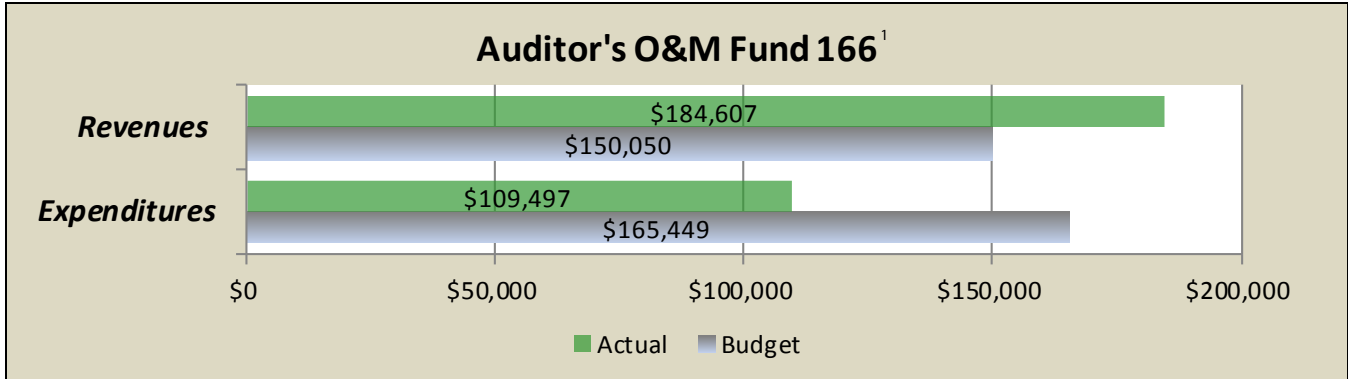
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

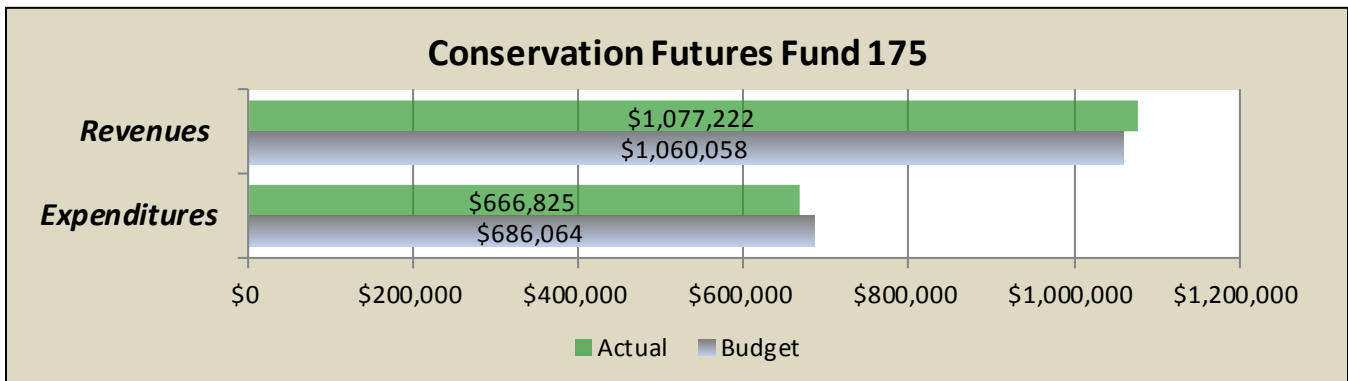
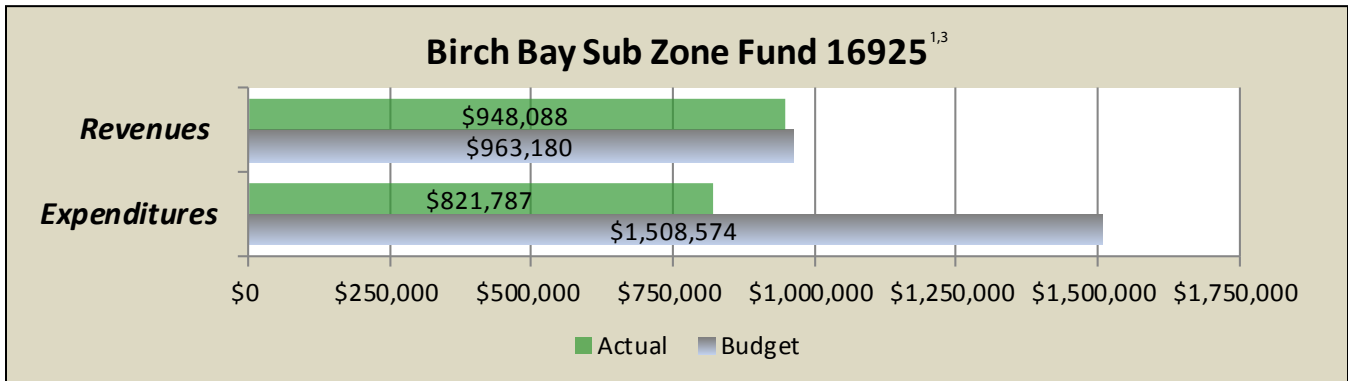
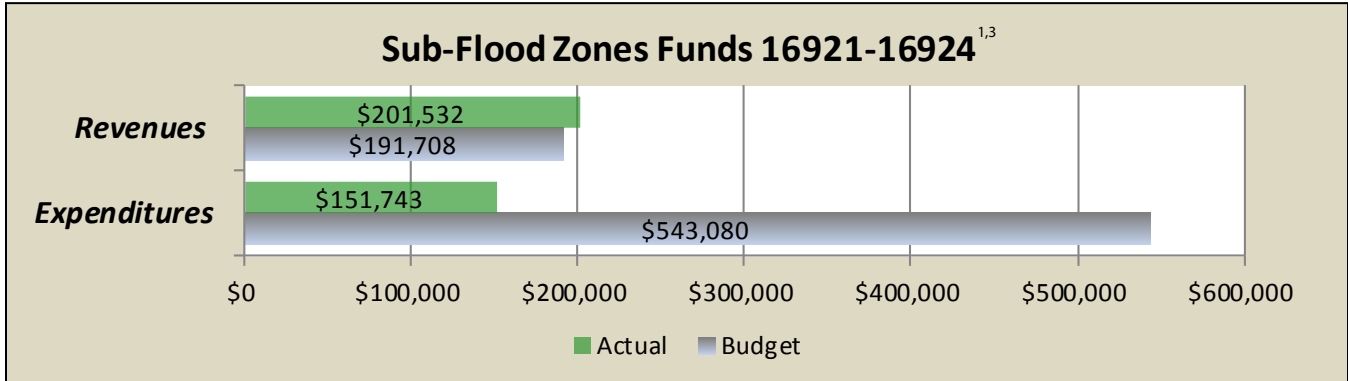
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



Notes:

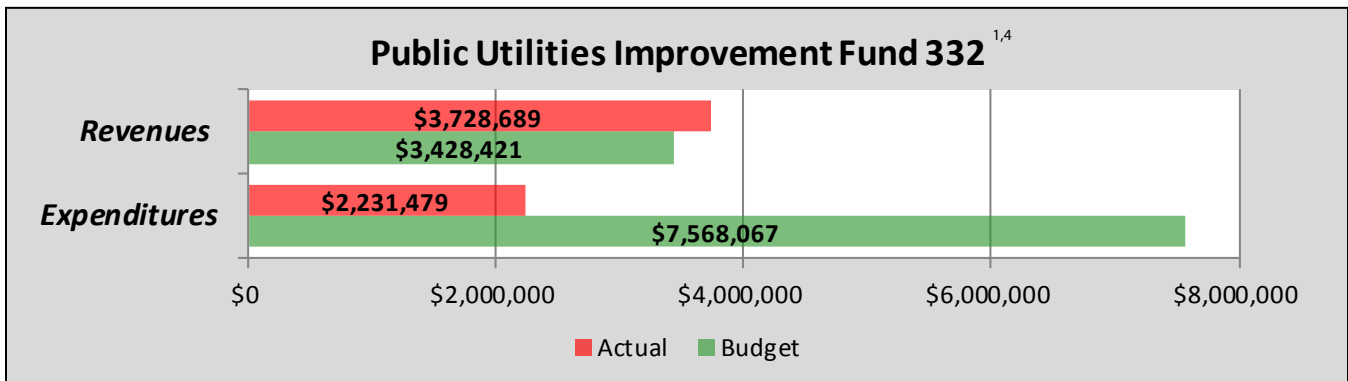
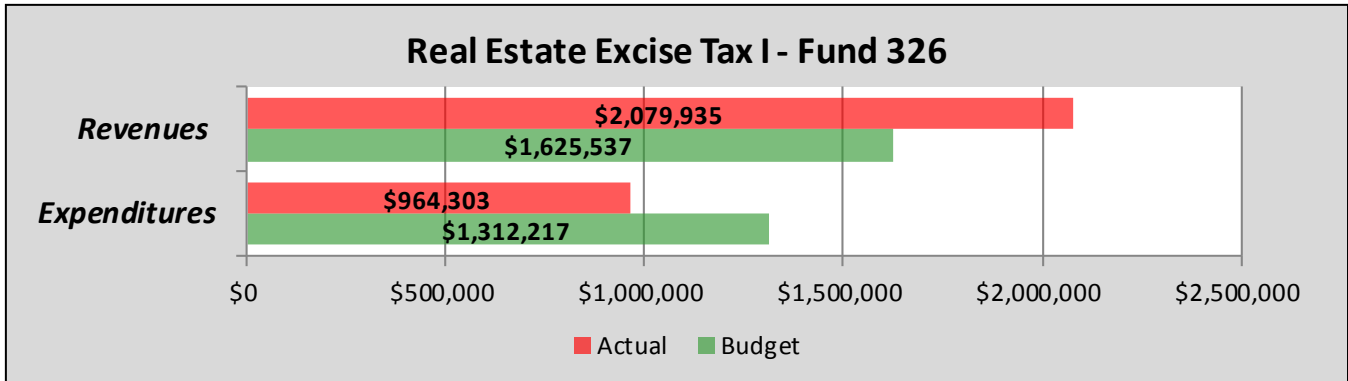
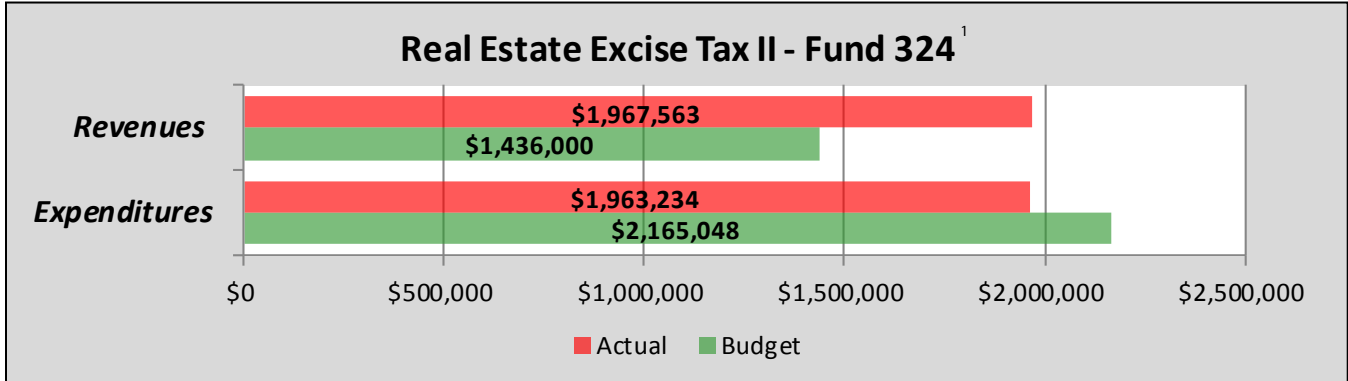
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Capital Project Funds



Notes:

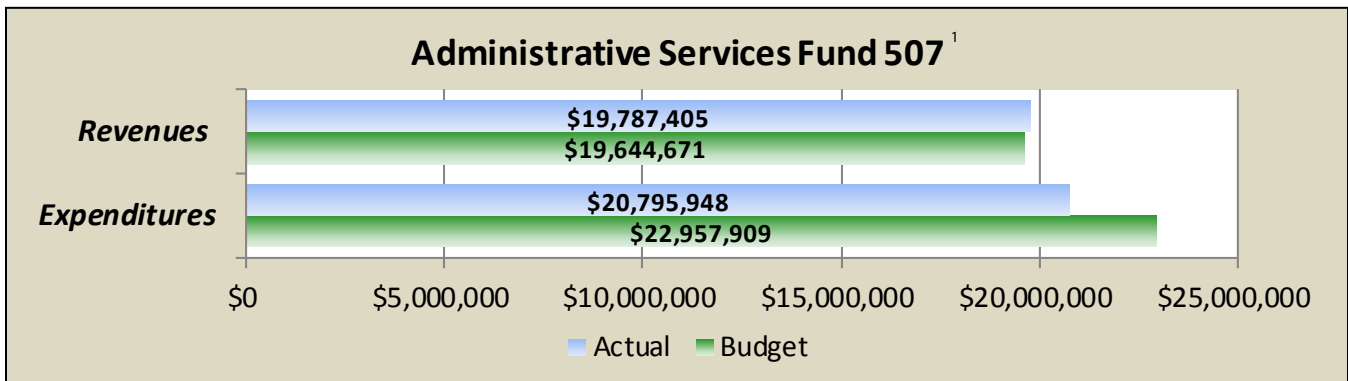
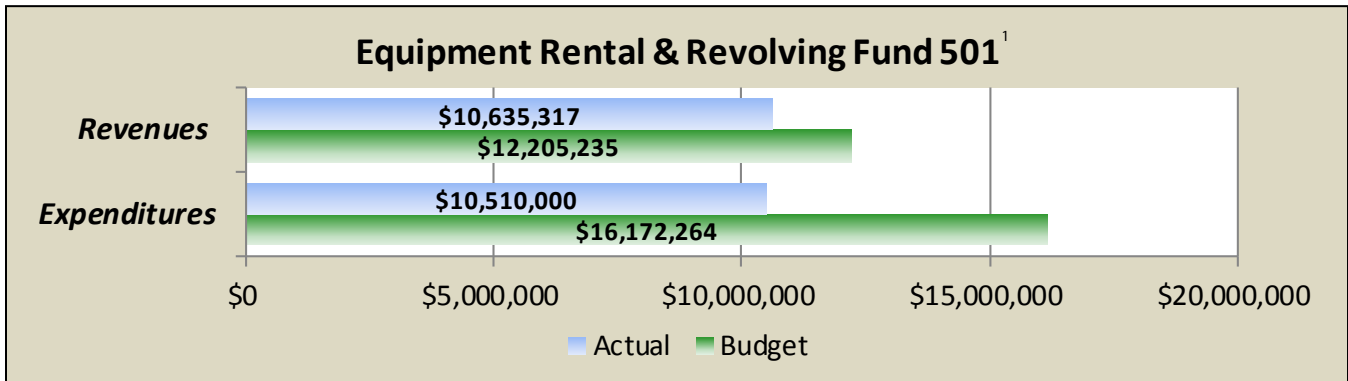
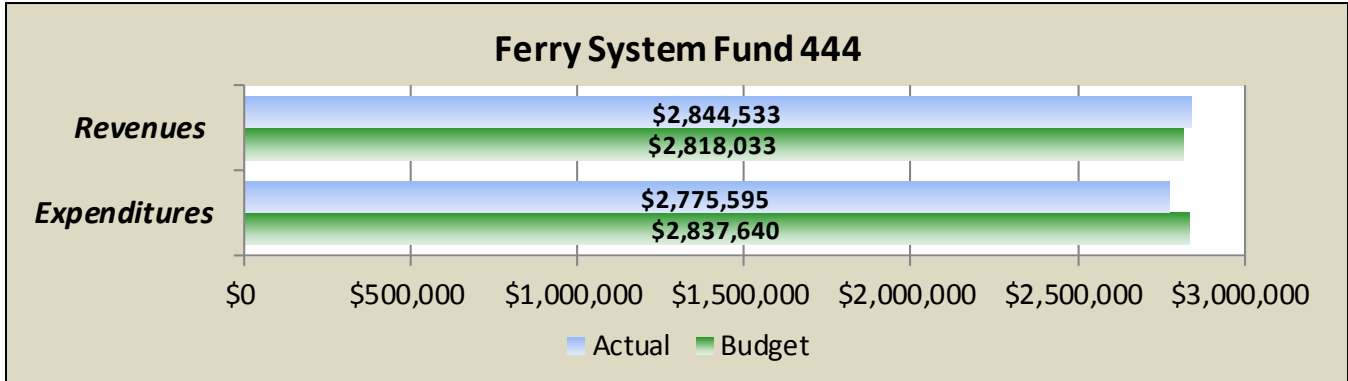
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ⁴ The Public Utilities Improvement Fund is used to finance capital projects for the county and other municipalities. Several projects are being continued into 2017.

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Enterprise and Internal Service Funds



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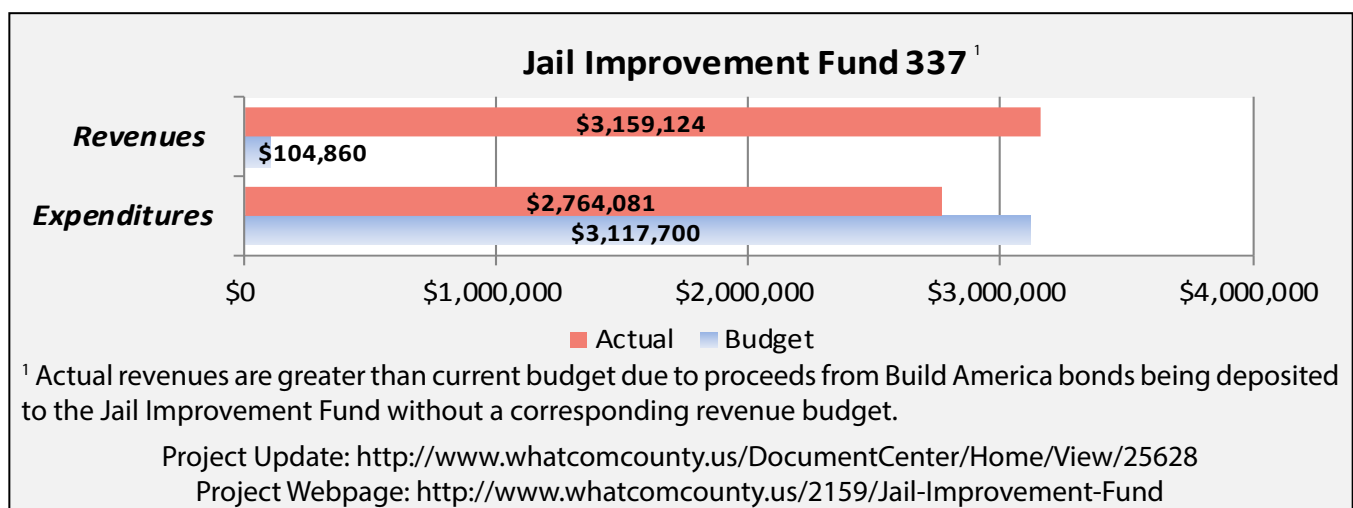
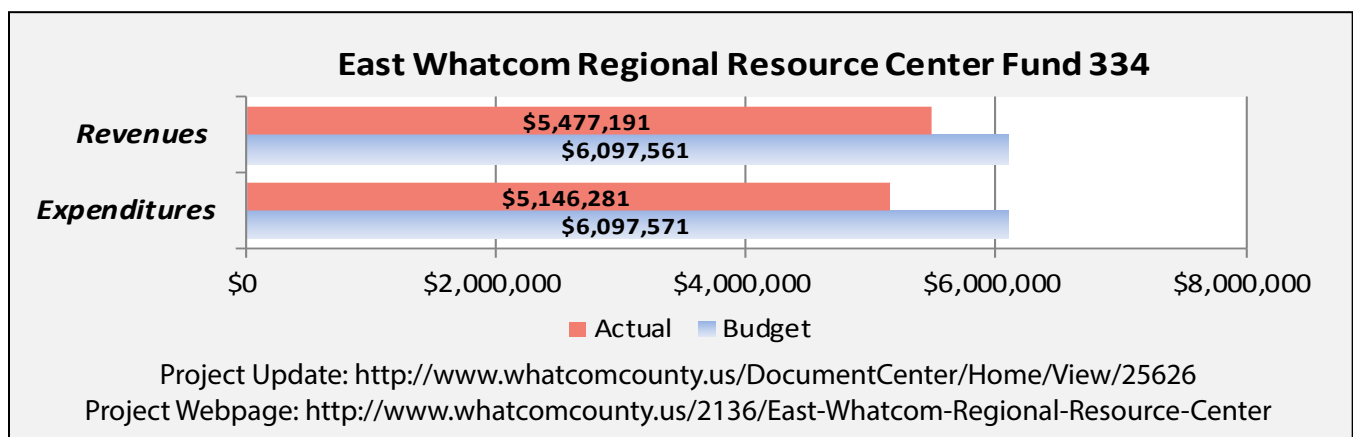
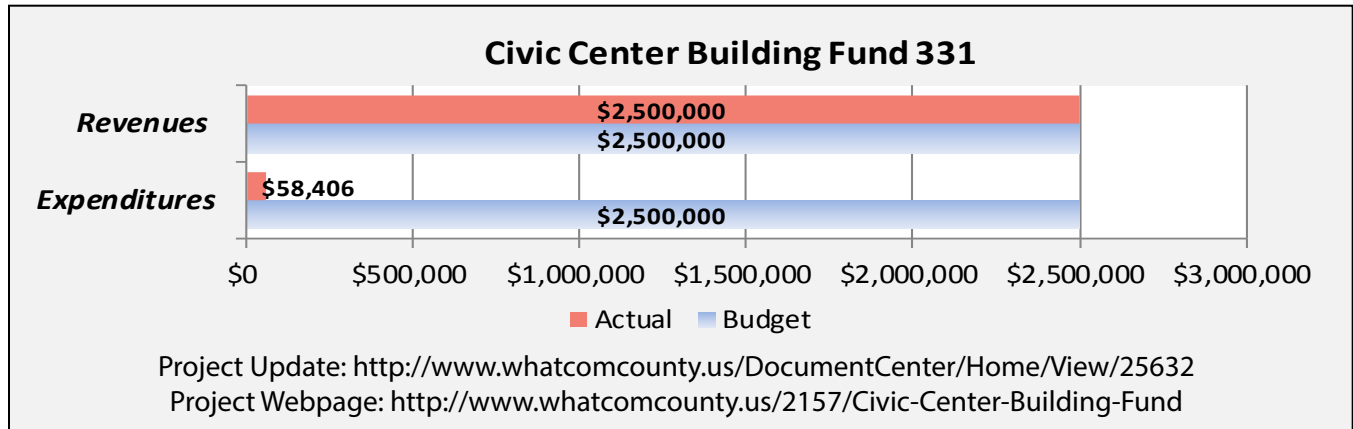
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Project Budget Funds

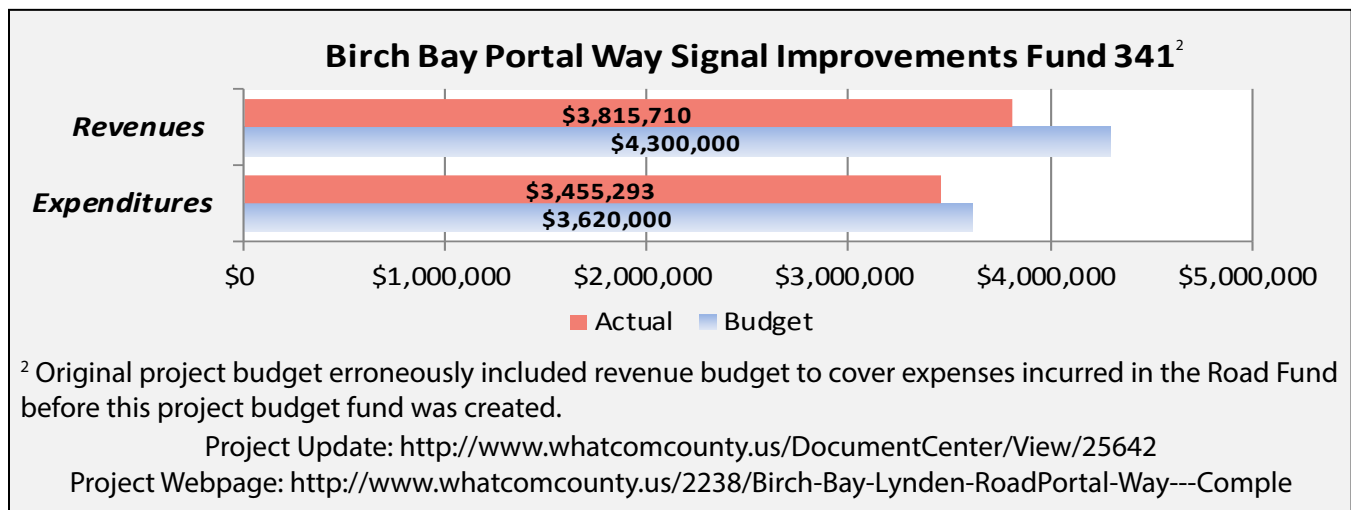
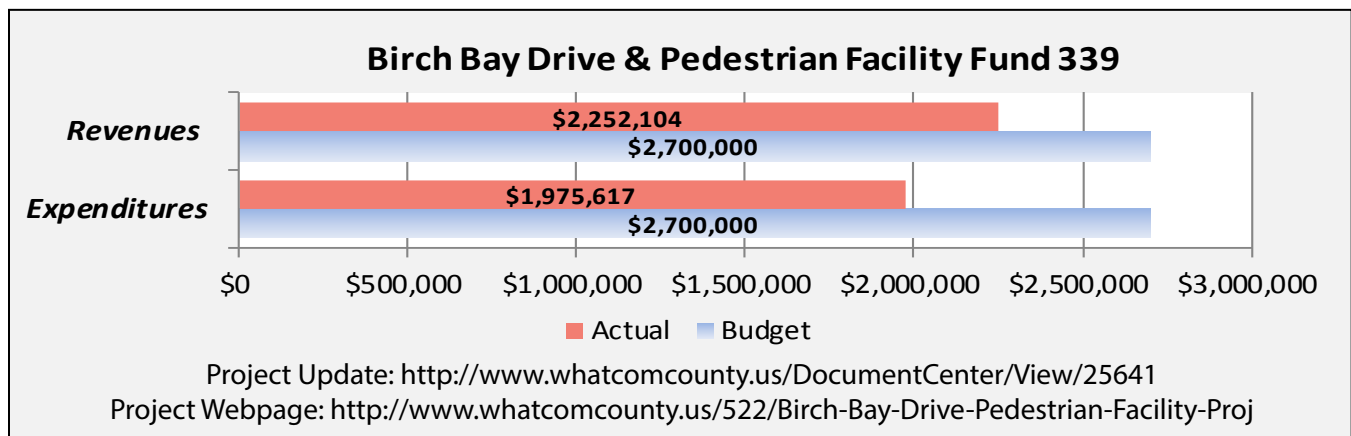
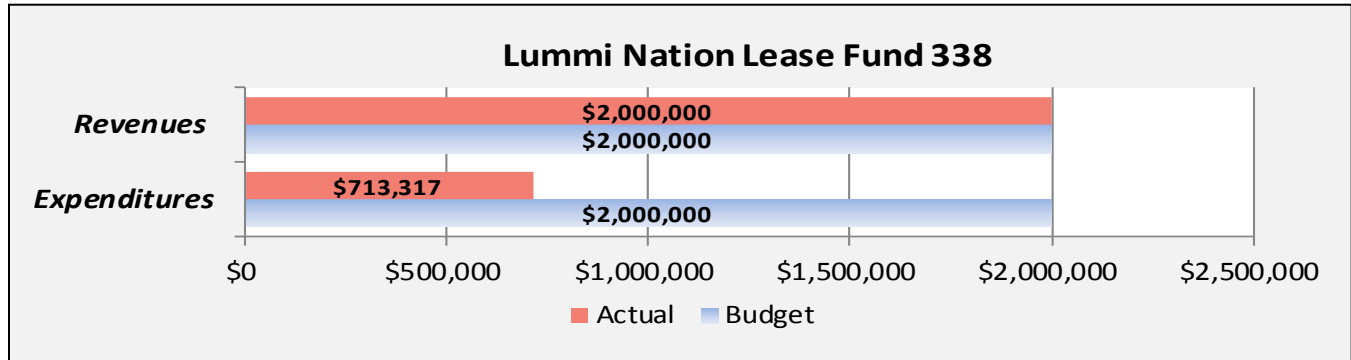


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Project Budget Funds, continued

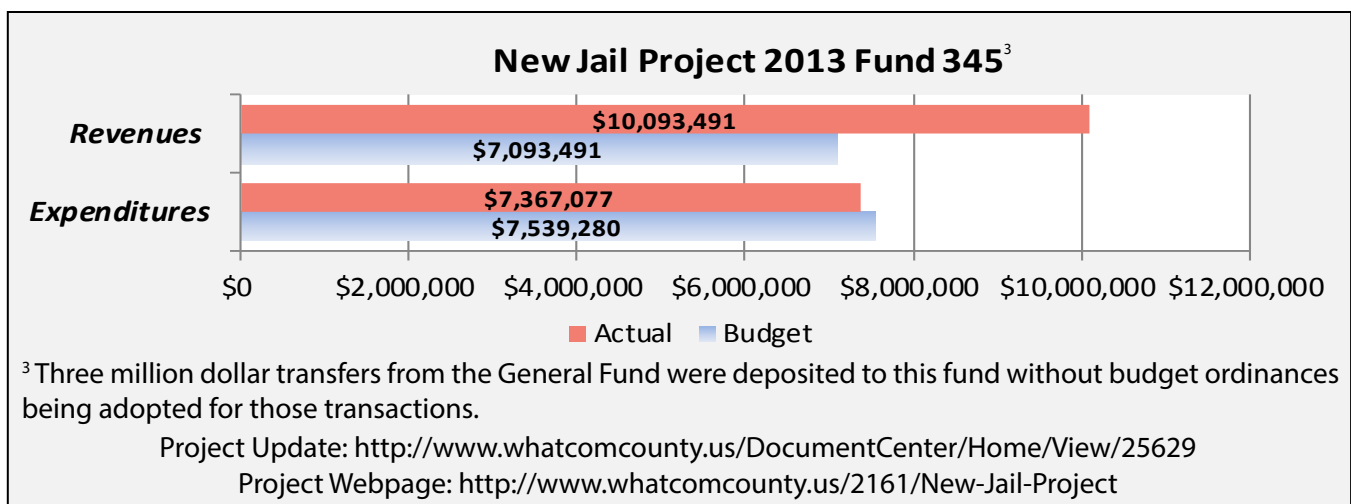
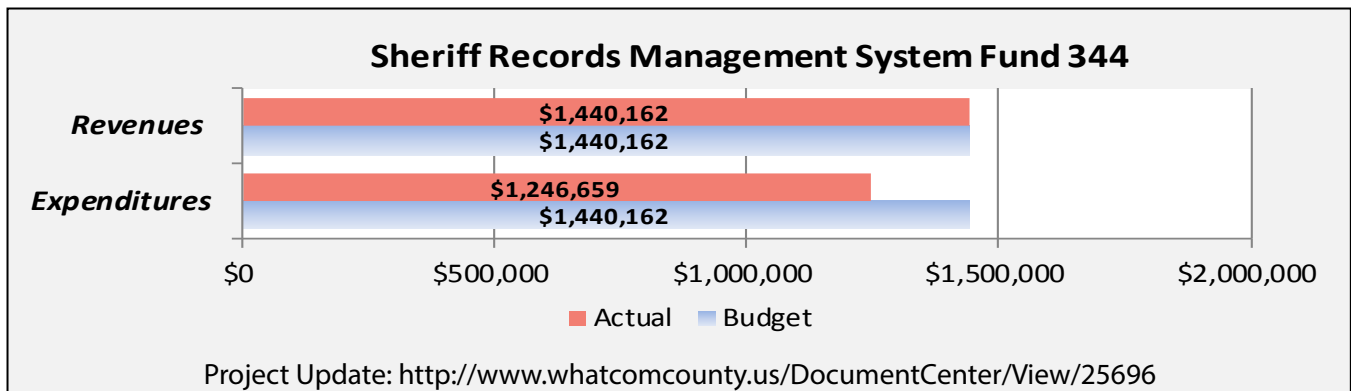
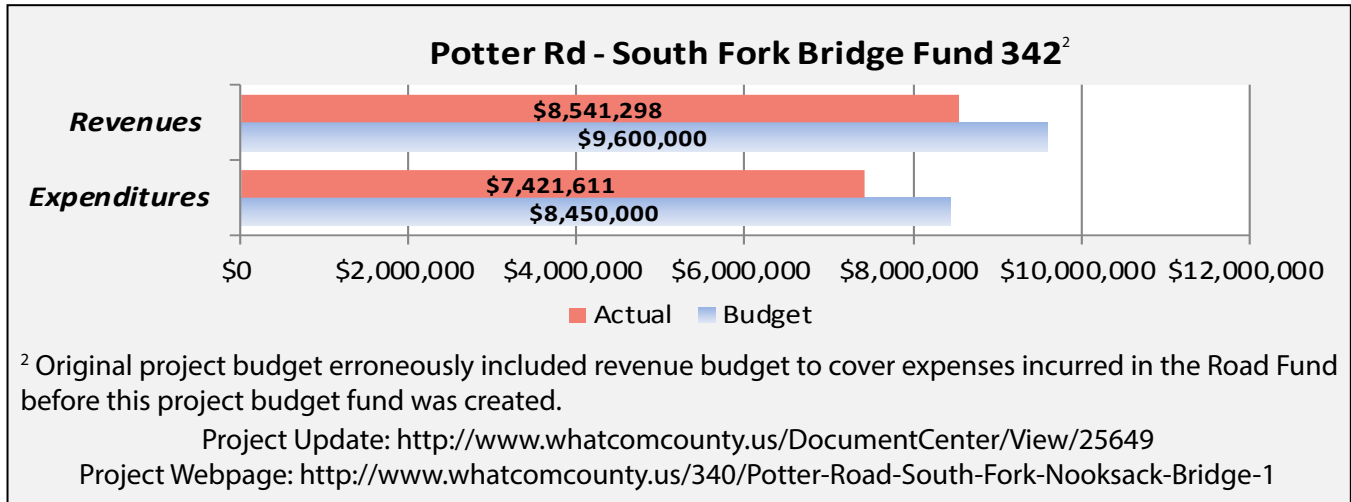


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Project Budget Funds, continued

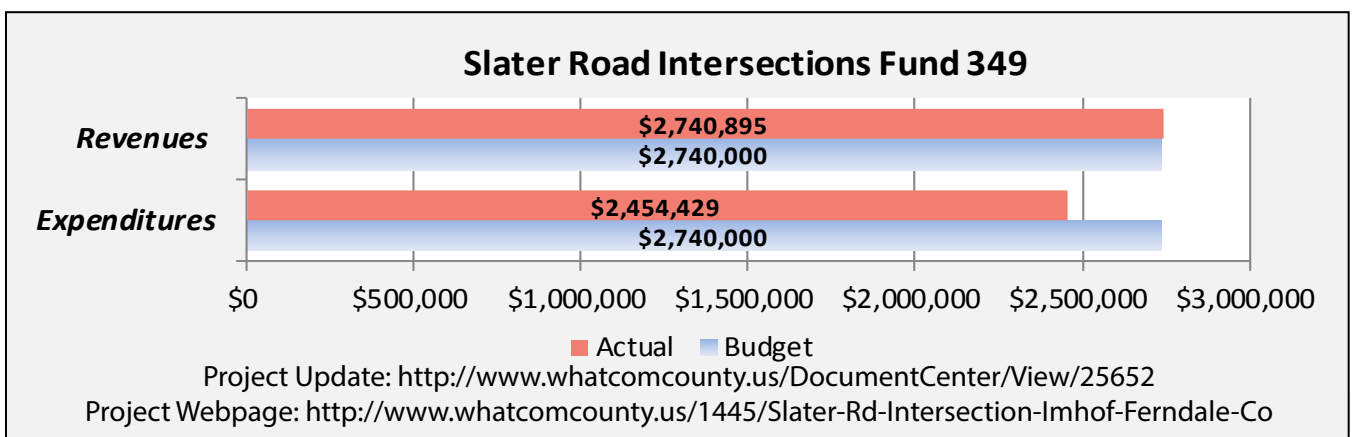
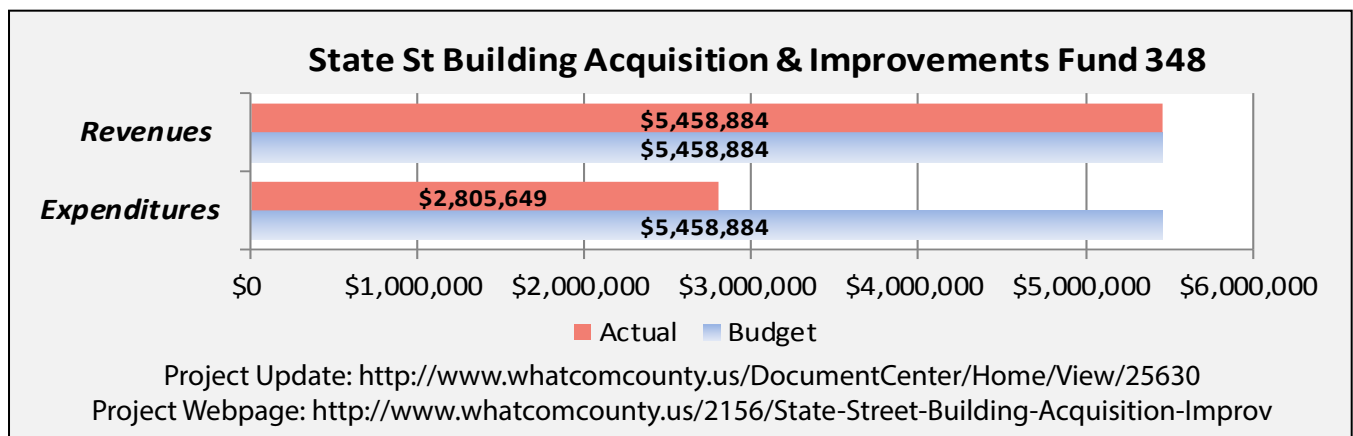
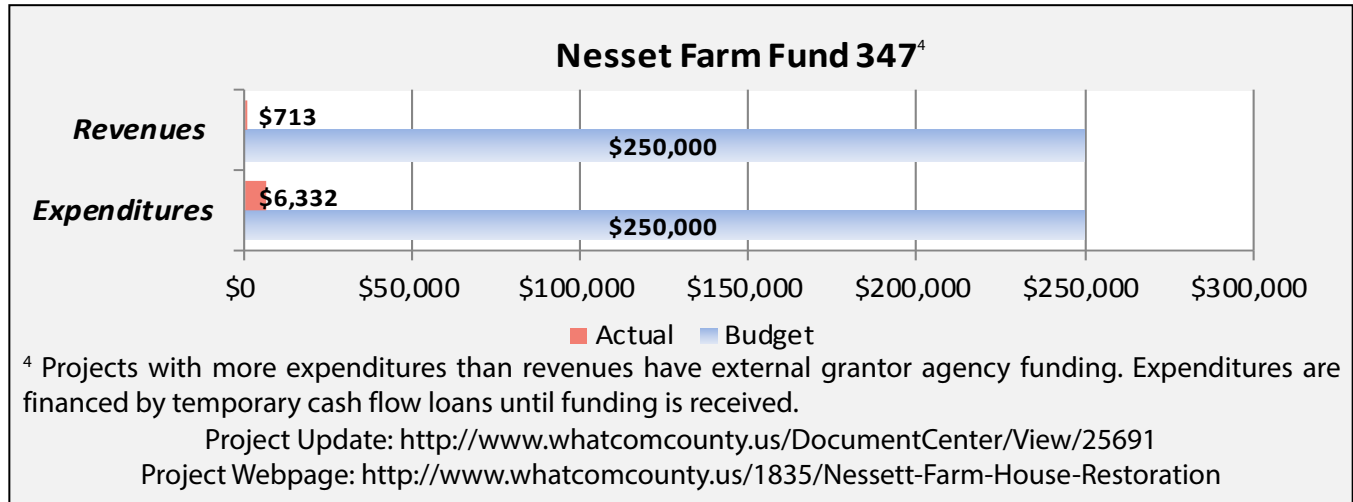


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Project Budget Funds, continued

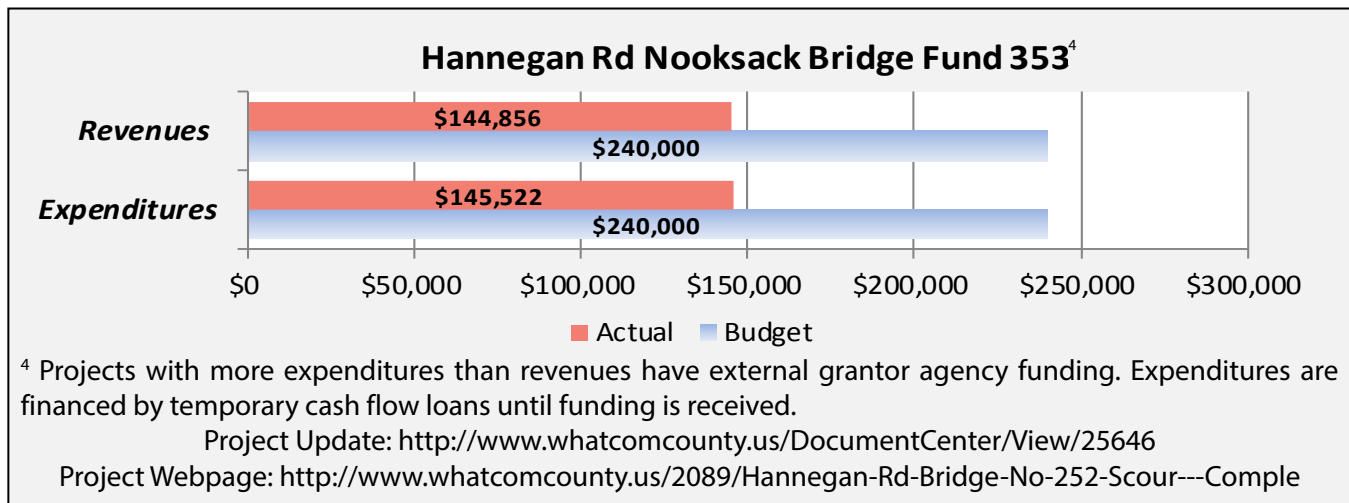
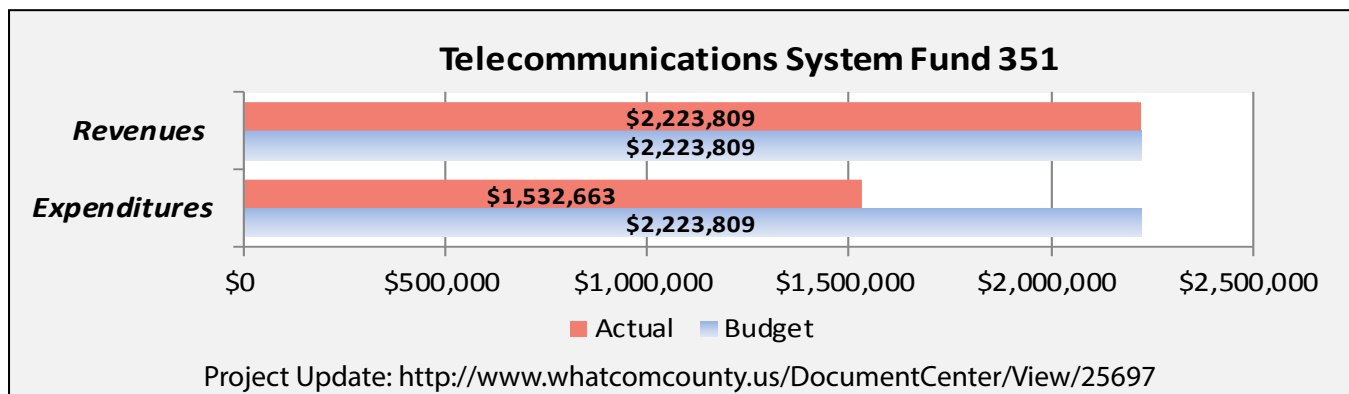
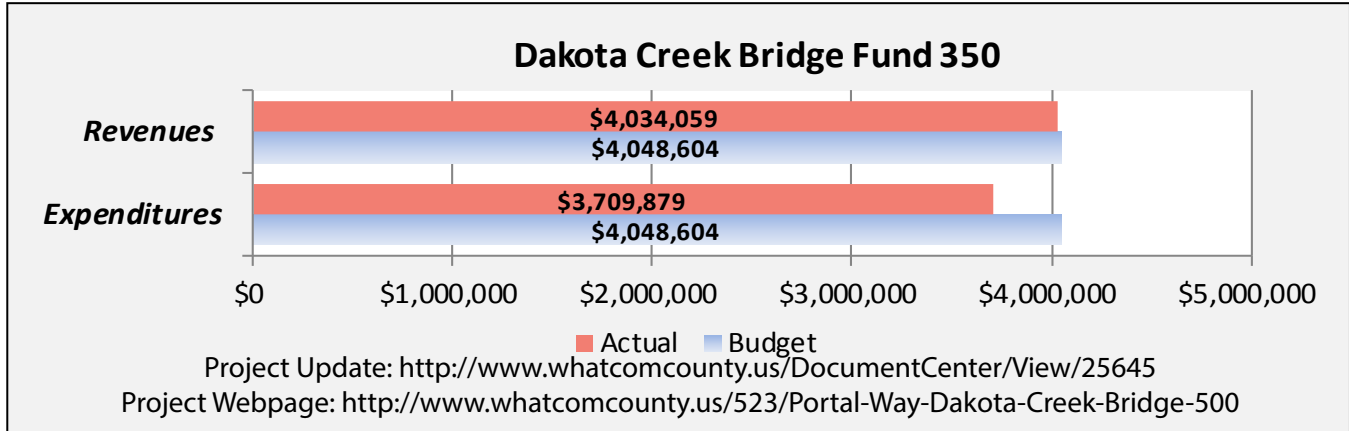


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For the Quarter Ended December 31, 2016



Project Budget Funds, continued

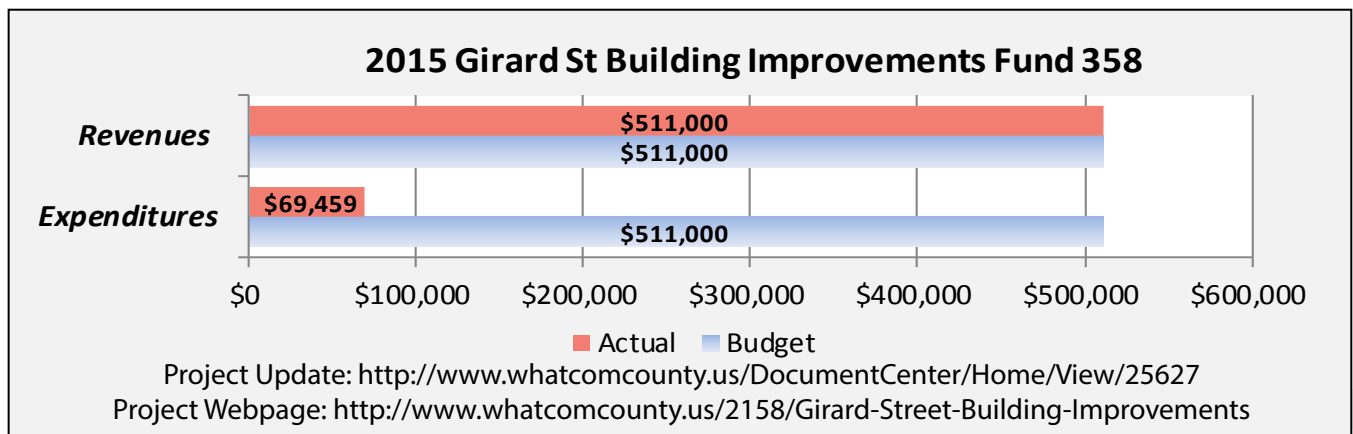
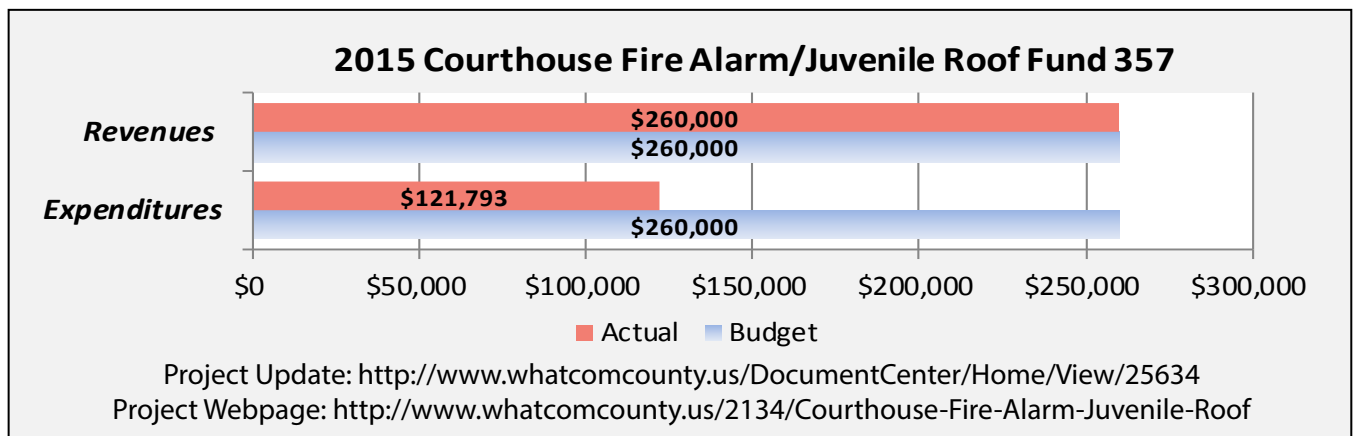
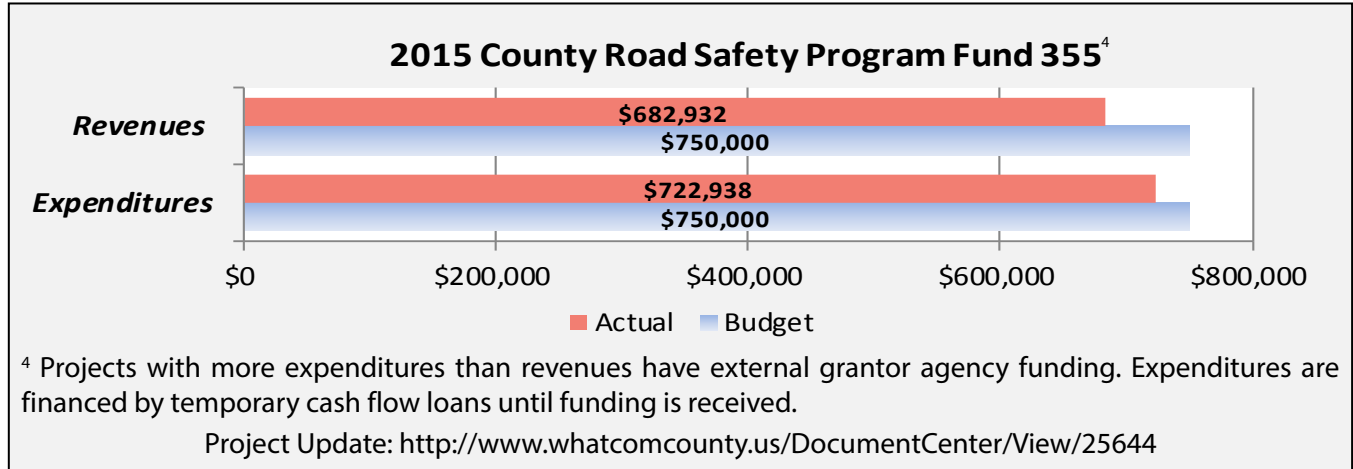


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Project Budget Funds, continued

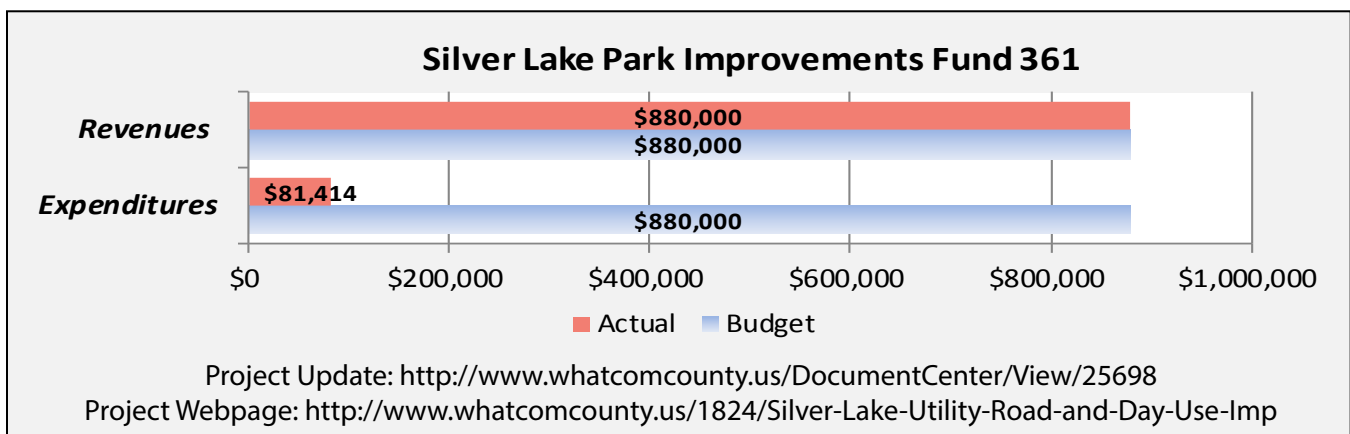
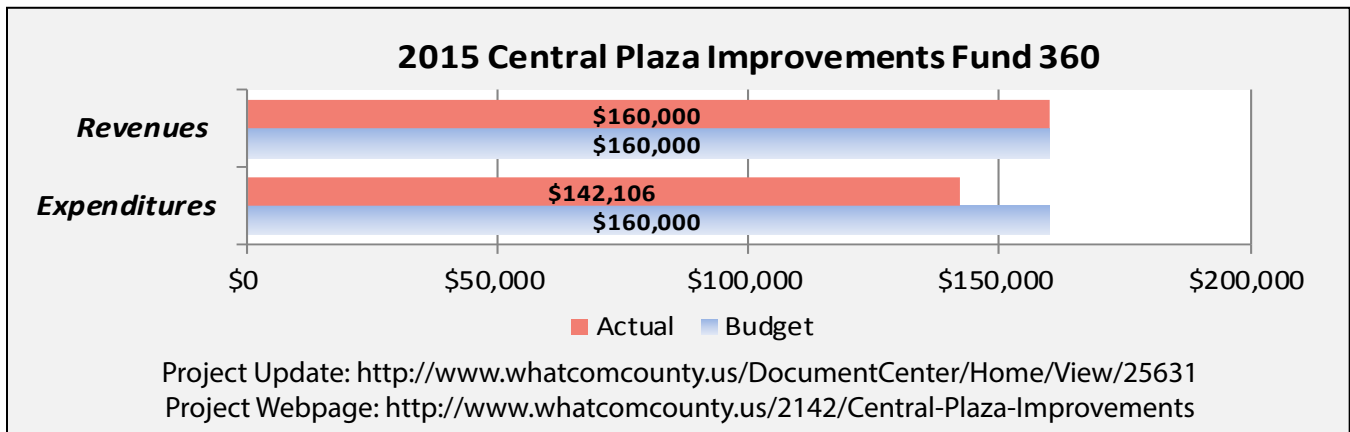
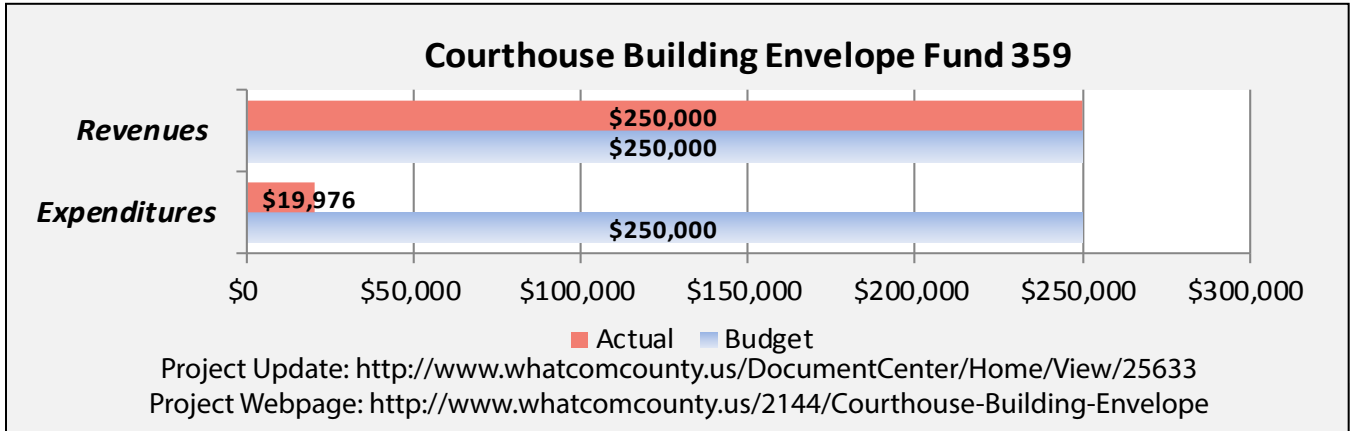


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Project Budget Funds, continued

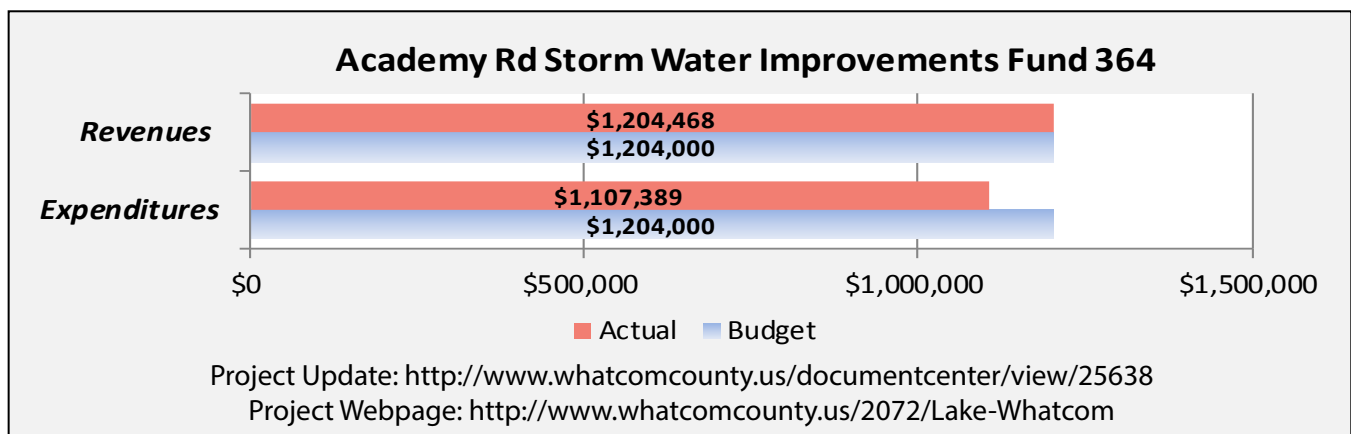
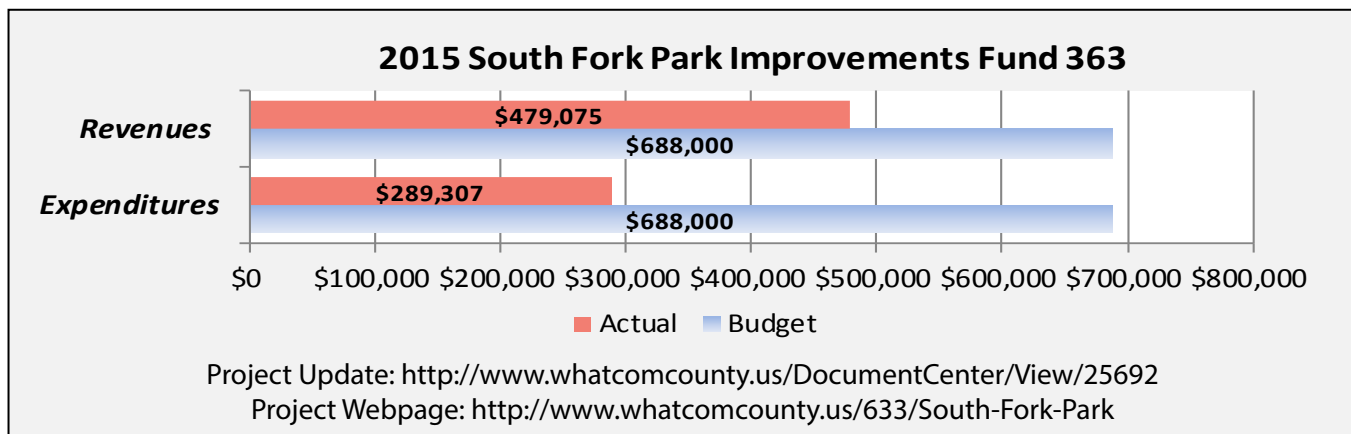
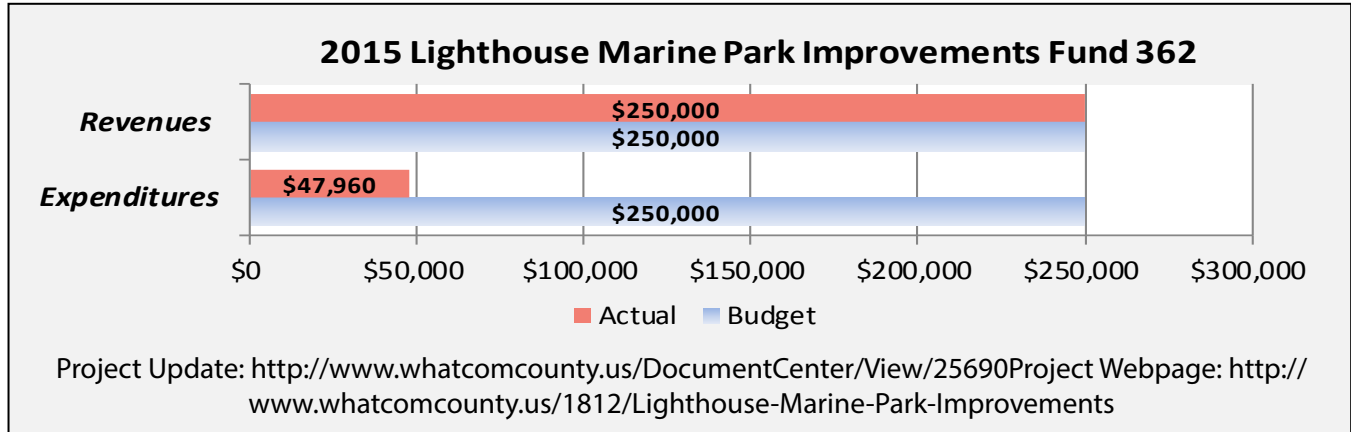


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For the Quarter Ended December 31, 2016



Project Budget Funds, continued

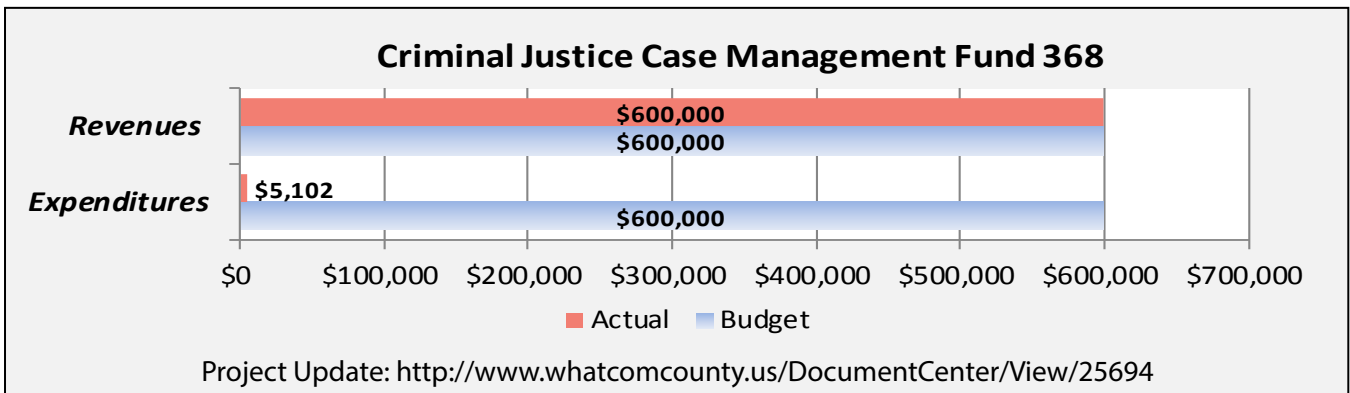
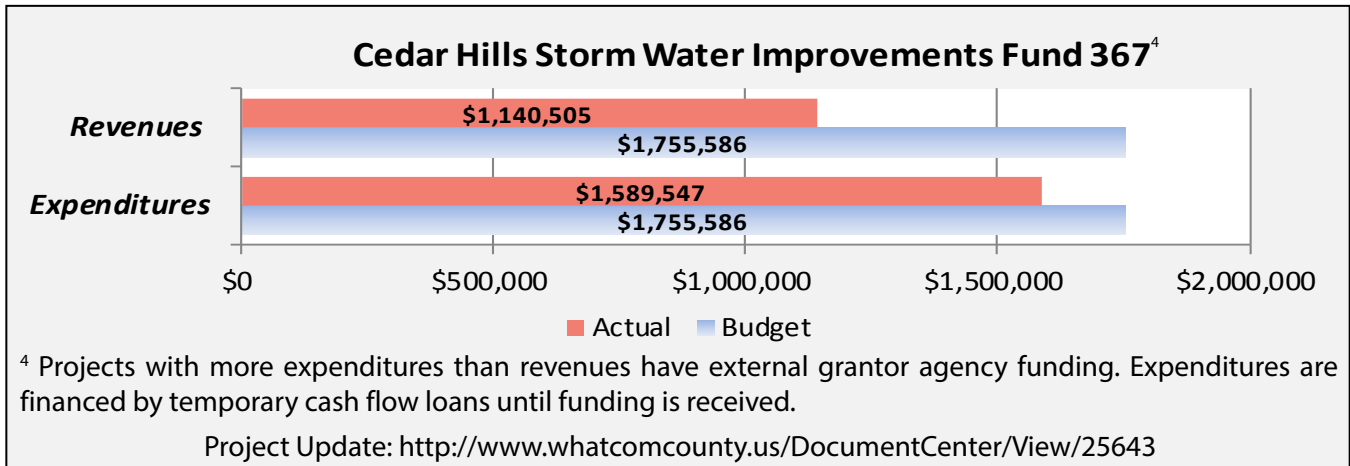
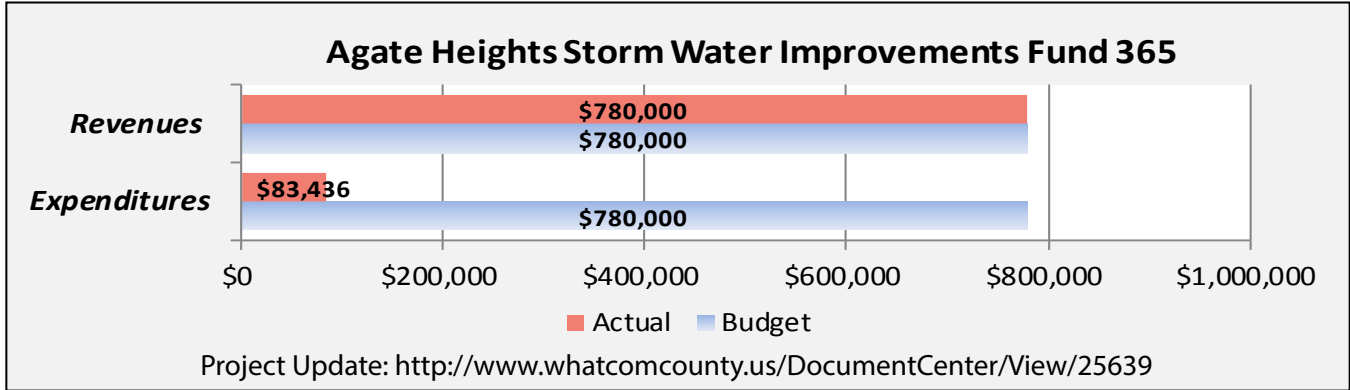


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For the Quarter Ended December 31, 2016



Project Budget Funds, continued



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Project Budget Funds, continued

