



**2003  
Third  
Quarter  
Financial  
Report**

Compiled and Presented by the  
Administrative Services Department,  
Finance Division  
Brad Bennett,  
Finance Manager

December 3, 2003

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## Executive Summary

The following is Whatcom County's third quarter 2003 financial report. At the end of the third quarter the General Fund has collected 72.7% of its budgeted revenue and spent 71% of its budgeted expenditures. Revenue is 9.5% higher than third quarter 2002 and expenditures are 2.9% higher than third quarter 2002.

Currently the projected 2003 General Fund ending fund balance is \$14.7 million. This is \$4.4 million higher than the \$10.3 million projected in the 2003 budget. This difference is due to a combination of factors including the following:

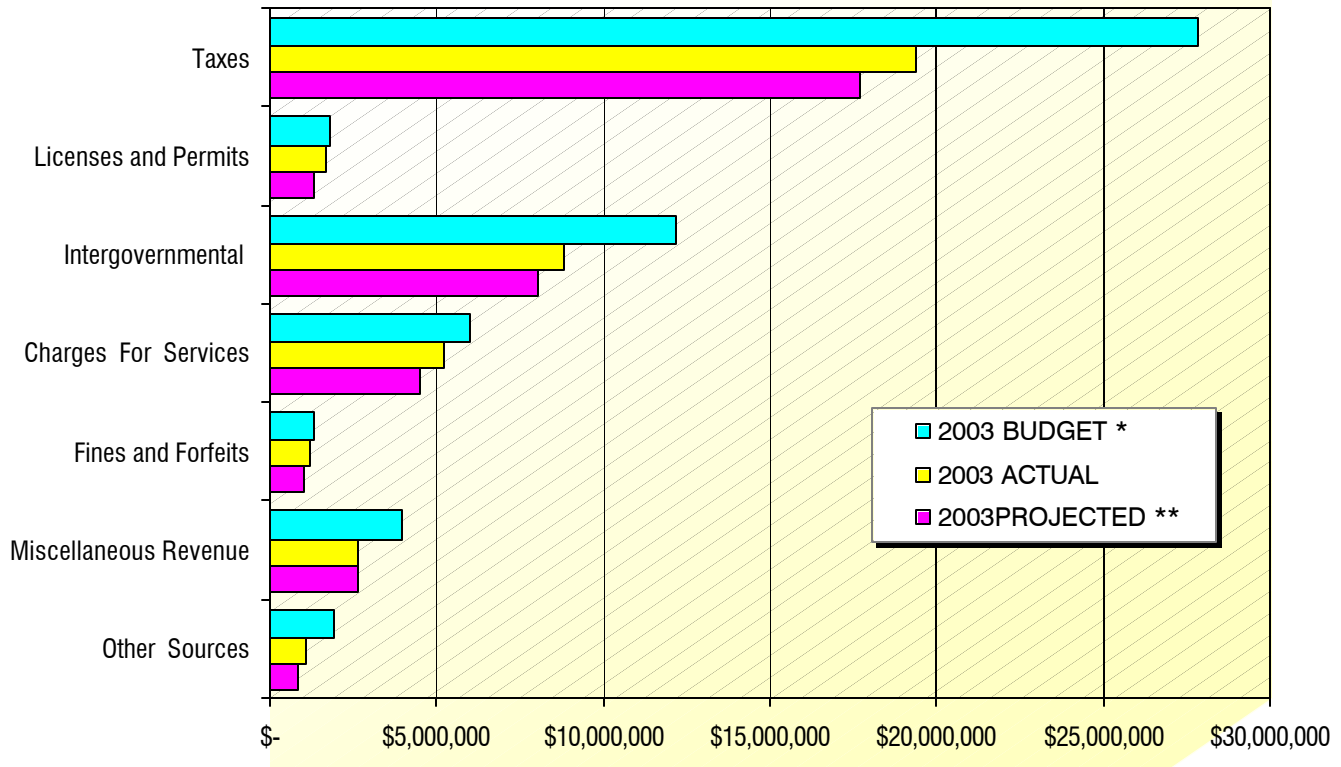
- 2002 results were better than projected.
- Revised estimates of sales tax collections indicate more revenue.
- Legislative changes reinstated Initiative 695 (I-695) replacement funding for health.
- An estimated budget lapse of 3% of expenditures is anticipated.

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## General Revenue - Budget vs. Actual



\* "2003 Budget" figures represent 2003 amended budget annual amounts.

\*\* Based on past revenue history, the "2003 Projected" figures represent portions of 2003 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

	2003 Budget Adopted	2003 Budget Supp'ls	2003 Budget Amended	Actual as of 09/30/03	% Collected To Date	Projected as of 09/30/03
Taxes	27,868,927	0	27,868,927	19,351,810	69.44%	17,686,375
Licenses and Permits	1,724,534	47,955	1,772,489	1,671,765	94.32%	1,326,060
Intergovernmental	12,004,588	151,439	12,156,027	8,824,209	72.59%	8,036,279
Charges For Services	5,942,482	65,203	6,007,685	5,196,698	86.50%	4,511,912
Fines and Forfeits	1,312,600	0	1,312,600	1,211,173	92.27%	995,233
Miscellaneous Revenue	3,958,838	0	3,958,838	2,667,948	67.39%	2,617,174
Other Sources	1,847,564	79,591	1,927,155	1,062,522	55.13%	829,846
<b>Total Revenue</b>	<b>54,659,533</b>	<b>344,188</b>	<b>55,003,721</b>	<b>39,986,125</b>	<b>72.70%</b>	<b>36,002,879</b>

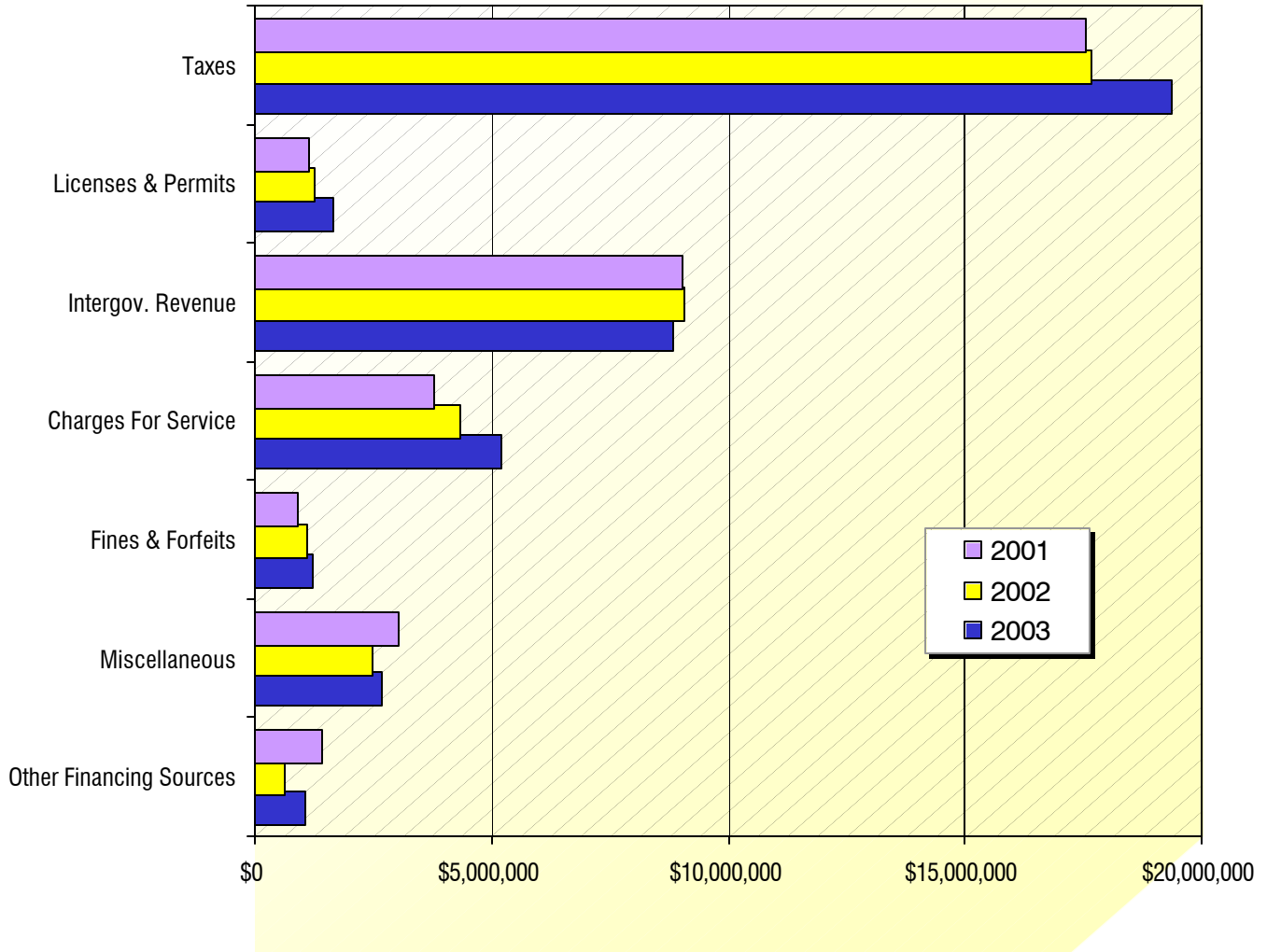
See pages 4, 5 and 6 for General Fund Revenue Notes.

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## General Fund Revenue to Date - Compared to Prior Years



	2001	2002	2003
Taxes	17,570,932	17,659,009	19,351,810
Licenses & Permits	1,148,869	1,262,255	1,671,765
Intergov. Revenue	9,020,015	9,061,444	8,824,209
Charges For Service	3,798,796	4,338,539	5,196,698
Fines & Forfeits	916,017	1,094,643	1,211,173
Miscellaneous	3,021,164	2,471,275	2,667,948
Other Financing Sources	1,410,946	638,433	1,062,522
<b>Total Revenue</b>	<b>36,886,739</b>	<b>36,525,598</b>	<b>39,986,125</b>

See pages 4, 5 and 6 for General Fund Revenue Notes.

# Whatcom County Third Quarter 2003 Financial Report

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## General Fund Revenue Notes

### Taxes

*Property tax and retail sales tax make up 93% of Whatcom County's tax revenue.*

Tax revenues are 9.4% ahead of projections and are also 9.6%, or \$1.7 million, greater than third quarter 2002. The General Fund property tax levy for 2003 is \$17,510,307. Yearly property tax collections average 99% of the current year's tax levy. Property tax revenues for 2003 should be \$17,335,204, which is \$462,000 more than 2002 property tax collections. As there was no increase in the 2003 tax rate, the difference between 2002 collections and the 2003 projection is the result of new construction added to the tax rolls.

Property tax collections through the third quarter are almost \$800,000 higher than the same period in 2002. This includes \$213,000 more in delinquent taxes collected than 2002. Delinquent tax collections are now \$103,000 more than the entire budget for 2003. Interest and penalty collections on delinquent property taxes are 23% higher than third quarter 2002, for a total of \$1,493,396. This increase is attributed to an active real estate market in Whatcom County, which has prompted substantial delinquency payments.

Sales tax collections year-to-date are \$420,500 greater than the same period in 2002. This has occurred despite a significant reduction in sales tax revenue from Tenaska Corporation, with its last deferred sales tax payment for the construction of their cogeneration plant having been made in 2002. Criminal Justice Sales Tax revenue of \$944,837 has been collected year-to-date. This is 11.4% higher than third quarter 2002.

Total sales tax revenue collected as of the third quarter 2003 is \$6,487,889. This is 18.4% higher than our projection of \$5.5 million for the third quarter 2003.

### Licenses & Permits

*Building permits account for 74% of "Licenses & Permits" revenue. Health Department permits account for 22%.*

The balance is composed of marriage licenses and fire control permits. As of September 30, 2003, 94% of the 2003 budget or, \$1,671,765 of "Licenses and Permits" revenue has been collected. This is \$409,500 more than was collected in third quarter 2002, and \$348,700 greater than third quarter 2003 projections.

Building permit revenues are \$348,537, or 37%, higher than third quarter 2002 with revenue totaling \$1,295,133. This is 103% of budgeted revenue.

# Whatcom County Third Quarter 2003 Financial Report

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## General Fund Revenue Notes, continued

### Intergovernmental Revenue

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

Revenues collected as of September 30, 2003 were 73% of budget, \$237,000 less than third quarter 2002 but \$788,000 ahead of revenue projections. The 2003 intergovernmental revenue budget is \$1.5 million less than the 2002 budget.

### 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) and several other miscellaneous service fees which help cover the costs of providing specific services used by individual customers.*

"Charges for Services" revenues were 87% collected as of September 30, 2003. This category is \$858,000 greater, or 20% more than third quarter 2002.

Auditor Filing/Recording fees are \$218,000 greater than third quarter 2002. This account has already collected 157% of its annual budget. This is due to the continuing low interest rates that have caused more mortgages to be refinanced, resulting in greater recording fee revenues.

Off-site work release fees have increased \$46,000, or 32% greater than third quarter 2002. This is due to a change in accounting methods from cash to accrual and a greater work release population.

District Court Probation contract revenue is \$60,000, or 15% greater than the same period 2002. Conversely, reimbursable overtime revenue in the Sheriff's Office is 27%, or \$52,000 less than 2002 amounts.

Plan check and review fees increased \$470,700, or 43.4% over 2002. This increase is due to continuing strong building industry activity and increases in the amount charged for services.

### Fines and Forfeits

*"Fines and Forfeits" consist principally of traffic infraction revenue and criminal traffic misdemeanor penalties, which include driving while intoxicated penalties.*

Fines and Forfeits revenues are 92% percent collected at the end of the third quarter. This is \$116,500, or 10.6% greater than third quarter 2002, and is \$216,000 over projections. Traffic infractions are \$56,500, or 9% greater than third quarter 2002. Superior Court felony penalties and Planning and Development civil penalties account for the rest of the increase over 2002.

# Whatcom County Third Quarter 2003 Financial Report

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## General Fund Revenue Notes, continued

### Miscellaneous

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

"Miscellaneous" revenues have increased over 2002 collections by \$197,000. They have also exceeded projections by \$51,000.

The County Council approved a resolution to allocate the interest earnings of the Flood Control Zone District and other minor funds to the General Fund in 2003. In spite of this, interest earnings were \$233,000 less than received at the end of the third quarter 2002, and are at 60% of budget expectations. This decline is due to overall low interest rates.

Contributions are \$276,000 greater than third quarter 2002. This is due to deferred revenue from Alcoa grants received in 2002, but recognized in 2003.

Other miscellaneous revenue is \$120,500 greater than third quarter 2002, and is 133% of budget. This increase is due to unbudgeted revenue received in 2003 from various sources.

### Other Financing Sources

*"Other Financing Sources" revenue is 29% state timber revenues and 71% operating transfers from other Whatcom County funds.*

Fifty-five percent of "Other Sources" revenue was collected by the end of the third quarter. As of the end of September, \$578,519, or 108% of its annual budget, was collected for state timber sales. Compared to third quarter 2002, \$377,787 of this account is up by \$200,732.

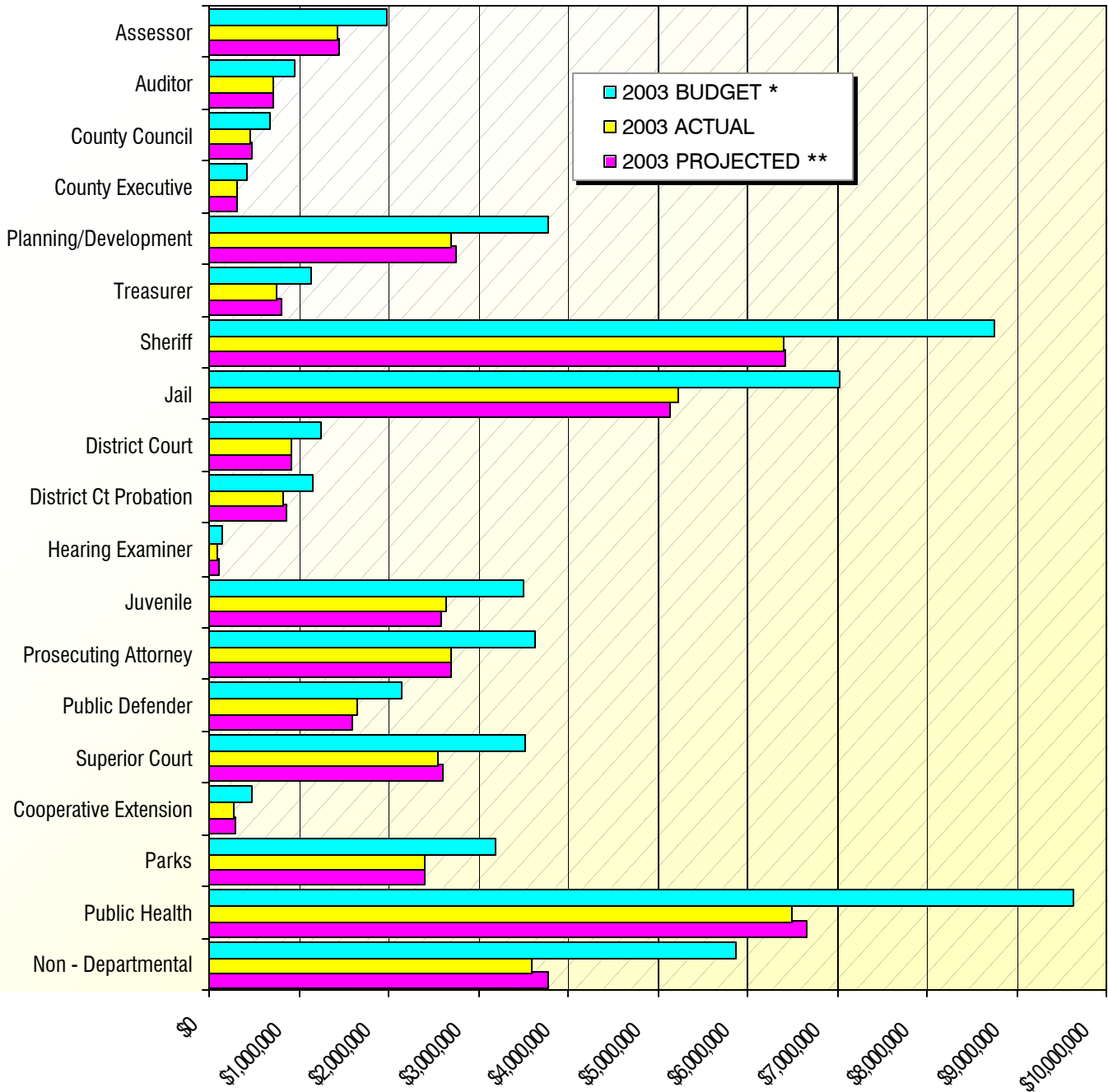
Only 35% of the 2003 operating transfers, or \$484,002, had been recorded at the end of September. Many operating transfers between funds are not recorded until year end; however, this amount is \$223,356 greater than third quarter 2002.

# Whatcom County Third Quarter 2003 Financial Report

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## General Fund Expenditures - Budget vs. Actual



\* "2003 Budget" figures represent 2003 amended budget annual amounts.

\*\* Based on past expenditure history, the "2003 Projected" figures represent portions of 2003 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

See page 8 for chart detail and page 10 for General Fund Expenditure Notes.

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## General Fund Expenditures - Budget vs Actual

	Adopted 2003 Budget	Budget Supplementals	Amended Budget	Actual as of 09/30/03	% Expended To Date	Projected as of 09/30/03
Assessor	1,871,585	101,252	1,972,837	1,426,702	72.32%	1,455,782
Auditor	891,769	70,173	961,942	711,856	74.00%	716,623
County Council	661,732	12,386	674,118	465,697	69.08%	483,596
County Executive	414,241	11,936	426,177	316,548	74.28%	319,379
Planning & Development	3,373,626	414,005	3,787,631	2,696,898	71.20%	2,757,802
Treasurer	1,013,883	131,656	1,145,539	752,876	65.72%	803,549
Sheriff	8,591,225	155,423	8,746,648	6,401,957	73.19%	6,420,335
Jail	6,776,557	255,868	7,032,425	5,225,463	74.31%	5,140,876
District Court	1,166,734	72,698	1,239,432	918,221	74.08%	919,364
District Court Probation	1,147,987	5,365	1,153,352	833,643	72.28%	855,611
Hearing Examiner	149,313	4,402	153,715	93,223	60.65%	112,763
Juvenile	3,358,165	140,876	3,499,041	2,646,261	75.63%	2,587,304
Prosecuting Attorney	3,473,646	165,669	3,639,315	2,706,276	74.36%	2,702,915
Public Defender	2,053,755	97,752	2,151,507	1,652,303	76.80%	1,594,590
Superior Court	3,462,017	63,190	3,525,207	2,550,329	72.35%	2,609,047
Cooperative Extension	402,584	77,421	480,005	276,191	57.54%	288,197
Park	2,985,032	206,621	3,191,653	2,405,400	75.37%	2,399,628
Public Health	9,277,875	360,053	9,637,928	6,489,881	67.34%	6,664,492
Non - Departmental	6,665,666	(802,578)	5,863,088	3,588,917	61.21%	3,773,348
<b>Total General Fund Exp</b>	<b>57,737,392</b>	<b>1,544,168</b>	<b>59,281,560</b>	<b>42,158,642</b>	<b>71.12%</b>	<b>42,605,201</b>

## General Fund Expenditure Notes

Overall expenditures for the General Fund are at 71% of the approved budget as of the end of the third quarter 2003. All departments, with the exception of Juvenile Court Administration and the Public Defender's Office, had expenditures at 75% or less of their budgets.

Juvenile is 75.6% spent, and \$59,000 ahead of projections. This is due to spending on grants ending June 30, 2003.

The Public Defender's Office is 76.8% spent and \$58,000 ahead of projections. This is due to leave payouts to employees who resigned or retired. Also, professional service categories for polygraphs, expert witnesses and evaluations, and contracted services are 90% spent at the end of the third quarter. This is due to the number of homicides and serious crimes coming to trial.

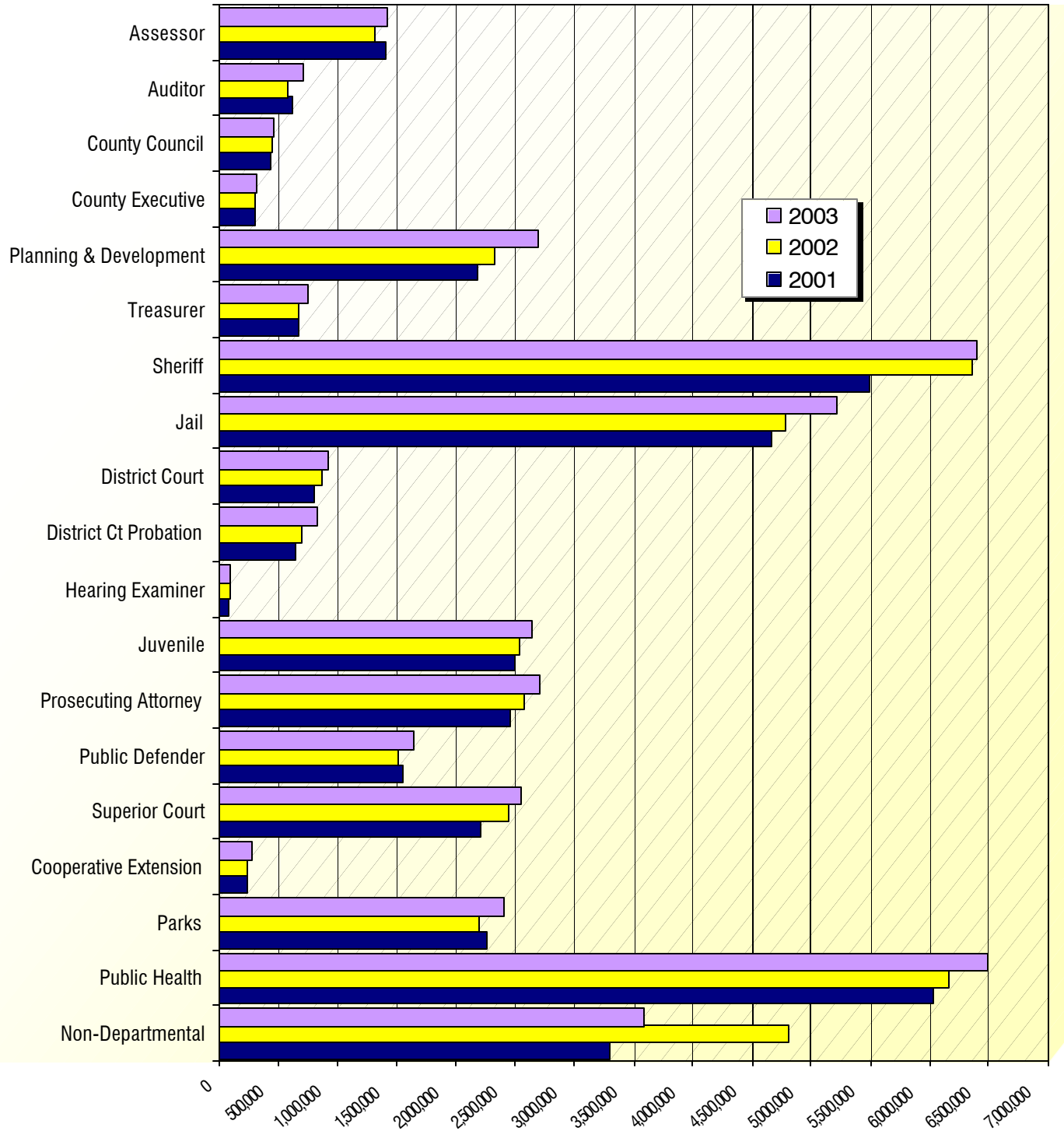
In contrast, Cooperative Extension is only 57.5% spent, due to billings for intergovernmental professional services from Washington State University lagging. Only 44% of its \$209,606 budget has been invoiced to date.

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## General Fund Expenditures to Date - Compared to Prior Years



See page 10 for chart detail and General Fund Expenditure Notes.

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## General Fund Expenditures to Date - Compared to Prior Years

	2001	2002	2003
Assessor	1,408,073	1,313,168	1,426,702
Auditor	630,052	582,077	711,856
County Council	433,251	456,909	465,697
County Executive	310,371	310,119	316,548
Planning & Development	2,176,868	2,320,754	2,696,898
Treasurer	675,312	679,694	752,876
Sheriff	5,486,334	6,367,490	6,401,957
Jail	4,660,017	4,782,928	5,225,463
District Court	805,096	878,349	918,221
District Ct Probation	647,440	701,634	833,643
Hearing Examiner	86,214	90,514	93,223
Juvenile	2,491,445	2,543,030	2,646,261
Prosecuting Attorney	2,460,318	2,572,887	2,706,276
Public Defender	1,558,692	1,510,198	1,652,303
Superior Court	2,199,053	2,442,267	2,550,329
Cooperative Extension	244,820	241,891	276,191
Parks	2,261,263	2,188,515	2,405,400
Public Health	6,034,111	6,167,604	6,489,881
Non-Departmental	3,299,574	4,805,531	3,588,917
<b>TOTAL</b>	<b>37,868,304</b>	<b>40,955,559</b>	<b>42,158,642</b>

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## General Fund Conclusion

	Approved Budget	Projected
<b>Beginning Fund Balance</b>	13,329,631	16,137,090
<b>Revenues</b>		
Budgeted Revenues 2003	54,659,533	54,659,533
Supplemental Budgets 2003	-	344,188
<b>Total Revenue</b>	54,659,533	55,003,721
<b>Expenditures</b>		
Budgeted Expenditures 2003	57,737,392	57,737,392
Continuing Appropriations 2003	-	621,715
Supplemental Budgets 2003	-	922,453
<b>Total Expenditures</b>	57,737,392	59,281,560
<b>Adjusted Surplus (Deficit)</b>	(3,077,859)	(4,277,839)
<b>Other Considerations</b>		
Projected Increase in Sales Tax		599,966
Increased I-695 Replacement Funds for Health		427,616
Estimated Budget Lapse - 3%		1,778,447
<b>Ending Fund Balance</b>	10,251,772	14,665,280

## General Fund Conclusion Notes

Through the end of September 2003, Whatcom County's revenues are almost \$4 million ahead of projections higher than expected, and expenditures are slightly lower than projections by \$446,600. Tax revenues are higher, due to greater than expected sales tax and delinquent tax payments. Active real estate and refinancing activity is driving up recording fees and delinquent tax payments. Building activities are also driving up permit and plan check and review fee revenues. The only revenue categories that are down are investment earnings, which is due to continued low interest rates, and intergovernmental revenue from Washington State.

# Whatcom County Third Quarter 2003 Financial Report

For the Quarter Ended September 30, 2003



## Special Revenue Funds and Other Funds - Revenues

	2002 Actual As of 9/30/2002	2003 Actual As of 9/30/2003	2003 Budget	% Collected of 2003 Budget
County Road Fund	11,764,328	12,534,142	20,901,208	59.97%
Election Reserve Fund	385,297	243,932	493,129	49.47%
Veterans Relief	95,329	89,635	146,355	61.24%
Water Resources Fund	2,130,122	1,274,451	2,924,000	43.59%
Low-Income Housing Projects	87,991	311,642	200,000	155.82%
Solid Waste Fund	552,452	573,998	1,012,600	56.69%
WC Convention Center Fund	99,130	110,076	115,000	95.72%
Victim/Witness Assistance Fund	95,342	90,119	118,925	75.78%
CERB fund	312,207	163,318	203,843	80.12%
Whatcom Co Drug Fund	312,832	250,055	355,903	70.26%
Auditor's O&M Fund	117,752	172,746	105,000	164.52%
Emergency Management	174,632	244,690	314,875	77.71%
Flood Control Zone Dist Fund	2,745,607	2,531,819	5,716,133	44.29%
PT Roberts Fuel Tax	13,098	17,974	20,000	89.87%
Conservation Futures Fund	448,354	482,952	797,547	60.55%
Real Estate Excise Tax Fund	899,565	1,083,488	1,000,000	108.35%
Rural Sales Tax Fund	1,365,005	1,516,526	1,600,000	94.78%
Whatcom Co Investment Pool	146,187	139,520	180,854	77.15%
Equipment Rental & Revolving	5,929,992	6,369,411	7,763,819	82.04%
Administrative Services Fund	9,239,151	8,736,186	11,813,475	73.95%
Sub-Flood Zones	71,008	73,775	117,437	62.82%

### Notes:

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

*Road, Election Reserve, Veteran's Relief, Flood, Conservation Futures, and Sub-Flood Zones* are all dependant on second half property tax and flood fee collections due October 31st.

*Auditor's O&M, Real Estate Excise Tax, and Rural Sales Tax Funds* are all affected positively by Whatcom County's current building and refinancing growth.

*Low-Income Housing Projects*: this is a new fund with limited budget experience. Revenue is generated from Auditor's recording fees.

*Water Resources*: Third quarter revenue was not recorded until October.

*Equipment Rental & Revolving*: Significant amounts of the annual budget are received from Road fund hourly rentals during the third quarter.

# Whatcom County Third Quarter 2003 Financial Report

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## Special Revenue Funds and Other Funds - Expenditures

	2002 Actual As of 9/30/2002	2003 Actual As of 9/30/2003	2003 Budget	% Expended of 2003 Budget
County Road Fund	16,319,855	14,581,644	26,686,514	54.64%
Election Reserve Fund	510,827	372,947	649,396	57.43%
Veterans Relief	97,536	91,172	146,355	62.30%
Water Resources Fund	2,021,899	1,817,100	3,438,198	52.85%
Solid Waste Fund	680,338	691,848	1,258,898	54.96%
WC Convention Center Fund	64,000	109,157	142,000	76.87%
Victim/Witness Assistance Fund	39,296	39,586	112,798	35.09%
CERB fund	-	-	203,904	0.00%
Whatcom Co Drug Fund	203,571	261,470	720,860	36.27%
Auditor's O&M Fund	5,861	10,776	237,121	4.54%
Emergency Management	229,319	278,266	382,875	72.68%
Flood Control Zone Dist Fund	3,551,392	2,986,100	8,540,704	34.96%
Conservation Futures Fund	464,548	27,617	105,245	26.24%
Real Estate Excise Tax Fund	191,945	817,666	994,012	82.26%
Rural Sales Tax Fund	-	315,135	801,102	39.34%
Whatcom Co Investment Pool	131,509	146,982	190,354	77.22%
Equipment Rental & Revolving	5,578,021	5,108,927	8,268,342	61.79%
Administrative Services Fund	8,389,022	8,804,130	13,639,726	64.55%
Sub-Flood Zones	-	-	141,250	0.00%

### Notes:

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

Several of these funds, such as Road, Water Resources, Solid Waste, and Flood, include major projects that may span more than one year. These projects proceed based on permit availability or grant funding.

*Election Reserves:* costs down compared to last year due to fewer elections held in 2003.

*Convention Center Fund:* costs are up due to five additional contracts were awarded this year to promote tourism.

*Conservation Futures Fund:* budgeted amounts fluctuate year to year based on whether or not there are planned acquisitions.

*Real Estate Excise Tax Fund:* prior year amounts were misstated due to a bond payment classification error corrected in November 2002.

*Rural Sales Tax:* costs include funding for several small capital projects and master facilities planning.

*Equipment Rental & Revolving:* capital acquisition spending is below budget as of the end of the third quarter.

*Administrative Services:* includes payments for capital improvements to the Jail booking area, and improvements to the basement, second floor and fifth floor of the Courthouse.