



**2003
Fourth
Quarter
Financial
Report**

Compiled and Presented by the
Administrative Services Department,
Finance Division

Brad Bennett,
Finance Manager

February 18, 2004

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



Executive Summary

The following information presents Whatcom County's fourth quarter 2003 financial report. At year-end, Whatcom County's General Fund collected 106% of its budgeted revenues and spent 94.5% of its budgeted expenditures.

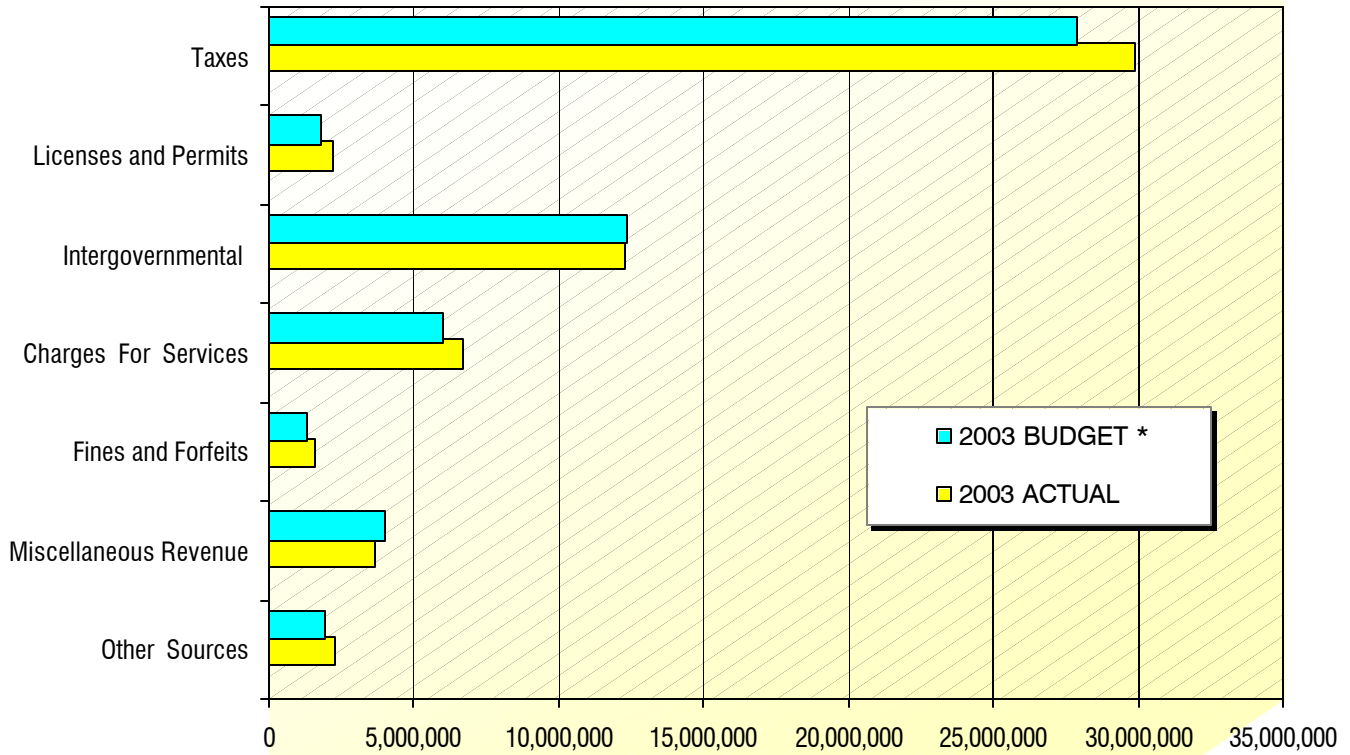
The 2003 General Fund ending fund balance of \$18.6 million is \$3.6 million more than the projection developed during the 2004 budget process. This surplus is the result of revenues that exceeded expectations, due to very active real estate, construction, and refinancing markets. In addition, the budget lapse exceeded our estimate of 3% of budgeted expenditures. The actual budget lapse was 5.5%.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Revenue - Budget vs. Actual



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

| | 2003 Budget Adopted | 2003 Budget Supp'ls | 2003 Budget Amended | Actual as of 12/31/03 | % Collected To Date |
|-----------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| Taxes | 27,868,927 | 0 | 27,868,927 | 29,860,482 | 107.15% |
| Licenses and Permits | 1,724,534 | 47,955 | 1,772,489 | 2,192,915 | 123.72% |
| Intergovernmental | 12,004,588 | 334,275 | 12,338,863 | 12,303,235 | 99.71% |
| Charges For Services | 5,942,482 | 76,097 | 6,018,579 | 6,700,810 | 111.34% |
| Fines and Forfeits | 1,312,600 | 0 | 1,312,600 | 1,581,267 | 120.47% |
| Miscellaneous Revenue | 3,958,838 | 29,342 | 3,988,180 | 3,688,843 | 92.49% |
| Other Sources | 1,847,564 | 79,591 | 1,927,155 | 2,270,528 | 117.82% |
| Total Revenue | 54,659,533 | 567,260 | 55,226,793 | 58,598,080 | 106.10% |

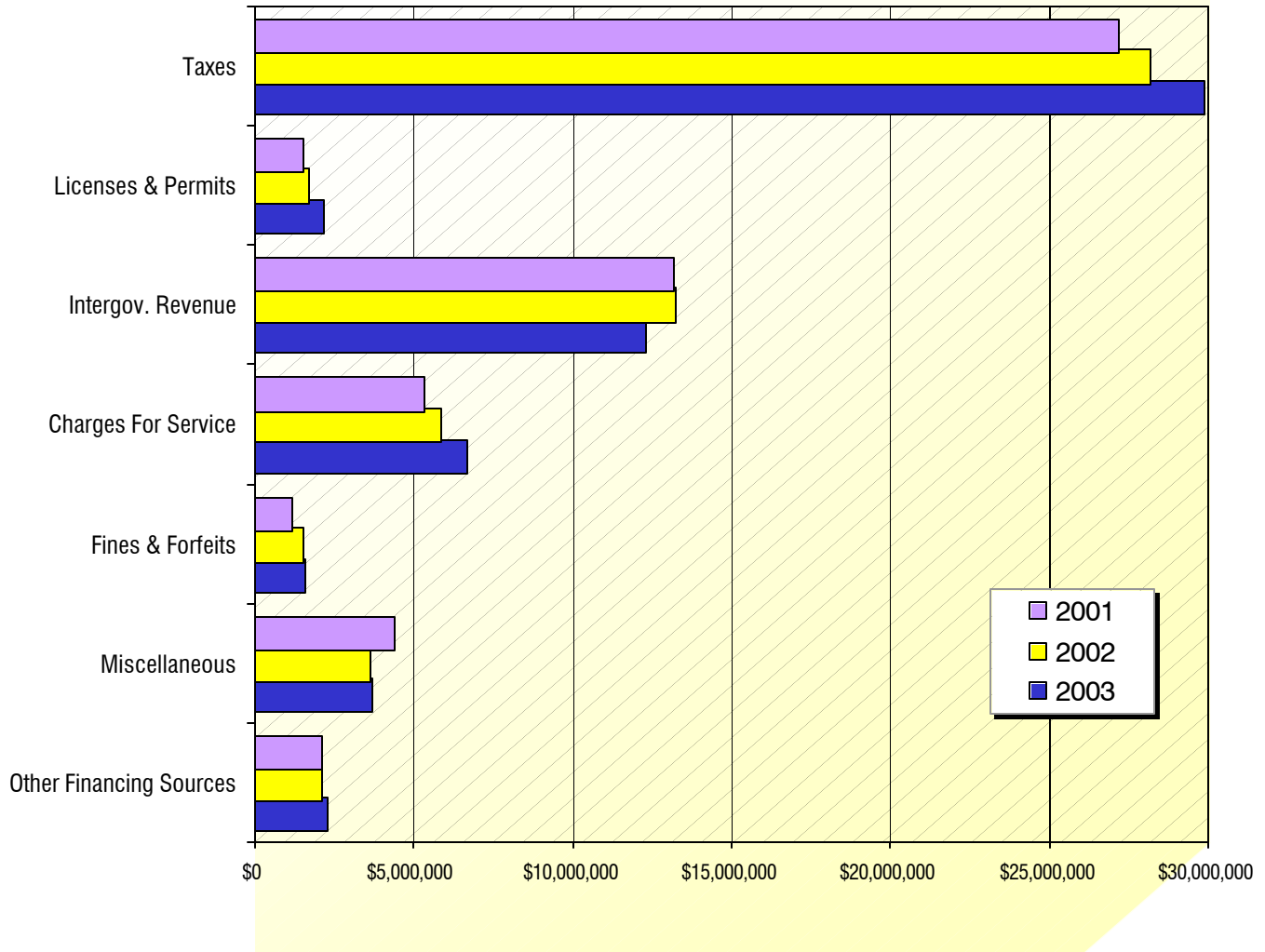
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Revenue to Date - Compared to Prior Years



| | 2001 | 2002 | 2003 |
|-------------------------|-------------------|-------------------|-------------------|
| Taxes | 27,190,529 | 28,171,111 | 29,860,482 |
| Licenses & Permits | 1,538,339 | 1,709,737 | 2,192,915 |
| Intergov. Revenue | 13,174,426 | 13,214,714 | 12,303,235 |
| Charges For Service | 5,345,388 | 5,870,901 | 6,700,810 |
| Fines & Forfeits | 1,185,665 | 1,524,102 | 1,581,267 |
| Miscellaneous | 4,379,934 | 3,661,813 | 3,688,843 |
| Other Financing Sources | 2,085,793 | 2,123,356 | 2,270,528 |
| Total Revenue | 54,900,074 | 56,275,734 | 58,598,080 |

See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Revenue Notes

Taxes

Property tax and retail sales tax make up 92% of Whatcom County's tax revenue.

- Tax revenues were 6%, or \$1.7 million greater than last year. The General Fund property tax levy for 2003 is \$17,510,307. Property tax revenues for 2003 were \$16,968,301. This is \$540,000 more than 2002 property tax collections.
- Delinquent tax collections were \$187,000 higher than last year. Interest and penalty collections on delinquent property taxes were 16% higher than 2002 for a total of \$1,893,154. Increased delinquent tax, interest and penalty collections can be attributed to substantial delinquency payments made as a result of the currently active real estate and refinancing market in Whatcom County.
- Sales tax collections were \$463,500 greater than last year. 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. Last year's collections included a \$346,700 payment that was not repeated in 2004. Criminal Justice Sales Tax revenue of \$1,281,111 was collected in 2003. This is 9.7% higher than 2002. Total sales tax revenue collected for 2003 was \$8,706,512.

Licenses & Permits

Health Department permits account for 23% of this revenue. Building permits account for 76% of "Licenses & Permits" revenue. The balance is composed of marriage licenses and fire control permits.

- At year-end, 124% of the 2003 budget, or \$2,192,915 of "Licenses and Permits" revenue was collected. This is \$483,000 more than was collected in 2002.
- Building permit revenues were \$406,600, or 32.6%, higher than 2002, with revenue totaling \$1,651,941. This is almost one-third over budget. Increases are due to continuing strong building industry activity.

Intergovernmental Revenue

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

- Revenues as of year-end were 99.7% of budget, which is \$36,000 less than budget, and \$911,500 less 2002 collections. Final year-end grant accounts receivable adjustments will result in additional amounts of revenue recorded in this category. Final figures are expected to exceed budgeted amounts, due to receipt of \$427,600 of unbudgeted state entitlements for I-695 replacement funds in the Health Department.

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 and Human Services Department) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Revenue Notes, continued

- "Charges for Services" revenues totaled \$6.7 million for 2003. This category was \$830,000, or 14% greater than 2002.
- Auditor Filing/Recording fees were \$206,000 greater than 2002. Collections for 2003 were 101% over budget at \$802,445. This is due to the continuing low interest rates that have resulted in more mortgages being refinanced, and therefore greater recording fee revenues.
- District Court Probation contract revenue was \$83,500, or 16% greater than last year. On the other hand, reimbursable overtime revenue in the Sheriff's Office was \$202,000 below 2002 amounts.
- Plan check and review fees increased \$575,367, or 42% over 2002. This increase was 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 were \$57,000 greater than last year for a total of \$1,581,267. Traffic infractions were \$110,400, or 13%, greater than 2002. Other categories of fines and forfeits, such as penalties and criminal costs, were \$53,000 less than 2002. These categories were down mainly because of a change in collection policies at the state level by the Department of Corrections, which made collections the responsibility of local jurisdictions.

Miscellaneous

"Miscellaneous" revenue is approximately 75% investment interest earnings and 6% franchise fees for cable television operators. The balance is other small amounts of revenue, such as rental of campsites, rental of canoes and sale of surplus equipment.

- "Miscellaneous" revenues were \$27,000 greater than 2002 collections. These revenues consist of interest earnings, rents, contributions, refunds, and various small, otherwise unclassifiable amounts.
- Interest earnings were \$333,000 less than 2002 figures, and are only 88% of budget expectations. This is due to low interest rates.
- Contributions were \$321,500 greater than last year due to revenue from Alcoa grants.
- Rents, royalties and other miscellaneous revenues are currently \$38,000 greater than 2002. This figure is expected to rise as more fourth quarter cable company franchise fees are received.

Other Financing Sources

"Other Financing Sources" revenue is approximately 37% state timber revenues and 63% operating transfers from other Whatcom County Funds.

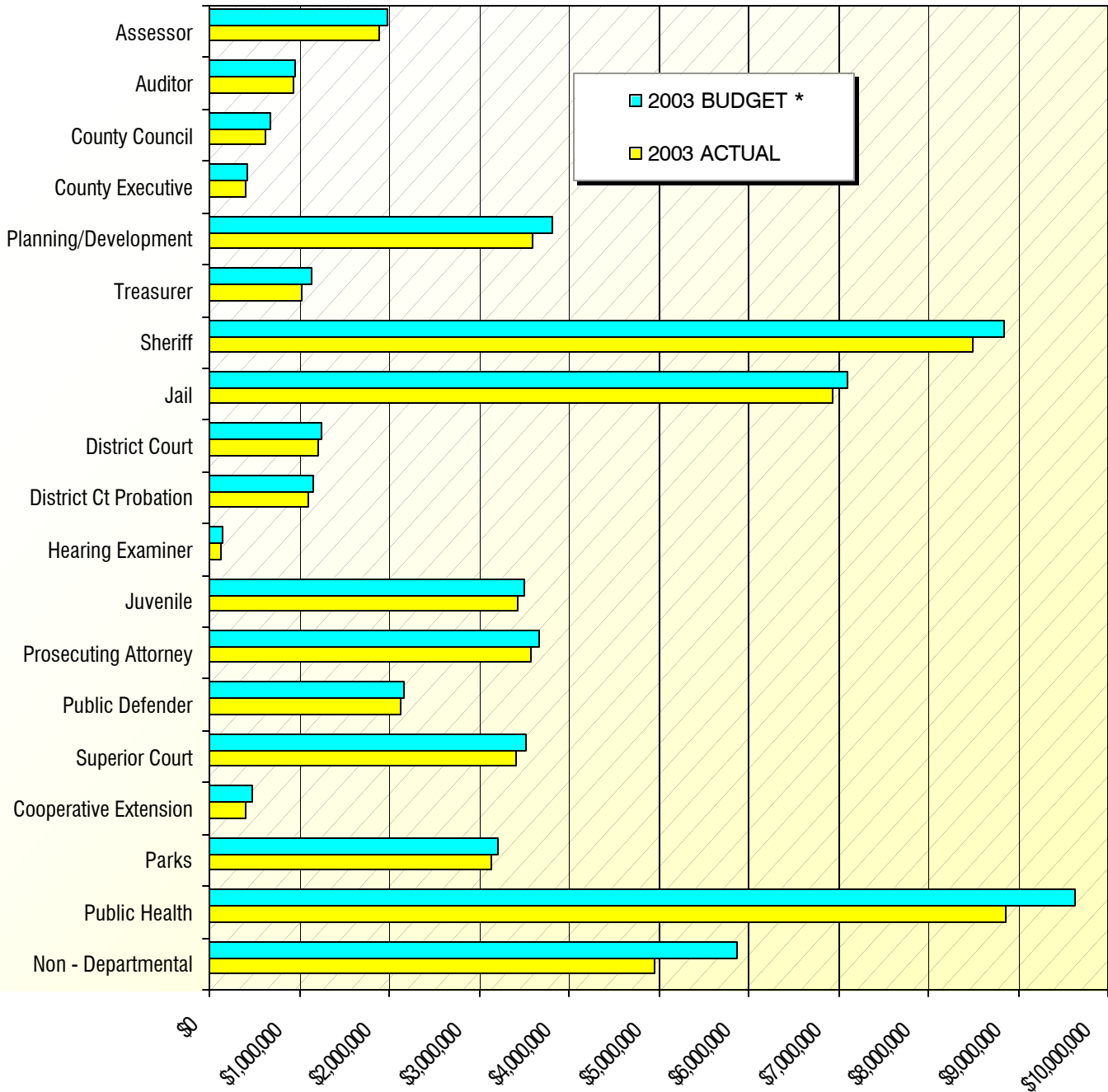
- State timber sale revenue was \$255,000 greater than 2002 figures and was 53% over budget. This revenue source fluctuates significantly from year to year.
- Operating transfers were \$62,000 over budget due to unbudgeted amounts received from other funds. This revenue source fluctuates moderately from year to year.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Expenditures - Budget vs. Actual



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

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

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Expenditures - Budget vs Actual

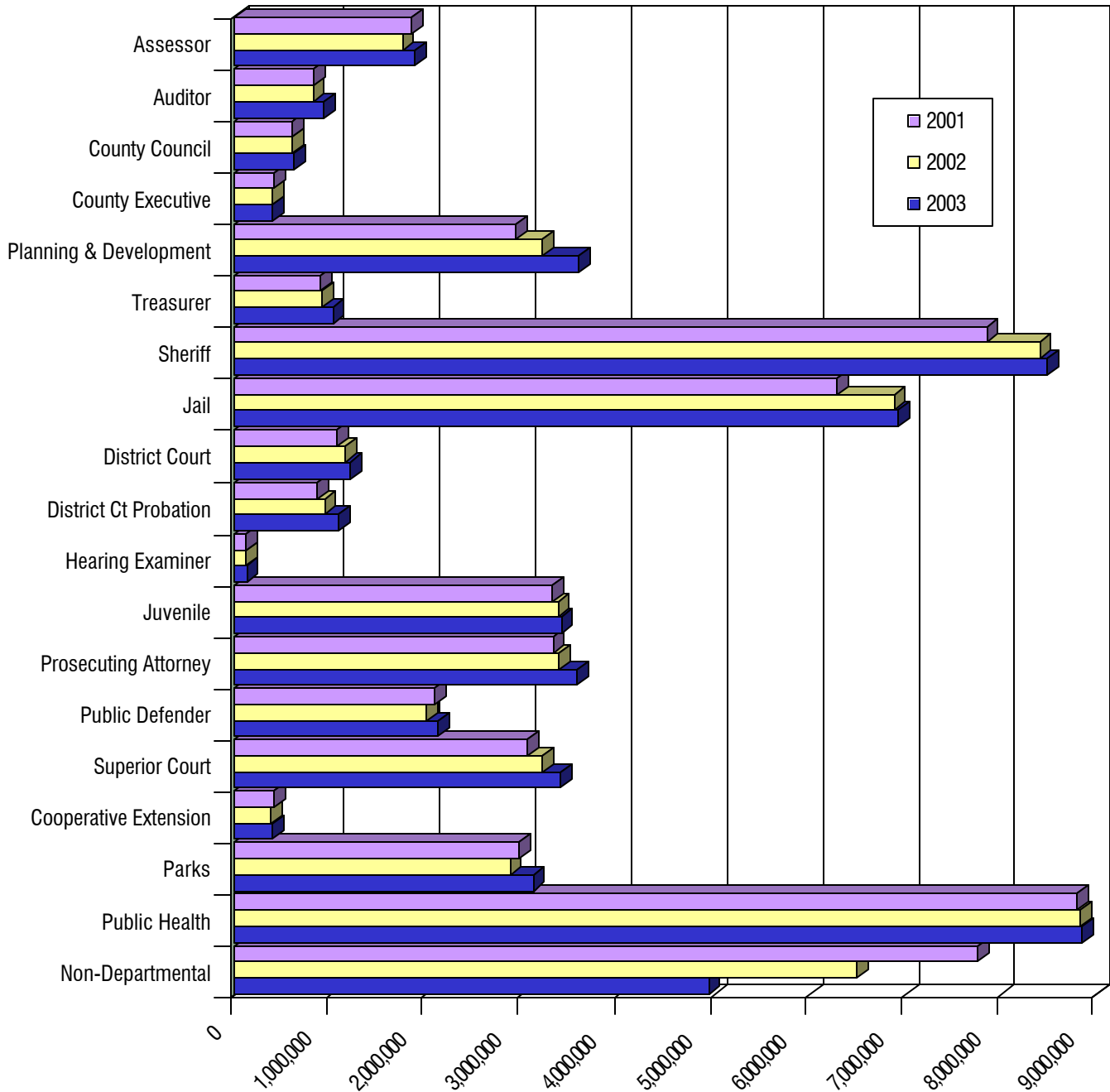
| | Adopted 2003 Budget | Budget Supplementals | Amended Budget | Actual as of 12/31/03 | % Expended To Date |
|--------------------------|------------------------|-------------------------|-------------------|--------------------------|-----------------------|
| Assessor | 1,871,585 | 101,252 | 1,972,837 | 1,890,779 | 95.84% |
| Auditor | 891,769 | 70,173 | 961,942 | 938,145 | 97.53% |
| County Council | 661,732 | 12,386 | 674,118 | 621,852 | 92.25% |
| County Executive | 414,241 | 11,936 | 426,177 | 404,481 | 94.91% |
| Planning & Development | 3,373,626 | 439,641 | 3,813,267 | 3,591,857 | 94.19% |
| Treasurer | 1,013,883 | 131,656 | 1,145,539 | 1,036,649 | 90.49% |
| Sheriff | 8,591,225 | 259,646 | 8,850,871 | 8,493,582 | 95.96% |
| Jail | 6,776,557 | 319,788 | 7,096,345 | 6,937,836 | 97.77% |
| District Court | 1,166,734 | 76,000 | 1,242,734 | 1,214,422 | 97.72% |
| District Court Probation | 1,147,987 | 2,063 | 1,150,050 | 1,099,065 | 95.57% |
| Hearing Examiner | 149,313 | 4,402 | 153,715 | 131,534 | 85.57% |
| Juvenile | 3,358,165 | 140,876 | 3,499,041 | 3,426,386 | 97.92% |
| Prosecuting Attorney | 3,473,646 | 192,669 | 3,666,315 | 3,573,699 | 97.47% |
| Public Defender | 2,053,755 | 107,752 | 2,161,507 | 2,131,924 | 98.63% |
| Superior Court | 3,462,017 | 63,190 | 3,525,207 | 3,415,924 | 96.90% |
| Cooperative Extension | 402,584 | 77,421 | 480,005 | 407,383 | 84.87% |
| Park | 2,985,032 | 221,758 | 3,206,790 | 3,131,886 | 97.66% |
| Public Health | 9,277,875 | 360,053 | 9,637,928 | 8,856,789 | 91.90% |
| Non - Departmental | 6,665,666 | (795,423) | 5,870,243 | 4,952,621 | 84.37% |
| Total General Fund Exp | 57,737,392 | 1,797,239 | 59,534,631 | 56,256,814 | 94.49% |

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Expenditures to Date - Compared to Prior Years



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

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Expenditures to Date - Compared to Prior Years

| | 2001 | 2002 | 2003 |
|------------------------|-------------------|-------------------|-------------------|
| Assessor | 1,853,251 | 1,760,234 | 1,890,779 |
| Auditor | 832,254 | 826,093 | 938,145 |
| County Council | 613,978 | 610,348 | 621,852 |
| County Executive | 415,887 | 405,788 | 404,481 |
| Planning & Development | 2,948,697 | 3,223,227 | 3,591,857 |
| Treasurer | 904,438 | 916,926 | 1,036,649 |
| Sheriff | 7,859,631 | 8,416,337 | 8,493,582 |
| Jail | 6,298,170 | 6,890,142 | 6,937,836 |
| District Court | 1,077,033 | 1,167,461 | 1,214,422 |
| District Ct Probation | 873,843 | 948,063 | 1,099,065 |
| Hearing Examiner | 120,473 | 119,395 | 131,534 |
| Juvenile | 3,331,408 | 3,394,320 | 3,426,386 |
| Prosecuting Attorney | 3,337,239 | 3,396,985 | 3,573,699 |
| Public Defender | 2,096,149 | 2,014,952 | 2,131,924 |
| Superior Court | 3,073,430 | 3,225,783 | 3,415,924 |
| Cooperative Extension | 419,685 | 380,461 | 407,383 |
| Parks | 2,987,414 | 2,890,324 | 3,131,886 |
| Public Health | 8,802,897 | 8,839,321 | 8,856,789 |
| Non-Departmental | 7,765,431 | 6,496,627 | 4,952,621 |
| TOTAL | 55,611,308 | 55,922,787 | 56,256,814 |

General Fund Expenditure Notes

Overall expenditures for the General Fund were at 94.5% of the approved budget at year end. Continuing appropriations will carry over approximately \$230,000 of spending authority into 2004 for incomplete contracts. All departments were within their budget authorization.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



General Fund Conclusion

| 2004 GENERAL FUND BEGINNING FUND BALANCE | |
|---|----------------------|
| Actual Balance Forward From 2002 | \$ 16,495,488 |
| 2003 Revenues | \$ 58,598,080 |
| 2003 Expenditures | \$ (56,256,814) |
| Subtotal | \$ 18,836,754 |
| 2003 Continuing Appropriations (estimated 2/3/04) | \$ (229,891) |
| 2003 GENERAL FUND ENDING FUND BALANCE | \$ 18,606,863 |
| 2004 General Fund Beginning Fund Balance | \$ 18,606,863 |

General Fund Conclusion Notes

Whatcom County experienced 4.1% revenue growth in 2003. This is up from the 2.5% growth experienced during 2002, and down from 5.2% growth during 2001. Tax collections grew 6%, with property taxes up \$752,000 due to new construction. Retail sales taxes were up \$576,700, or 8% due to continuing strong activity in the building industry. In addition, interest and penalty collections on delinquent taxes were up \$260,000 due to strong real estate sales and refinancing activity. Charges for services are \$830,000 greater than 2002. This was driven by increased Auditor recording revenue (due to mortgage refinancing activity), and plan check revenue in Planning and Development Services (due to building activity). Interest income dropped \$333,000, or 12% due to low interest rates. Expenditures were 94.5% of budget appropriations. The ending fund balance for 2003 is \$18.6 million. This is \$3.6 million more than was anticipated in the 2004 budget. Whatcom County's General Fund is starting 2004 in good financial condition.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



Special Revenue Funds and Other Funds - Revenues

| | 2002 Actual As of 12/31/2002 | 2003 Actual As of 12/31/2003 | 2003 Budget | % Collected of 2003 Budget | * |
|---------------------------------|---------------------------------|---------------------------------|----------------|-------------------------------|---|
| County Road Fund | 20,825,732 | 20,424,362 | 20,901,208 | 97.72% | |
| Election Reserve Fund | 670,354 | 731,722 | 493,129 | 148.38% | 1 |
| Veterans Relief | 156,555 | 151,181 | 146,355 | 103.30% | |
| Water Resources Fund | 3,090,306 | 2,200,825 | 2,924,000 | 75.27% | 2 |
| Low Income Housing Fund | 179,772 | 403,418 | 200,000 | 201.71% | 3 |
| Solid Waste Fund | 1,181,674 | 786,072 | 1,012,600 | 77.63% | 4 |
| WC Convention Center Fund | 147,306 | 162,021 | 115,000 | 140.89% | 5 |
| Victim/Witness Assistance Fund | 123,741 | 116,089 | 118,925 | 97.62% | |
| CERB fund | 312,207 | 168,318 | 203,843 | 82.57% | |
| Whatcom Co Drug Fund | 423,533 | 1,068,750 | 355,903 | 300.29% | 6 |
| Auditor's O&M Fund | 146,078 | 202,159 | 105,000 | 192.53% | 3 |
| Emergency Management | 352,767 | 294,890 | 335,754 | 87.83% | |
| Flood Control Zone Dist Fund | 4,700,087 | 4,562,961 | 5,716,133 | 79.83% | 7 |
| PT Roberts Fuel Tax | 18,751 | 27,147 | 20,000 | 135.74% | |
| Conservation Futures Fund | 779,272 | 814,651 | 797,547 | 102.14% | |
| Sub-Flood Zones | 118,611 | 121,934 | 117,437 | 103.83% | |
| Real Estate Excise Tax Fund | 1,192,147 | 1,450,981 | 1,000,000 | 145.10% | 3 |
| Whatcom Co Supplemental Retire. | 50,000 | 120,000 | 120,000 | 100.00% | |
| Public Utilities Improvement | 1,881,126 | 2,055,993 | 1,600,000 | 128.50% | 8 |
| Whatcom Co Investment Pool | 188,851 | 194,225 | 184,530 | 105.25% | |
| Equipment Rental & Revolving | 7,792,975 | 8,155,502 | 7,763,819 | 105.04% | |

Special Revenue Funds and Other Funds - Revenue Notes

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

- ¹ Revenues from local jurisdictional elections resulted in higher than expected receipts.
- ² Additional transfers and grant revenue of approximately \$130,000 will be recorded during final adjustments. Budgeted grant revenues of \$250,000 will actually be received and recorded in the Road Fund for culvert projects. Actual transfers from the Flood Fund will be about \$350,000 less than budget.
- ³ Greater than anticipated collections due to strong real estate sales and refinancing market caused by lower interest rates.
- ⁴ Revenue is expected to approximate budgeted amounts once fourth quarter excise tax collections and grant billings are recorded.
- ⁵ Actual collections exceeded expectations due to more bed and breakfast and other lodging activity than expected; 2004 budget has been adjusted accordingly.
- ⁶ Received almost \$700,000 from 3 confiscated property transactions during the last two months of the year.
- ⁷ Additional grant, property owner and subzone billings should increase final revenue figures approximately \$350,000. Grant funding for a major land buyout project will be continued into 2004.
- ⁸ Retail sales have been stronger than expected due to continuing strong building industry activity.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



Special Revenue Funds and Other Funds - Expenditures

| | 2002 Actual As of 12/31/2002 | 2003 Actual As of 12/31/2003 | 2003 Budget | % Expended of 2002 Budget | * |
|---------------------------------|---------------------------------|---------------------------------|----------------|------------------------------|----|
| County Road Fund | 21,487,710 | 19,444,037 | 26,686,514 | 72.86% | 1 |
| Election Reserve Fund | 691,566 | 607,202 | 649,396 | 93.50% | |
| Veterans Relief | 119,596 | 145,755 | 146,355 | 99.59% | |
| Water Resources Fund | 3,249,174 | 2,777,280 | 3,438,198 | 80.78% | 2 |
| Solid Waste Fund | 1,077,779 | 955,219 | 1,258,898 | 75.88% | 3 |
| WC Convention Center Fund | 131,500 | 137,999 | 142,000 | 97.18% | |
| Victim/Witness Assistance Fund | 125,877 | 105,775 | 112,798 | 93.77% | |
| CERB fund | 312,207 | 168,318 | 203,904 | 82.55% | |
| Whatcom Co Drug Fund | 490,785 | 550,413 | 720,860 | 76.36% | 4 |
| Auditor's O&M Fund | 29,046 | 13,360 | 237,121 | 5.63% | 5 |
| Emergency Management | 331,340 | 358,351 | 403,754 | 88.75% | |
| Flood Control Zone Dist Fund | 5,807,501 | 4,793,669 | 8,540,704 | 56.13% | 6 |
| Conservation Futures Fund | 508,258 | 27,617 | 105,245 | 26.24% | 4 |
| Sub-Flood Zones | 35,016 | - | 141,250 | 0.00% | 7 |
| Real Estate Excise Tax Fund | 689,428 | 993,173 | 994,012 | 99.92% | |
| Whatcom Co Supplemental Retire. | 158,916 | 157,929 | 170,000 | 92.90% | |
| Public Utilities Improvement | 105,089 | 404,070 | 801,102 | 50.44% | 8 |
| Whatcom Co Investment Pool | 188,851 | 192,332 | 194,030 | 99.12% | |
| Equipment Rental & Revolving | 7,835,792 | 7,224,771 | 8,268,342 | 87.38% | 9 |
| Administrative Services Fund | 11,256,435 | 12,432,811 | 13,898,277 | 89.46% | 10 |

*See page 13 for Notes.

Whatcom County Fourth Quarter 2003 Financial Report

For the Quarter Ended December 31, 2003



Special Revenue Funds and Other Funds - Expenditures Notes

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

- 1 Continuing appropriations of \$3.15 million will be added to the 2004 budget for contracts in progress at year-end. Road fund projects budgeted but not accomplished in 2003, due to permitting delays, will be completed in succeeding years.
- 2 Water Resources has continuing appropriations of \$127,000 that will be added to the 2004 budget for contracts in progress at year-end. Grant-funded culvert projects totalling \$250,000 budgeted for Water Resources were actually performed in the Road Fund.
- 3 Continuing appropriations of \$63,960 will be added to the 2004 budget for contracts in progress at year-end. Grant funded projects often span more than one year, incomplete amounts are reauthorized for the following year.
- 4 Budgets allow for plans and circumstances that may occur, actual results differ.
- 5 Continuing appropriations of \$105,200 will be added to the 2004 budget for contracts in progress at year-end. In addition, budget allowed for projects that may occur; actual results differ.
- 6 Continuing appropriations of \$1,148,800 will be added to the 2004 budget for contracts in progress at year-end. Grant funded projects often span more than one year, incomplete amounts are reauthorized for the following year.
- 7 Year-end billings from the Flood Control Zone District will cause actual expenditures to approximate budgeted amounts.
- 8 Continuing appropriations of \$155,348 will be added to the 2004 budget for contracts in progress at year-end. Budgets allow for projects that may occur, actual results differ.
- 9 Continuing appropriations of \$356,926 will be added to the 2004 budget for contracts in progress as year-end. Actual results have been adjusted for depreciation, cost of goods sold and capitalized items to be comparable with budget.
- 10 Continuing appropriations of \$132,390 will be added to the 2004 budget for contracts in progress at year-end. Judgements and self-insurance claims were \$570,000 less than budgeted reserves and computer equipment and capital outlays were \$185,000 less than budget. Actual results have been adjusted for depreciation and capitalized items to be comparable with budget.