

Whatcom County Fourth Quarter 2005 Financial Report

For the Quarter Ended December 31, 2005



Executive Summary

The following information presents Whatcom County's fourth quarter 2005 financial report. At year-end, Whatcom County's General Fund collected 102% of its budgeted revenues and spent 93% of its budgeted expenditures.

Whatcom County experienced 6.1% revenue growth in 2005. This is a slight increase from the 5.2% growth experienced during 2004, and 5.3% growth during 2003. Tax collections grew 5%, with property taxes up \$1,032,770 due to new construction. Retail sales taxes were up \$743,050 due to continuing strong activity in the building industry. Charges for services were up \$671,500 over 2004 driven by plan check fees, sub-division fees and site review fees. Interest income increased \$890,245 over 2004 due to rising interest rates on Whatcom County's investments.

The 2005 General Fund ending fund balance of \$21.7 million is \$3.3 million more than projections developed during the 2005-2006 budget process. The budget lapse for 2005, after considering continuing appropriations carried into 2006, was 5.6% of budgeted expenditures.

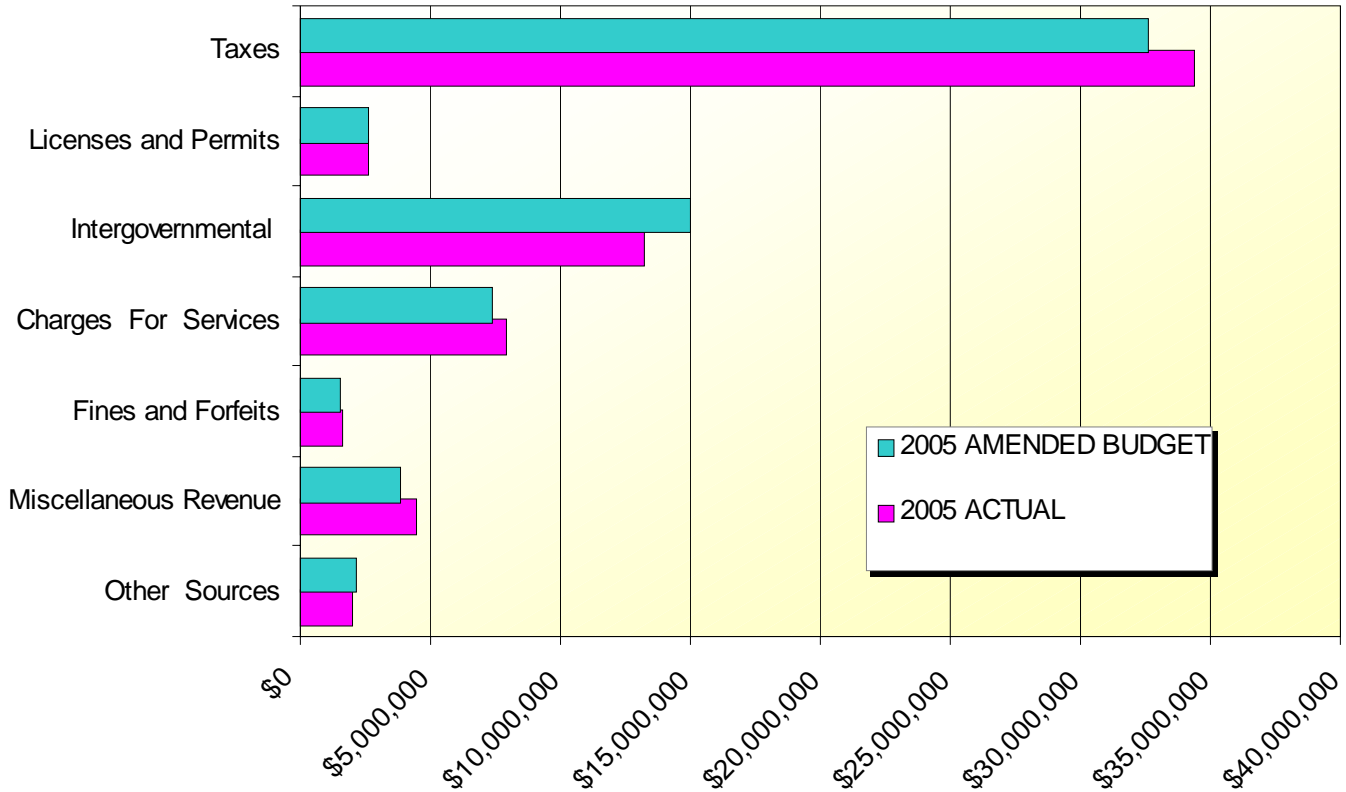
Revenue growth has resulted in Whatcom County maintaining its strong fund balance position. These growing revenues will assist us in meeting our citizens' increased demand for services. The General Fund is in sound financial condition and Whatcom County is in a good position to move forward with its approved 2006 budget.

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General Revenue - Budget vs. Actual



	2005 Budget Adopted	2005 Budget Supp'ls	2005 Budget Amended	Actual as of 12/31/05	% Collected To Date
Taxes	32,612,911	0	32,612,911	34,360,339	105.36%
Licenses and Permits	2,400,940	210,000	2,610,940	2,639,392	101.09%
Intergovernmental	12,957,937	2,054,952	15,012,889	13,214,160	88.02%
Charges For Services	6,995,804	356,404	7,352,208	7,901,595	107.47%
Fines and Forfeits	1,547,983	0	1,547,983	1,594,349	103.00%
Miscellaneous Revenue	3,695,451	128,683	3,824,134	4,454,134	116.47%
Other Sources	2,099,433	88,471	2,187,904	1,983,616	90.66%
Total Revenue	62,310,459	2,838,510	65,148,969	66,147,585	101.53%

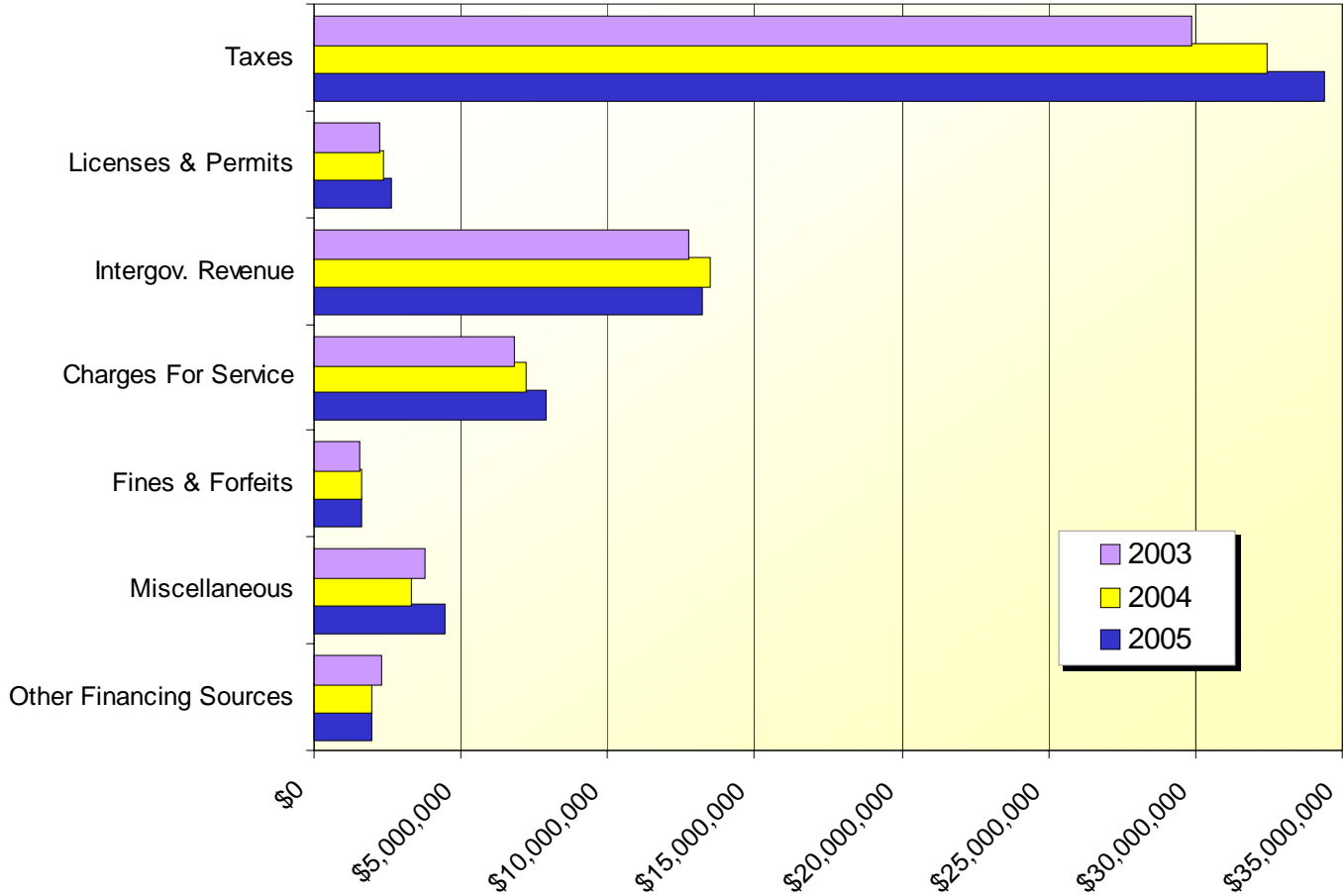
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2003	2004	2005
Taxes	29,883,542	32,460,137	34,360,339
Licenses & Permits	2,192,655	2,334,352	2,639,392
Intergov. Revenue	12,712,994	13,506,420	13,214,160
Charges For Service	6,830,294	7,230,068	7,901,595
Fines & Forfeits	1,582,066	1,615,162	1,594,349
Miscellaneous	3,774,086	3,278,542	4,454,134
Other Financing Sources	2,299,744	1,942,926	1,983,616
Total Revenue	59,275,381	62,367,607	66,147,585

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 93% of the County's tax revenue. Tax revenues are up 5%, or \$1.7 million, over last year.

The General Fund property tax collections totaled \$21,610,810 at year end. This is 102% of the 2005 budget. Property tax revenues in 2005 are \$1 million more than 2004 as the result of new construction added to the tax roll.

Sales tax collections year to date are up \$743,050 over last year due to strong construction activity and new car sales. Total sales tax revenue collected for 2005 is \$10,036,750.

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. At year-end, 101% of the 2005 budget or \$2,639,392 of "Licenses and Permits" revenue has been collected. This is \$305,000 more than was collected in 2004.

Building permit revenues are \$213,000 or 13%, higher than 2004 with revenue totaling \$1,947,670. This increase demonstrates the continued strong activity in the building industry.

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 are 88% of the 2005 budget. Revenues to date are \$292,000 less than 2004. Year-end adjustments will result in additional revenue bringing actual revenues much closer to the budget targets.

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 which help cover the costs of providing specific services used by individual customers. Charges for Services revenues totaled \$7,901,595 for 2005, this is \$671,520 or 9%, more than 2004 charges for services revenue.

Development related fees are generally responsible for increased charges for service revenues. Plan check and review fees increased \$286,500 over 2004, or 24%. Sub-Division review revenue increased \$109,130 or 41% over 2004.

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General Fund Revenue Notes, continued

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 ended 2005 at 103% of budget or \$1,594,349. Year end adjustments will likely reduce revenue closer to the budget of \$1,547,983. Penalties issued from Planning and Development Services will likely be adjusted downward substantially as building fines are usually mitigated through owner compliance activities.

Traffic infractions were down \$114,070, or 11%, from 2004. We believe this was the temporary impact of a Washington State Supreme Court ruling prohibiting the state from suspending drivers' licenses without a hearing.

Miscellaneous

"Miscellaneous" revenues exceeded budget projections by 18% or \$630,000. Rising interest rates were largely responsible for miscellaneous revenues exceeding expectations. Whatcom County earns interest from investing cash balances. Interest earnings were \$890,244 or 45% greater than 2004.

Rental revenues from Parks Department programs and franchise fees also exceeded budget projections.

Other Financing Sources

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

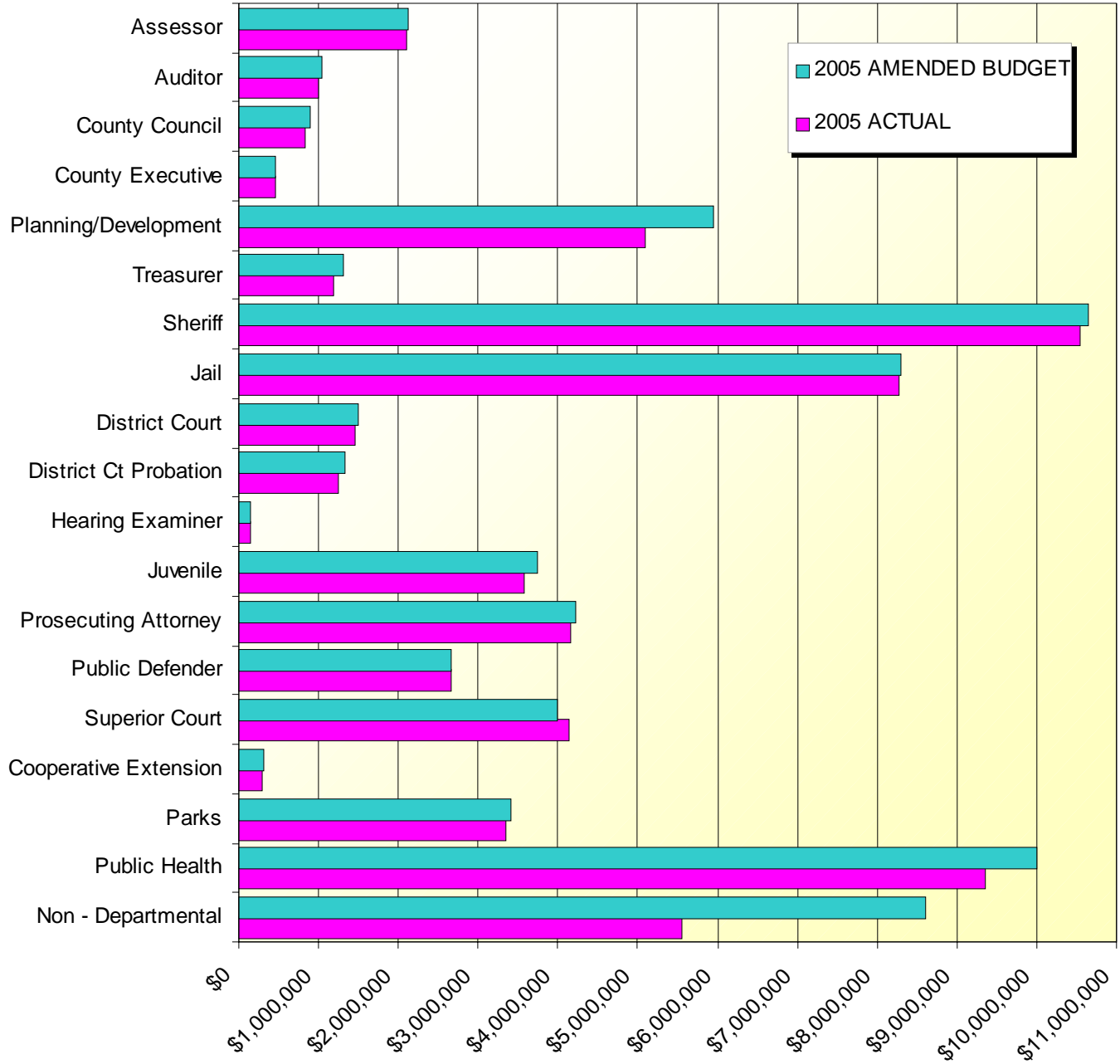
Other financing sources ended the year at 90% of budgeted revenue. State timber revenues met budget projections. The difference between budget and actual is largely due to a transfer to fund a storm water study in Birch Bay. The project did not progress as fast as anticipated in the 2005 budget.

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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 2005 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/05	% Expended To Date
Assessor	2,054,428	58,591	2,113,019	2,103,189	99.53%
Auditor	1,030,042	16,726	1,046,768	1,000,309	95.56%
County Council	814,012	80,451	894,463	830,698	92.87%
County Executive	436,446	23,911	460,357	460,304	99.99%
Planning & Development	4,891,532	1,056,199	5,947,731	5,097,778	85.71%
Treasurer	1,178,235	123,192	1,301,427	1,184,719	91.03%
Sheriff	9,645,221	997,690	10,642,911	10,537,684	99.01%
Jail	7,838,239	457,008	8,295,247	8,267,247	99.66%
District Court	1,481,532	17,042	1,498,574	1,447,234	96.57%
District Court Probation	1,299,482	27,402	1,326,884	1,251,946	94.35%
Hearing Examiner	149,071	4,402	153,473	142,228	92.67%
Juvenile	3,599,239	137,517	3,736,756	3,567,270	95.46%
Prosecuting Attorney	4,025,594	188,970	4,214,564	4,148,979	98.44%
Public Defender	2,488,327	170,533	2,658,860	2,658,547	99.99%
Superior Court	3,709,678	285,183	3,994,861	4,130,610	103.40%
Cooperative Extension	317,278	1,880	319,158	298,593	93.56%
Park	3,239,811	164,092	3,403,903	3,353,876	98.53%
Public Health	9,773,286	228,595	10,001,881	9,355,860	93.54%
Non - Departmental	8,545,673	58,883	8,604,556	5,552,062	64.52%
Total General Fund Exp	66,517,126	4,098,267	70,615,393	65,389,133	92.60%

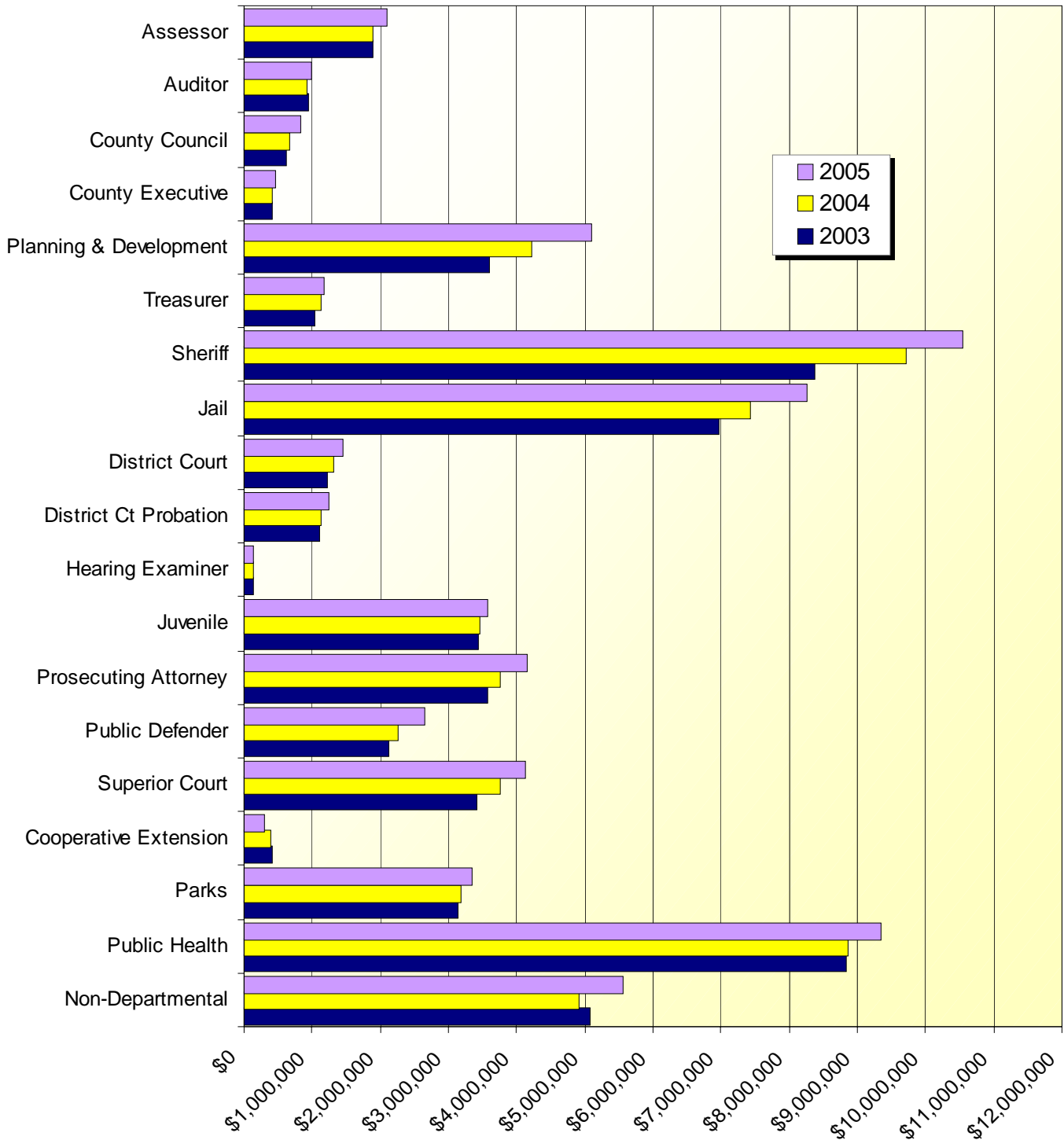
See page 9 for General Fund Expenditure Notes.

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General Fund Expenditures to Date - Compared to Prior Years



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

Whatcom County Fourth Quarter 2005 Financial Report

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General Fund Expenditures to Date - Compared to Prior Years

	2003	2004	2005
Assessor	1,890,779	1,883,558	2,103,189
Auditor	938,145	924,111	1,000,309
County Council	623,882	670,970	830,698
County Executive	404,481	413,389	460,304
Planning & Development	3,591,597	4,226,263	5,097,778
Treasurer	1,036,649	1,136,729	1,184,719
Sheriff	8,372,475	9,721,589	10,537,684
Jail	6,973,780	7,426,716	8,267,247
District Court	1,214,422	1,313,772	1,447,234
District Ct Probation	1,099,065	1,127,402	1,251,946
Hearing Examiner	131,574	138,985	142,228
Juvenile	3,428,110	3,467,891	3,567,270
Prosecuting Attorney	3,573,704	3,764,610	4,148,979
Public Defender	2,134,316	2,252,938	2,658,547
Superior Court	3,418,045	3,760,163	4,130,610
Cooperative Extension	407,383	386,544	298,593
Parks	3,131,886	3,179,504	3,353,876
Public Health	8,829,303	8,869,515	9,355,860
Non-Departmental	5,078,064	4,919,826	5,552,062
TOTAL	56,277,660	59,584,475	65,389,133

General Fund Expenditure Notes

Overall expenditures for the General Fund were at 92.6% of the approved budget at year end. Continuing appropriations will carryover approximately \$1,300,000 of spending authority into 2006 for incomplete contracts. All departments with the exception of Superior Court had expenditures within their budgeted authority.

Superior Court overspent their budget by 3.4%, or \$135,749 dollars, primarily due to Guardian Ad Litem services being overspent.

Non-Departmental expenditures are administered by the County Executive's Office. It includes budgets for contracts and projects that are not attributable to specific program areas. The Non-Departmental budget was 64.5% spent at year end. Year end adjustments will charge more costs to the budget as project costs are finalized. Continuing appropriations in the Non-Departmental budget will carryover contracts to various agencies totaling \$588,840 into 2006.

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2005 GENERAL FUND BALANCE	
Actual Balance Forward From 2004	\$ 22,276,285
2005 Revenues	\$ 66,147,585
2005 Expenditures	<u>\$ (65,389,133)</u>
Subtotal	\$ 23,034,737
2005 Continuing Appropriations	<u>\$ (1,301,155)</u>
2005 GENERAL FUND ENDING FUND BALANCE	\$ 21,733,582
2006 General Fund Beginning Fund Balance	\$ 21,733,582

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Special Revenue Funds and Other Funds - Revenues

	2004 Actual As of 12/31/2004	2005 Actual As of 12/31/2005	2005 Budget	% Collected of 2005 Budget	
County Road Fund	21,206,347	21,816,189	26,060,799	83.71%	
Election Reserve Fund	949,966	1,557,394	1,571,836	99.08%	
Veterans Relief	155,414	171,583	157,674	108.82%	
Whatcom County Jail Fund	0	1,765,995	275,046	642.07%	1
Low Income Housing Fund	341,943	357,094	335,000	106.60%	
Solid Waste Fund	1,224,367	785,782	1,046,000	75.12%	2
WC Convention Center Fund	145,336	159,122	150,000	106.08%	
Victim/Witness Assistance Fund	112,146	113,826	112,717	100.98%	
CERB Fund	107,268	129,693	189,360	68.49%	
Whatcom Co Drug Fund	514,206	715,951	330,000	216.95%	3
Auditor's O&M Fund	163,153	181,649	125,400	144.86%	4
Emergency Management	384,334	848,346	1,620,443	52.35%	5
Flood Control Zone Dist Fund	3,813,436	3,413,740	3,781,065	90.29%	
PT Roberts Fuel Tax	35,278	43,690	30,000	145.63%	
Conservation Futures Fund	1,072,276	1,034,085	1,381,465	74.85%	
Sub-Flood Zones	111,076	125,170	106,188	117.88%	
Real Estate Excise Tax Fund I	1,880,283	2,376,936	1,505,172	157.92%	6
Real Estate Excise Tax Fund II	1,550,885	2,367,326	1,505,172	157.28%	6
Public Utilities Improvement	2,242,088	2,388,339	2,293,425	104.14%	
Whatcom Co Investment Pool	221,635	238,615	183,940	129.72%	
Equipment Rental & Revolving	8,283,676	8,915,867	8,865,130	100.57%	
Administrative Services Fund	12,738,326	14,015,851	16,039,692	87.38%	

Notes:

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

- 1 Whatcom County Jail Fund is a new fund to account for Corrections sales tax. Tax collections began June 1, 2005. The budgeted revenue was included in an approved supplemental budget where revenue was set to equal the requested expenditures.
- 2 Revenue does not include year end adjustments for fourth quarter excise tax collections and grant billings.
- 3 Higher than anticipated confiscated property transactions during the year.
- 4 Recording activity continues to exceed projections. The Auditor's O&M Fund receives a document preservation fee for each document recorded.
- 5 Emergency Management has several homeland security grants which will be recorded with year end adjustments.
- 6 Greater than anticipated collections due to strong real estate sales and refinancing market caused by lower interest rates.

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Special Revenue Funds and Other Funds - Expenditures

	2004 Actual As of 12/31/2004	2005 Actual As of 12/31/2005	2005 Budget	% Expended of 2004 Budget	
County Road Fund	21,959,357	22,638,717	33,489,437	67.60%	1
Election Reserve Fund	1,157,449	1,520,712	1,690,872	89.94%	
Veterans Relief	110,542	107,917	157,674	68.44%	
Water Resources Fund	97,723	15,767	172,000	9.17%	2
Whatcom County Jail	-	77,682	275,046	28.24%	
Low Income Housing	14,000	223,987	370,578	60.44%	
Solid Waste Fund	1,061,577	1,153,908	1,376,845	83.81%	
WC Convention Center Fund	136,338	160,296	161,584	99.20%	
Victim/Witness Assistance Fund	116,839	124,182	124,096	100.07%	
CERB fund	107,268	129,693	189,360	68.49%	
Whatcom Co Drug Fund	579,283	576,583	737,472	78.18%	
Auditor's O&M Fund	378,196	122,910	161,228	76.23%	
Emergency Management	408,143	1,067,641	1,626,082	65.66%	3
Flood Control Zone Dist Fund	3,520,239	3,646,547	6,730,446	54.18%	4
Conservation Futures Fund	1,018,813	1,683,517	1,765,929	95.33%	
Sub-Flood Zones	2,307	30,381	200,250	15.17%	
Real Estate Excise Tax Fund I	2,068,382	1,183,315	1,278,015	92.59%	
Real Estate Excise Tax Fund II	10,922	129,368	184,989	69.93%	
Public Utilities Improvement	435,871	3,350,097	5,315,362	63.03%	5
Whatcom Co Investment Pool	162,547	162,301	183,940	88.24%	
Equipment Rental & Revolving	7,353,016	8,057,231	11,079,023	72.73%	6
Administrative Services Fund	13,925,144	14,771,124	17,455,708	84.62%	7

Notes:

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

- ¹ Continuing appropriations of \$744,100 will be added to the 2006 budget for contracts in progress at year-end.
- ² Water Resources passed a supplemental budget of \$155,000 for Groundwater modeling in the Bertrand Watershed. This project was not completed.
- ³ Grant Contracts were not completed during the year.
- ⁴ Continuing appropriations of \$982,173 dollars will be added to the 2006 budget for contracts in progress at year end.
- ⁵ Continuing appropriations of \$2,014,780 dollars will be added to the 2006 budget for contracts in progress at year-end. Projects often span more than one year; incomplete amounts are reauthorized for the following year.
- ⁶ Continuing appropriations of \$1.2 million will be added to the 2006 budget for contracts in progress at year-end.
- ⁷ Continuing appropriations of \$407,400 will be added to the 2006 budget for contracts in progress at year-end.



2005
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Report

Compiled and Presented by the
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February 21, 2005