

# Whatcom County Fourth Quarter 2006 Financial Report

For the Quarter Ended December 31, 2006



## Executive Summary

The following information presents Whatcom County's fourth quarter 2006 financial report. At year end, Whatcom County's General Fund collected 102% of its budgeted revenues and spent 92% of its budgeted expenditures.

Whatcom County experienced a 1.7% revenue decrease from \$67,359,315 in 2005 to \$66,240,541 in 2006. This reduction is the result of moving Jail related revenue to the new Jail Fund. Tax collections grew 6.4% with property taxes up \$734,600 due to new construction. Retail sales taxes were up \$1,873,840 due to additional tax from the construction on the Williams Pipeline and work at the British Petroleum refinery. These construction projects are now completed. Interest income increased \$1,784,610 over 2005 due to rising interest rates on Whatcom County's investments.

The preliminary 2006 General Fund ending fund balance is \$20.5 million. Following completion of year end adjustments, for grant revenue billings and interfund transfers, the ending fund balance should be close to the \$22.1 million fund balance projected in the 2007-2008 budget process.

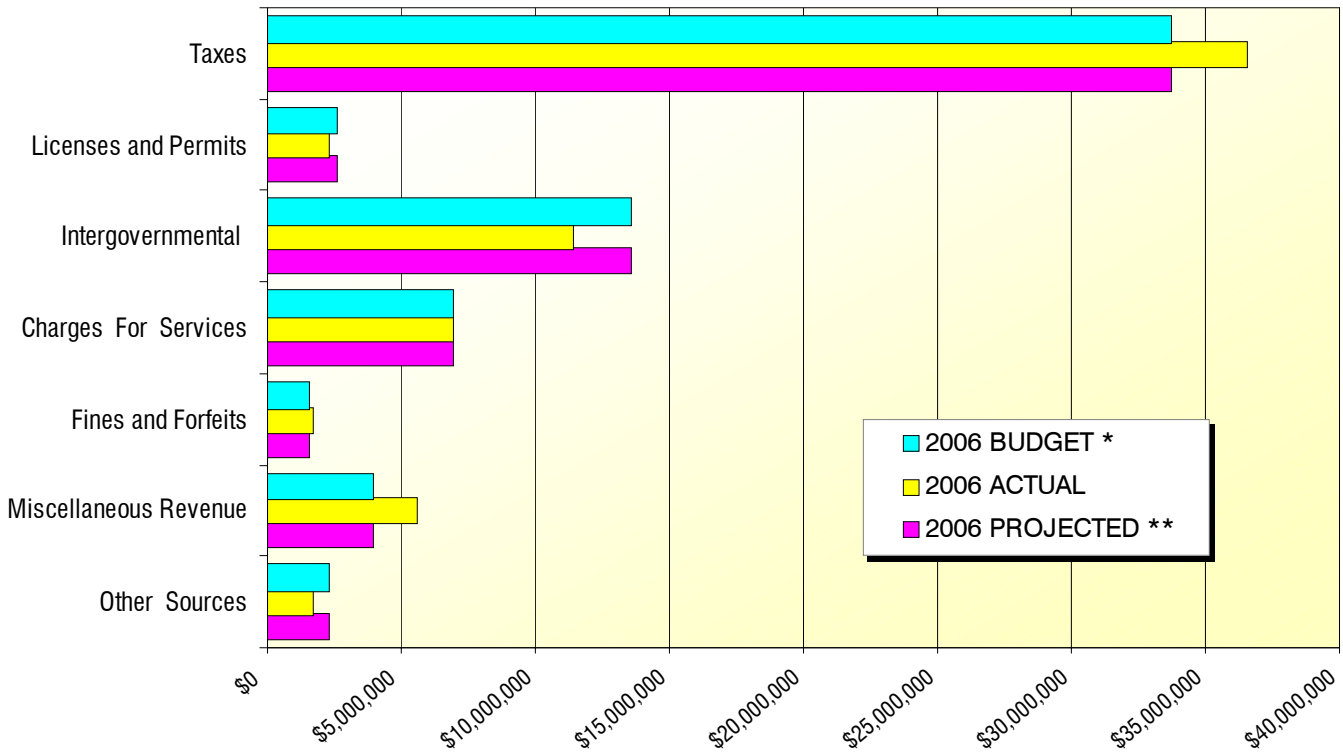
The General Fund is in sound financial condition and Whatcom County is in a good position to move forward with its approved 2007 budget.

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## General Revenue - Budget vs. Actual



	2006 Budget Adopted	2006 Budget Suppl's	2006 Budget Amended	Actual as of 12/31/06	% Collected To Date	Projected as of 12/31/06
Taxes	33,642,668	64,000	33,706,668	36,545,631	108.42%	33,706,668
Licenses and Permits	2,418,150	200,000	2,618,150	2,342,169	89.46%	2,618,150
Intergovernmental	12,554,533	1,005,465	13,559,998	11,394,829	84.03%	13,559,998
Charges For Services	7,020,462	(61,239)	6,959,223	6,905,562	99.23%	6,959,223
Fines and Forfeits	1,577,580	19,966	1,597,546	1,701,993	106.54%	1,597,546
Miscellaneous Revenue	4,027,799	(55,313)	3,972,486	5,623,691	141.57%	3,972,486
Other Sources	1,943,291	352,627	2,295,918	1,726,666	75.21%	2,295,918
<b>Total Revenue</b>	<b>63,184,483</b>	<b>1,525,506</b>	<b>64,709,989</b>	<b>66,240,541</b>	<b>102.37%</b>	<b>64,709,989</b>

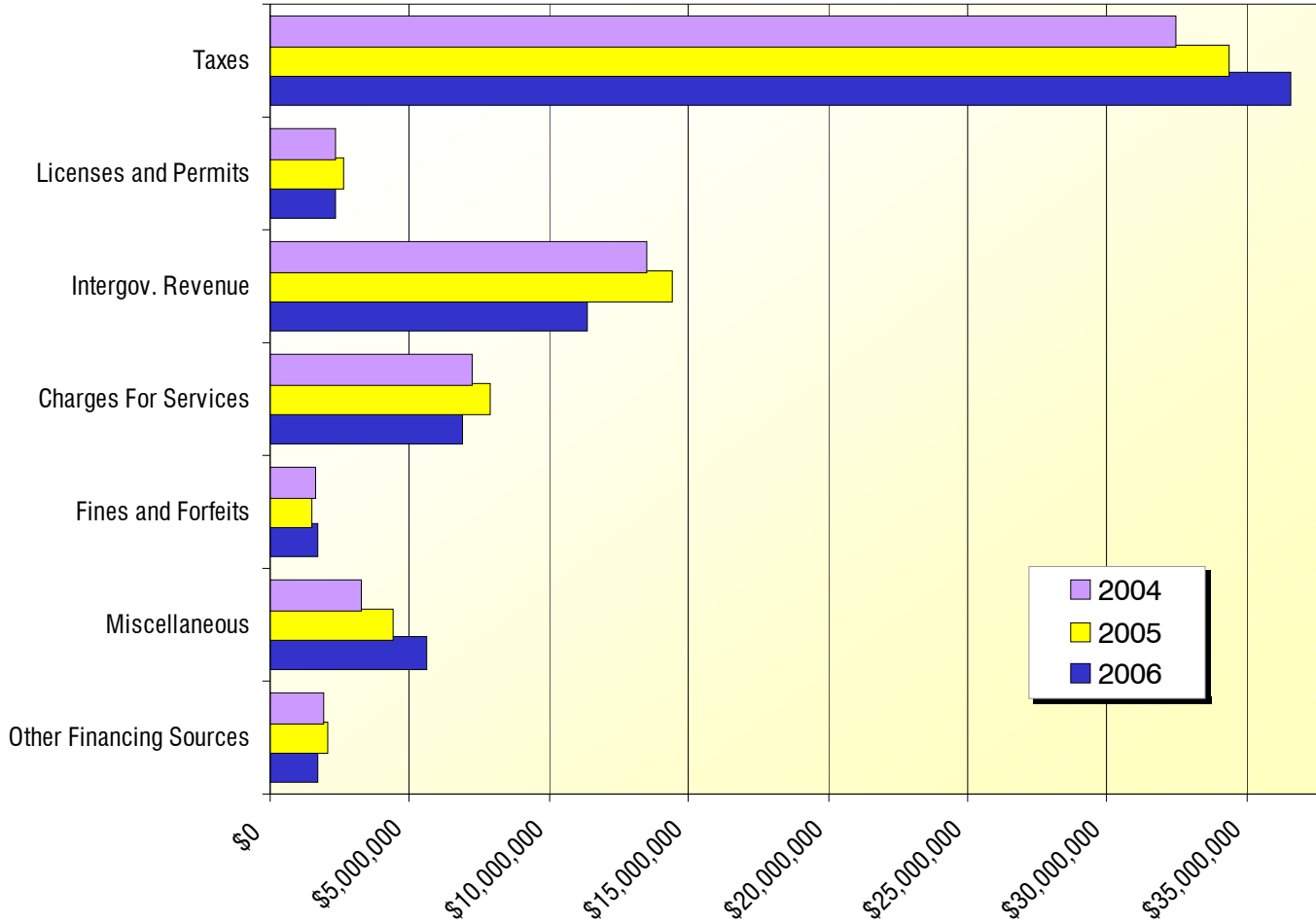
See pages 4 and 5 for General Fund Revenue Notes.

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



	2004	2005	2006
Taxes	32,460,137	34,360,338	36,545,631
Licenses and Permits	2,334,352	2,639,392	2,342,169
Intergov. Revenue	13,506,420	14,427,313	11,394,829
Charges For Services	7,230,068	7,903,005	6,905,562
Fines and Forfeits	1,615,162	1,503,971	1,701,993
Miscellaneous	3,278,542	4,433,024	5,623,691
Other Financing Sources	1,942,926	2,092,272	1,726,666
<b>Total Revenue</b>	<b>62,367,607</b>	<b>67,359,315</b>	<b>66,240,541</b>

See pages 4 and 5 for General Fund Revenue Notes.

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## General Fund Revenue Notes

### Taxes

*Taxes represent 55% of the total revenue of Whatcom County's General Fund. Property tax and retail sales tax make up 94% of the County's tax revenue. Tax revenues are up 6%, or \$2.2 million, over last year.*

The General Fund property tax collections totaled \$22,345,424 at year-end. This is 102% of the 2006 budget. Property tax revenues in 2006 are \$736,600 more than 2005 as the result of new construction added to the tax roll.

Sales tax collections year to date are up \$1.9 million over last year due to strong retail sales and additional sales tax resulting from construction on the Williams Pipeline and work at British Petroleum refinery. Total sales tax revenue collected for 2006 is \$11,910,590. Other tax amounts were similar to prior years.

### Licenses & Permits

*Building permits account for 62% of "Licenses & Permits" revenue. Health Department permits account for 36%. The balance is composed of marriage licenses and fire control permits.*

At year-end, 89.5% of the 2006 budget or \$2,342,169 of "Licenses and Permits" revenue has been collected. This is \$297,000 less than was collected in 2005. On site sewage permit revenue in the Health Department was up \$176,820. This was the result of an accounting change moving permit application fees from charges for services to license and permits.

Building permit revenues are \$488,170 or 25% lower than 2005 with revenue totaling \$1,459,501. The fourth quarter 2006 permit revenue showed the largest decrease from 2005 of more than \$312,450 dollars.

### Intergovernmental Revenue

*"Intergovernmental Revenue" comes from a variety of sources including grant revenue, state entitlements, and payment for intergovernmental services rendered. This category constitutes 17% of total General Fund revenues.*

Revenues as of year-end are 84% of the 2006 budget. Year-end adjustments will result in additional revenue bringing actual revenues much closer to the budget targets. This category was \$3 million less than collected during 2005. The change was largely due to Jail revenue of 1.8 million being moved to the new Jail fund.

### 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*

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## General Fund Revenue Notes, continued

*miscellaneous service fees which help cover the costs of providing specific services used by individual customers. Charges for Services revenues totaled \$6,905,562 for 2006; this is \$997,440 or 12.6%, less than 2005 charges for services revenue. The change was largely due to Jail revenue of \$695,400 being moved to the new Jail fund.*

Plan check fees decreased \$380,000 from 2005, or 35%. Sub-Division review revenue increased \$174,000 or 47% over 2005.

## 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 2006 at 106.5% of budget or \$1,507,993. Year-end adjustments will likely reduce revenue closer to the budget of \$1,597,546. 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 increased \$165,000, or 19%, from 2005. This increase was most likely due to the lifting of a Washington State Supreme Court ruling prohibiting the state from suspending drivers' licenses without a hearing.

## Miscellaneous

*"Miscellaneous" revenues exceeded budget projections by 41.6% or \$1,651,200. Rising interest rates were largely responsible for miscellaneous revenues exceeding expectations. Whatcom County earns interest from investing cash balances. Interest earnings were \$1,784,600 or 63% greater than 2005.*

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

## Other Financing Sources

*"Other Financing Sources" revenue is 25% state timber revenues and 75% operating transfers from other Whatcom County funds.*

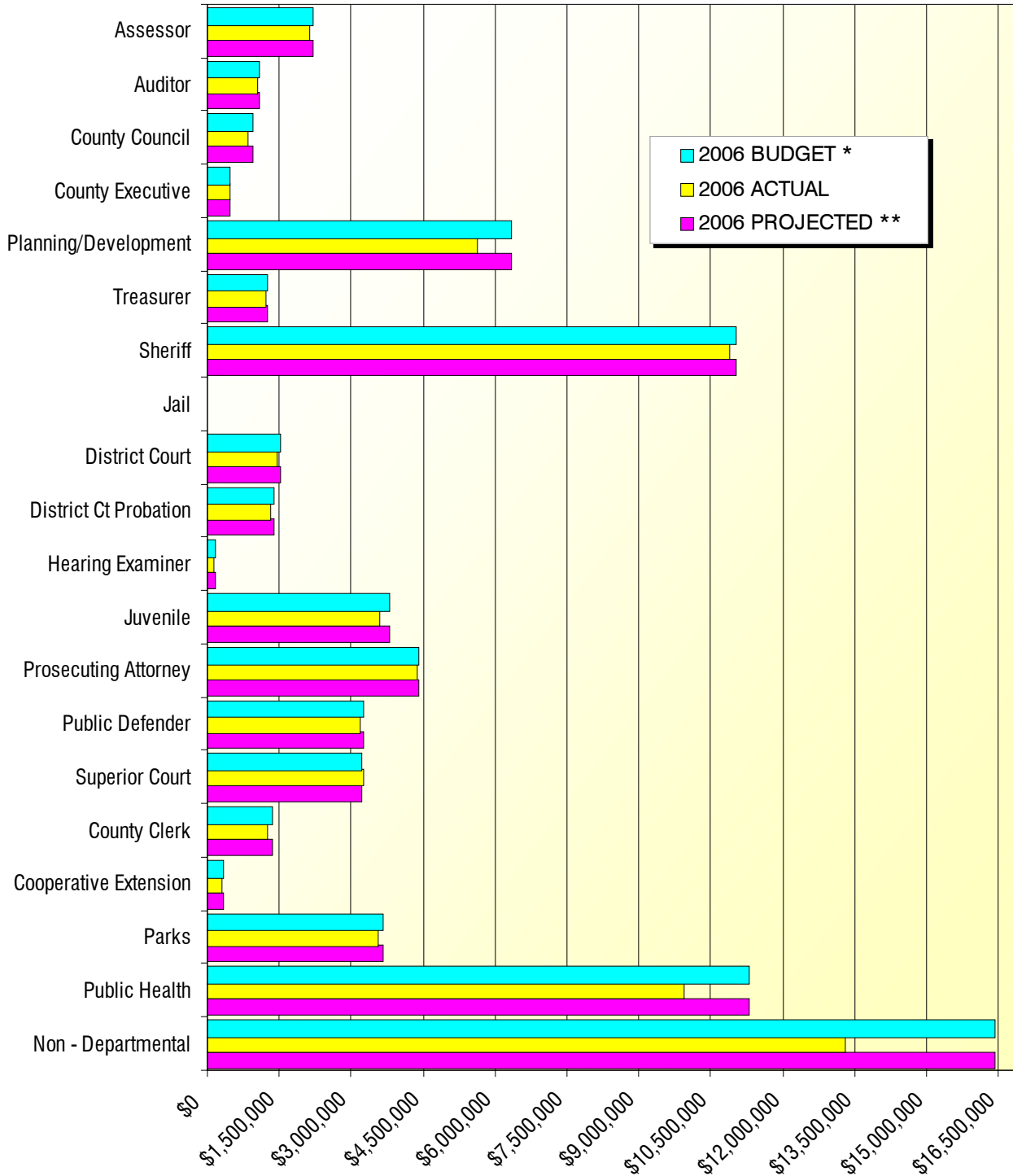
Other financing sources ended the year at 75% of budgeted revenue. State timber revenues were 57.6% of budget projections. This revenue source fluctuates based on harvest plans and market conditions. Operating transfers were 75.2% of budget projections. Occasionally, transfers between funds are contingent upon project scheduling issues; some projects have been delayed until 2007. Other transfers will be made as a result of final adjustments to close out 2006.

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## General Fund Expenditures - Budget vs. Actual



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

# Whatcom County Fourth Quarter 2006 Financial Report

For the Quarter Ended December 31, 2006



## General Fund Expenditures - Budget vs. Actual

	Adopted 2006 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/06	% Expended To Date
Assessor	2,108,599	92,169	2,200,768	2,146,138	97.52%
Auditor	1,073,219	24,221	1,097,440	1,045,632	95.28%
County Council	822,224	134,124	956,348	832,169	87.02%
County Executive	449,970	38,148	488,118	485,354	99.43%
Planning & Development	4,290,128	2,038,765	6,328,893	5,632,026	88.99%
Treasurer	1,215,310	56,230	1,271,540	1,230,648	96.78%
Sheriff	9,538,742	1,489,029	11,027,771	10,881,957	98.68%
District Court	1,479,894	44,139	1,524,033	1,459,591	95.77%
District Court Probation	1,342,164	32,763	1,374,927	1,330,115	96.74%
Hearing Examiner	150,859	2,166	153,025	144,959	94.73%
Jail	7,966,641	(7,966,641)	-	-	0.00%
Juvenile	3,719,719	67,194	3,786,913	3,612,250	95.39%
Prosecuting Attorney	4,184,554	210,311	4,394,865	4,362,010	99.25%
Public Defender	2,647,661	608,345	3,256,006	3,189,107	97.95%
Superior Court Admin	2,436,733	771,711	3,208,444	3,274,386	102.06%
County Clerk	999,450	373,497	1,372,947	1,256,443	91.51%
Cooperative Extension	325,864	2,703	328,567	310,288	94.44%
Park	3,246,496	434,154	3,680,650	3,571,087	97.02%
Public Health	9,898,093	1,398,478	11,296,571	9,930,055	87.90%
Non - Departmental	8,391,329	8,044,446	16,435,775	13,292,383	80.87%
<b>Total General Fund Exp</b>	<b>66,287,649</b>	<b>7,895,952</b>	<b>74,183,601</b>	<b>67,986,598</b>	<b>91.65%</b>

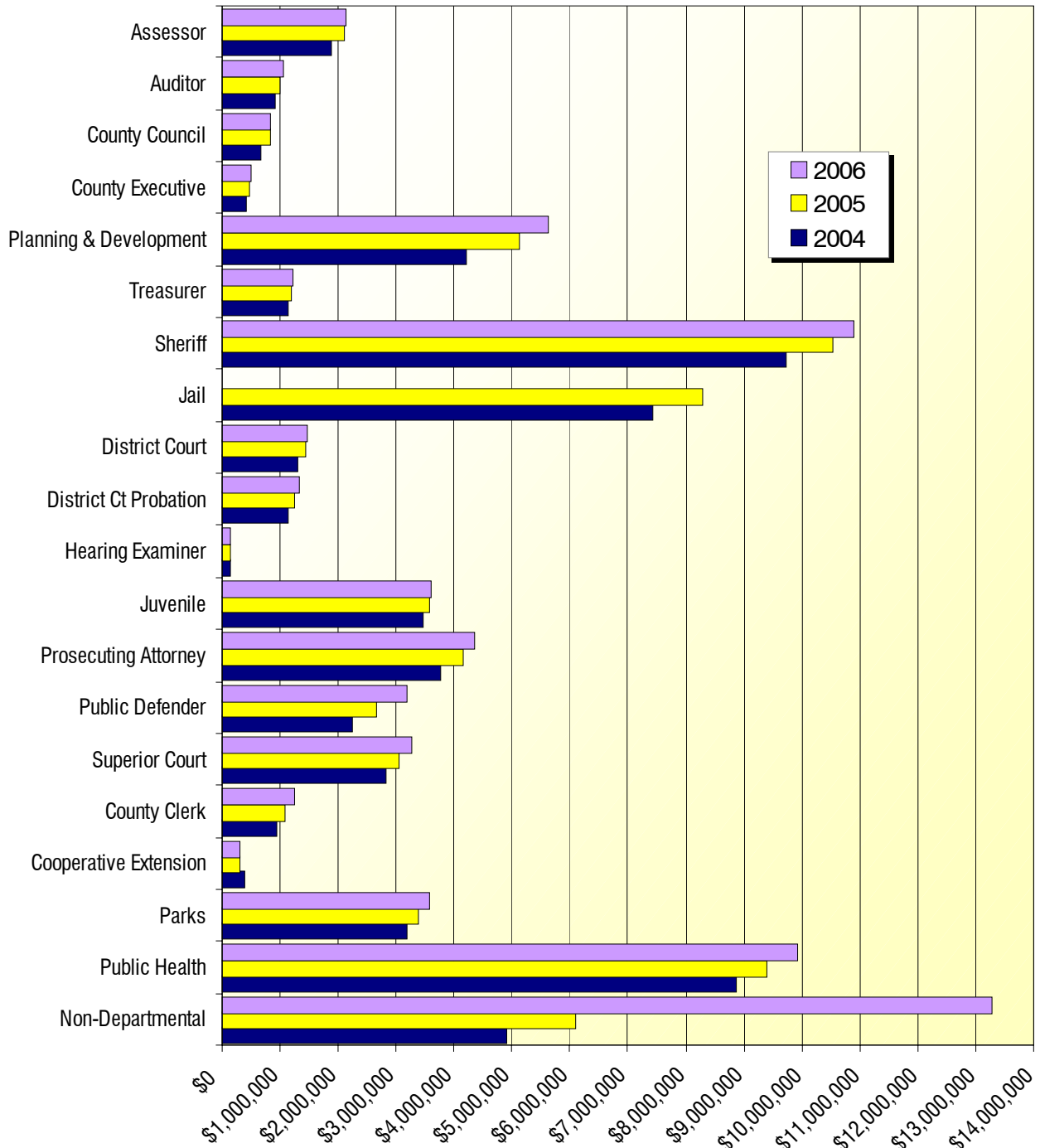
See page 9 for General Fund Expenditure Notes.

# Whatcom County Fourth Quarter 2006 Financial Report

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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 2006 Financial Report

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

	2004	2005	2006
Assessor	1,883,558	2,103,148	2,146,138
Auditor	924,111	1,000,309	1,045,632
County Council	670,970	830,698	832,169
County Executive	413,389	460,304	485,354
Planning & Development	4,226,263	5,128,248	5,632,026
Treasurer	1,136,729	1,184,708	1,230,648
Sheriff	9,721,589	10,542,779	10,881,957
District Court	1,313,772	1,447,234	1,459,591
District Ct Probation	1,127,402	1,252,206	1,330,115
Hearing Examiner	138,985	142,228	144,959
Jail	7,426,716	8,277,799	0
Juvenile	3,467,891	3,567,204	3,612,250
Prosecuting Attorney	3,764,610	4,148,979	4,362,010
Public Defender	2,252,938	2,658,547	3,189,107
Superior Court Administration	2,828,110	3,058,994	3,274,386
County Clerk	932,052	1,071,637	1,256,443
Cooperative Extension	386,544	298,593	310,288
Parks	3,179,504	3,376,789	3,571,087
Public Health	8,869,515	9,389,689	9,930,055
Non-Departmental	4,919,826	6,088,265	13,292,383
<b>TOTAL</b>	<b>59,584,474</b>	<b>66,028,358</b>	<b>67,986,598</b>

## General Fund Expenditure Notes

Overall expenditures for the General Fund were at 91.6% of the approved budget at year end. Continuing appropriations will carryover approximately \$1,363,149 of spending authority into 2007 in order to complete contract obligations that span fiscal reporting periods. All departments with the exception of Superior Court Administration had expenditures within their budgeted authority.

Superior Court overspent their budget by 2%, or \$65,942 dollars. Professional Services for drug-related inpatient treatment was over spent by \$44,700 and Commissioner Pro Tem salaries were overspent by \$26,700.

Non-Departmental expenditures are administered by the County Executive's Office. It includes budgets for operating transfers to other funds, and budgets for contracts and projects that are not attributable to specific program areas. The Non-Departmental budget was 81% spent at year end. Year-end adjustments will charge more costs to the non-departmental budget as the amounts for operating transfers to other funds are reconciled and recorded. In 2006, the budget to support jail operations was moved to the new Whatcom County Jail Fund. A General Fund transfer to support jail operations now is made out of the Non-Departmental budget.

# Whatcom County Fourth Quarter 2006 Financial Report

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## General Fund Conclusion

	Approved Budget	Projected
<b>Beginning Fund Balance</b>	18,454,667	23,607,243
<b>Revenues</b>		
Budgeted Revenues 2006	63,184,483	63,184,483
Increased Revenue Estimates		4,078,173
Supplemental Budgets 2006	-	1,525,506
<b>Total Revenue</b>	<b>63,184,483</b>	<b>68,788,162</b>
<b>Expenditures</b>		
Budgeted Expenditures 2006	66,287,649	66,287,649
Continuing Appropriations 2006	-	1,301,155
Supplemental Budgets 2006	-	6,594,797
<b>Total Expenditures</b>	<b>66,287,649</b>	<b>74,183,601</b>
<b>Adjusted Surplus (Deficit)</b>	<b>(3,103,166)</b>	<b>(5,395,439)</b>
<b>Other Considerations</b>		
Estimated Budget Lapse - 4%	2,967,344	2,967,344
<b>Ending Fund Balance</b>	<b>18,318,845</b>	<b>21,179,148</b>

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## Special Revenue Funds and Other Funds - Revenues

	2005 Actual As of 12/31/2005	2006 Actual As of 12/31/2006	2006 Budget	% Collected of 2006 Budget
County Road Fund	23,793,428	24,206,353	25,062,734	96.58%
Election Reserve Fund	1,557,394	916,300	1,076,904	85.09%
Veterans Relief	177,047	193,378	162,381	119.09% <sup>1</sup>
Jail Fund	1,816,542	11,785,389	11,778,393	100.06%
Low-Income Housing Projects	158,607	304,859	341,700	89.22%
Solid Waste Fund	998,879	931,242	1,046,000	89.03%
WC Convention Center Fund	159,122	181,561	150,000	121.04% <sup>2</sup>
Victim/Witness Assistance Fund	113,826	121,799	113,800	107.03%
CERB fund	129,693	83,257	189,360	43.97%
Whatcom Co Drug Fund	759,440	629,086	350,000	179.74% <sup>3</sup>
Auditor's O&M Fund	181,649	242,591	125,400	193.45% <sup>4</sup>
Emergency Management	1,128,801	941,795	1,256,991	74.92% <sup>5</sup>
Flood Control Zone Dist Fund	3,584,015	3,338,947	4,335,846	77.01%
Conservation Futures Fund	1,389,085	1,420,192	1,421,572	99.90%
Sub-Flood Zones	125,170	125,034	106,188	117.75%
Real Estate Excise Tax Fund II	2,367,326	2,271,385	1,636,600	138.79% <sup>6</sup>
Real Estate Excise Tax Fund I	2,376,936	2,278,894	1,636,600	139.25% <sup>6</sup>
Public Utilities Improvement	2,388,339	2,680,320	2,408,096	111.30%
Jail Construction Project	3,162,947	5,886,969	5,935,449	99.18%
Whatcom Co Investment Pool	238,615	193,543	189,513	102.13%
Ferry System Fund	-	3,177,264	3,286,018	96.69%
Equipment Rental & Revolving	8,961,282	9,300,351	9,089,026	102.33%
Administrative Services Fund	14,773,053	15,383,977	17,047,889	90.24%

**Notes:**

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

<sup>1</sup> Higher than anticipated property tax revenue was collected.

<sup>2</sup> Higher than anticipated hotel/motel tax collections.

<sup>3</sup> Confiscated property revenue was higher than anticipated.

<sup>4</sup> Recording activity continues to exceed projections. The Auditor's O&M Fund receives a document preservation fee for each document recorded.

<sup>5</sup> Emergency Management grant revenue will be recorded with year-end adjustments.

<sup>6</sup> Greater than anticipated collections due to strong real estate sales.

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## Special Revenue Funds and Other Funds - Expenditures

	2005 Actual As of 12/31/2005	2006 Actual As of 12/31/2006	2006 Budget	% Expended of 2006 Budget	
County Road Fund	23,772,269	25,343,823	35,543,036	71.30%	<sup>1</sup>
Election Reserve Fund	1,520,712	1,146,909	1,158,436	99.00%	
Veterans Relief	107,917	106,927	162,381	65.85%	
Jail Fund	159,539	12,579,817	12,962,294	97.05%	
Low Income Housing	245,319	362,828	614,580	59.04%	
Solid Waste Fund	1,153,908	1,120,847	1,313,450	85.34%	
WC Convention Center Fund	160,296	153,328	171,584	89.36%	
Victim/Witness Assistance Fund	124,096	128,023	130,367	98.20%	
CERB fund	129,693	83,318.00	189,360	44.00%	<sup>2</sup>
Whatcom Co Drug Fund	578,304	704,059	766,907	91.81%	
Auditor's O&M Fund	122,910	271,249	336,309	80.65%	
Emergency Management	1,084,923	970,174	1,262,644	76.84%	<sup>3</sup>
Flood Control Zone Dist Fund	3,727,180	5,509,375	8,423,437	65.41%	<sup>4</sup>
Conservation Futures Fund	1,683,517	1,155,560	1,185,700	97.46%	
Sub-Flood Zones	76,281	14,825	342,419	4.33%	<sup>5</sup>
Real Estate Excise Tax Fund II	129,367	136,588	324,021	42.15%	<sup>6</sup>
Real Estate Excise Tax Fund I	1,183,315	2,240,326	2,807,830	79.79%	
Public Utilities Improvement	3,356,347	1,980,429	2,564,793	77.22%	
Jail Construction Fund	1,166,825	7,645,751	7,950,236	96.17%	
Whatcom Co Investment Pool	162,300	166,894	189,513	88.06%	
Ferry System Fund	-	1,760,717	1,803,873	97.61%	
Equipment Rental & Revolving	8,163,827	9,260,513	9,207,128	100.58%	<sup>7</sup>
Administrative Services Fund	14,691,889	15,358,777	18,509,338	82.98%	<sup>8</sup>

**Note:**

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

<sup>1</sup> Continuing appropriations of \$2,244,466 will be added to the 2007 budget for contracts in progress at year-end.

<sup>2</sup> *CERB Fund:* An extra loan payment was authorized for the 2006 budget, but due to prior principal payments this budget authority was not needed.

<sup>3</sup> Continuing appropriations of \$130,615 will be added to the 2007 budget for contracts in progress at year-end.

<sup>4</sup> Continuing appropriations of \$527,218 will be added to the 2007 budget for contracts in progress at year-end.

<sup>5</sup> *Sub-Flood Zones:*

<sup>6</sup> *REET Fund II:* A supplemental budget was passed for \$188,400 to make improvements at Semiahmoo Park. This project was not completed.

<sup>7</sup> Depreciation expense is included with expenditures but is not included with budget appropriations.

<sup>8</sup> Continuing appropriations of \$427,125 will be added to the 2007 budget for contracts in progress at year-end.



# 2006 Fourth Quarter Financial Report

Compiled and Presented by the  
Administrative Services Department,  
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Brad Bennett,  
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February 15, 2006