



2006 Second Quarter Financial Report

Compiled and Presented by the
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Finance Division
Brad Bennett,
Finance Manager

June 30, 2006

Whatcom County Second Quarter 2006 Financial Report

For the Quarter Ended June 30, 2006



Executive Summary

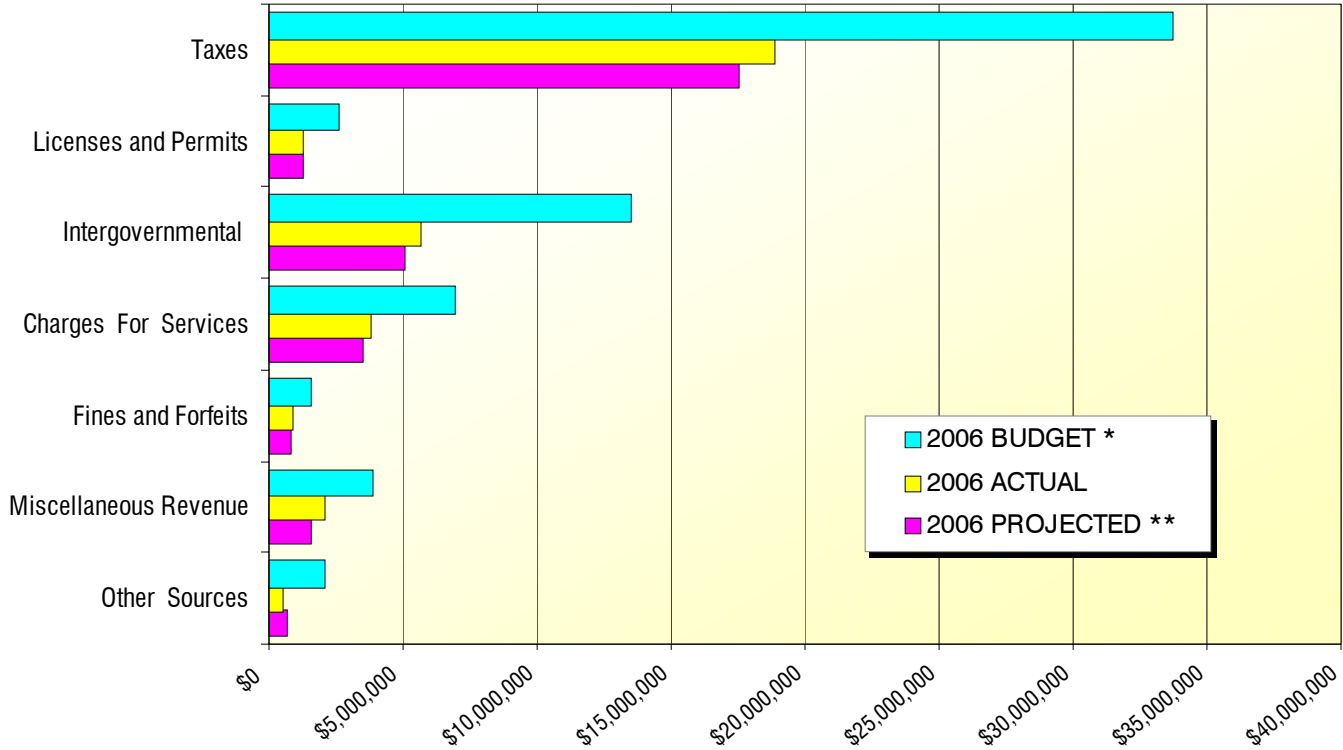
At the end of the second quarter of 2006 revenues are ahead of projections and we anticipate the General Fund will meet or exceed 2006 budget estimates. Expenditures are on track with the 2006 budget allocations.

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General Revenue - Budget vs. Actual



	2006 Budget Adopted	2006 Budget Supp'ls	2006 Budget Amended	Actual as of 06/30/06	% Collected To Date	Projected as of 06/30/06
Taxes	33,642,668	64,000	33,706,668	18,878,195	56.01%	17,561,490
Licenses and Permits	2,418,150	200,000	2,618,150	1,279,810	48.88%	1,267,914
Intergovernmental	12,554,533	941,564	13,496,097	5,647,397	41.84%	5,101,994
Charges For Services	7,020,462	(78,970)	6,941,492	3,827,654	55.14%	3,512,553
Fines and Forfeits	1,577,580	0	1,577,580	858,933	54.45%	792,582
Miscellaneous Revenue	4,027,799	(121,667)	3,906,132	2,088,042	53.46%	1,542,722
Other Sources	1,943,291	134,127	2,077,418	503,312	24.23%	637,462
Total Revenue	63,184,483	1,139,054	64,323,537	33,083,343	51.43%	30,416,717

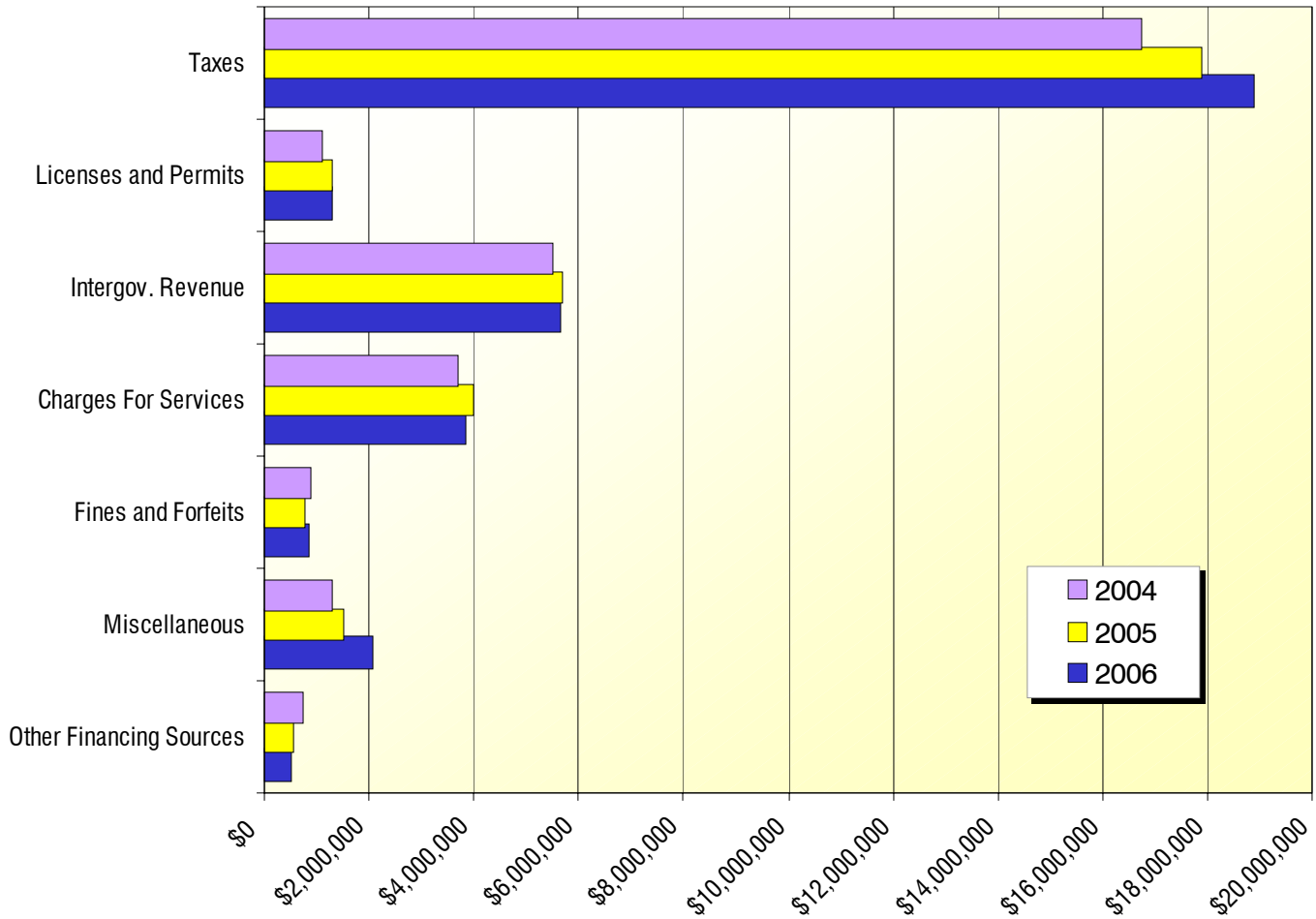
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2004	2005	2006
Taxes	16,743,819	17,891,165	18,878,195
Licenses and Permits	1,117,373	1,285,803	1,279,810
Intergov. Revenue	5,513,533	5,705,841	5,647,397
Charges For Services	3,697,981	3,999,088	3,827,654
Fines and Forfeits	905,001	773,318	858,933
Miscellaneous	1,291,758	1,528,994	2,088,042
Other Financing Sources	734,791	543,315	503,312
Total Revenue	30,004,256	31,727,524	33,083,343

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 Whatcom County's tax revenue budget.

Tax revenues are \$987,000 greater than second quarter 2005 amounts. Property tax collections are consistent with collections at this time last year. Interest and penalties assessed on late payment of property taxes are down \$217,304 from last year. Sales tax revenue increased \$754,500 or 16% over the same period last year. Building construction and related industries have significant increases over the second quarter of 2005. Retail sales in almost all other industries have modest increases.

Licenses & Permits

Building permits account for 72.5% of "Licenses & Permits" budgets. Health Department, marriage and fire control licenses and permits account for the remaining 37.5%.

License and Permit revenue was 48.9% collected for the second quarter. This is down slightly from second quarter 2005.

Building permit revenues were down \$98,930 or 10.5%. This decrease in building permits was off set by an increase in revenue of \$91,678 for Septic System Permits collected by the Health Department.

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 quarter end were 41.8% of budget. This is consistent with prior years second quarter results. Intergovernmental revenue is approximately the same as in 2005, despite \$800,000 of Jail related revenue 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 Department) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Charges for Services decreased \$171,090, or 4% from the second quarter 2005. Charges for Services had a few anomalies that partially offset one another. First, 2006 County Jail second quarter revenues were moved to the new Jail Fund. In 2005 second quarter revenues from the Jail were \$337,240. In 2006 there is no Jail related revenue in the General Fund in the second quarter.

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General Fund Revenue Notes, continued

Second, fees for subdivision reviews increased \$234,370 or 135% from second quarter 2005. This increase was due in part to public reaction to a potential moratorium on new subdivisions.

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 increased \$85,614 over second quarter 2005, primarily due to revenue from traffic infractions. Traffic infractions were down in 2005 due to a Washington State Supreme Court ruling prohibiting the state from suspending driver's licenses without a hearing. The State's ability to suspend driver's licenses has been restored, and traffic infraction revenues in 2006 have returned to pre-2005 levels.

Miscellaneous

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

Miscellaneous revenues were 53.5% collected as of the second quarter. This is an increase \$559,076, or 37%, more than second quarter 2005. Investment interest earnings as a result of increased interest rates are up \$692,223 over 2005.

Other Financing Sources

The "Other Financing Sources" revenue budget is 32% state timber revenues and 64% operating transfers from other Whatcom County funds.

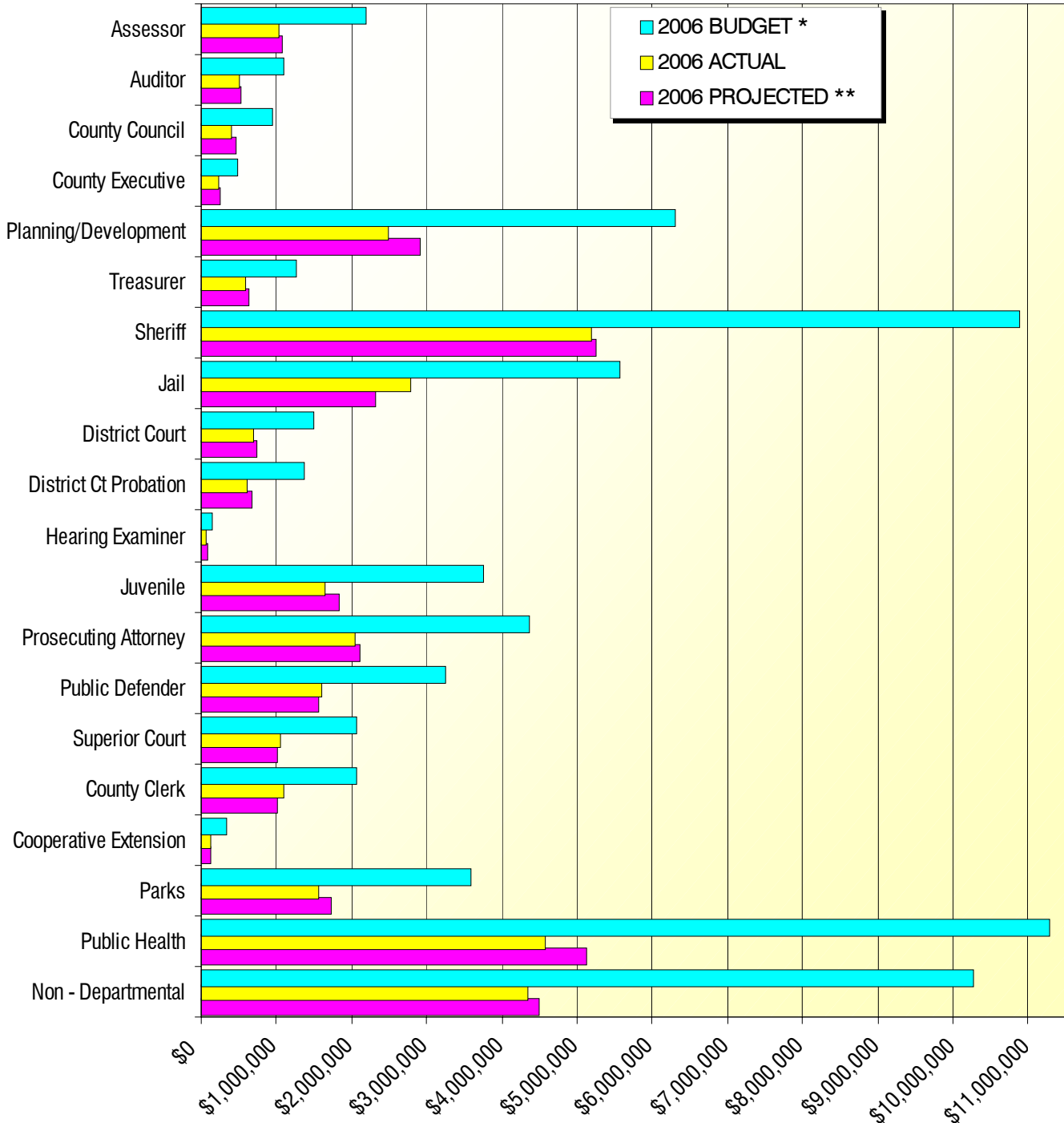
These two revenue sources were \$40,000 less than second quarter 2005. State timber sales revenue decreased \$16,950 from second quarter 2005, and Operating Transfers were down \$23,056. State Timber revenues fluctuate based on harvest plans and market conditions.

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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 2006 Budget	Budget Supplementals	Amended Budget	Actual as of 06/30/06	% Expended To Date	Projected as of 06/30/06
Assessor	2,108,599	92,169	2,200,768	1,043,210	47.40%	1,075,509
Auditor	1,073,219	24,221	1,097,440	497,033	45.29%	537,741
County Council	822,224	134,124	956,348	405,769	42.43%	457,147
County Executive	449,970	38,148	488,118	225,529	46.20%	243,954
Planning & Development	4,290,128	2,027,465	6,317,593	2,500,302	39.58%	2,921,910
Treasurer	1,215,310	56,230	1,271,540	587,083	46.17%	631,983
Sheriff	9,538,742	1,349,086	10,887,828	5,196,747	47.73%	5,258,353
District Court	1,479,894	14,057	1,493,951	691,398	46.28%	729,541
District Court Probation	1,342,164	32,763	1,374,927	605,163	44.01%	669,548
Hearing Examiner	150,859	2,166	153,025	69,782	45.60%	75,251
Jail	7,966,641	(2,399,412)	5,567,229	2,783,616	50.00%	2,319,679
Juvenile	3,719,719	41,978	3,761,697	1,655,880	44.02%	1,838,049
Prosecuting Attorney	4,184,554	192,580	4,377,134	2,040,106	46.61%	2,119,663
Public Defender	2,647,661	607,184	3,254,845	1,597,882	49.09%	1,555,669
Superior Court Admin	1,716,270	353,645	2,069,915	1,055,094	50.97%	1,004,736
County Clerk	1,719,913	353,079	2,072,992	1,107,758	53.44%	1,003,243
Cooperative Extension	325,864	2,703	328,567	132,887	40.44%	131,624
Park	3,246,496	340,188	3,586,684	1,556,023	43.38%	1,721,455
Public Health	9,898,093	1,398,478	11,296,571	4,575,039	40.50%	5,125,156
Non - Departmental	8,391,329	1,874,688	10,266,017	4,355,643	42.43%	4,493,891
Total General Fund Exp	66,287,649	6,535,540	72,823,189	32,681,944	44.88%	33,914,102

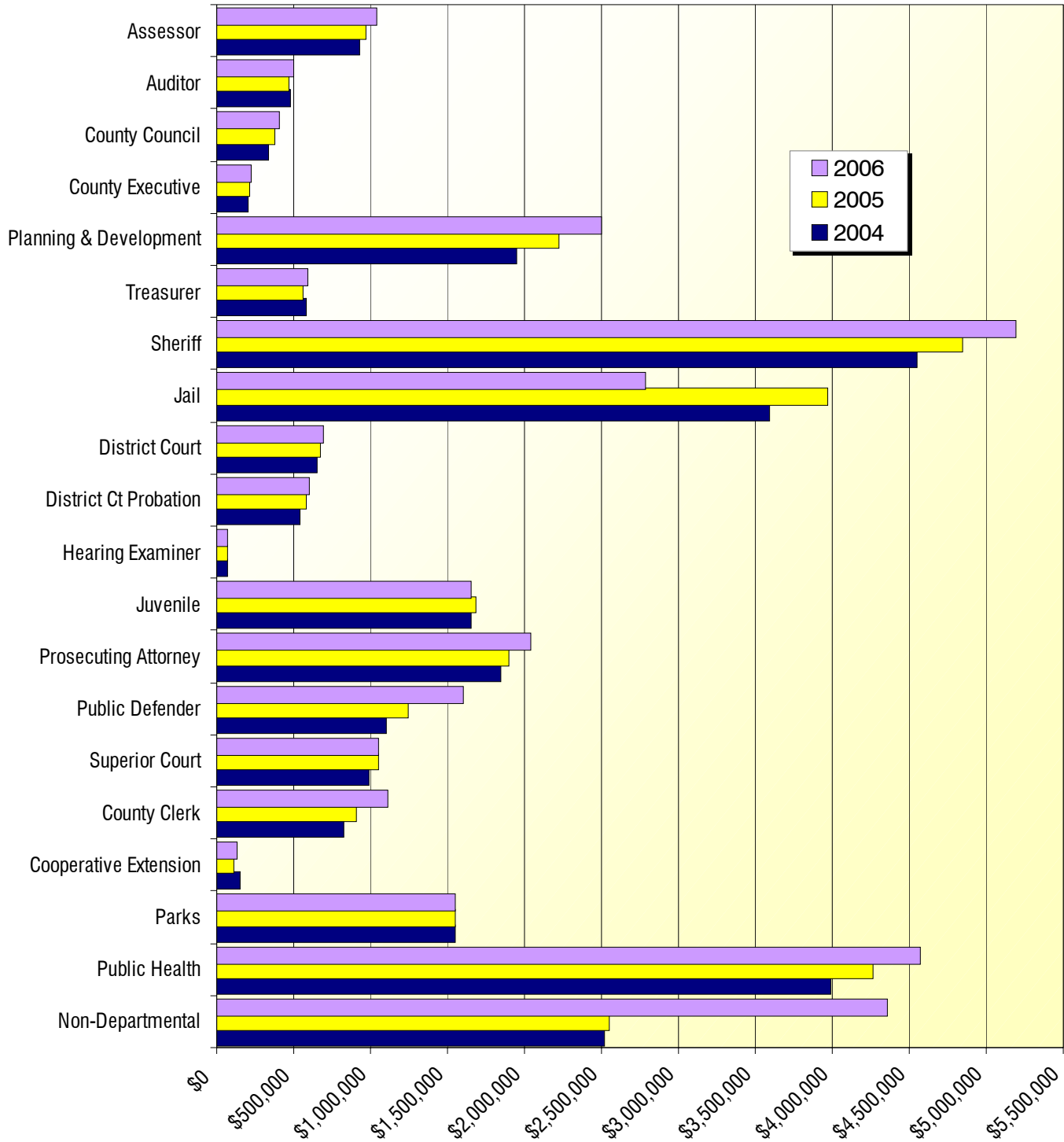
See page 9 for General Fund Expenditure Notes.

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General Fund Expenditures to Date - Compared to Prior Years



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

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General Fund Expenditures to Date - Compared to Prior Years

	2004	2005	2006
Assessor	931,374	966,380	1,043,210
Auditor	474,495	467,091	497,033
County Council	334,636	377,768	405,769
County Executive	199,357	212,076	225,529
Planning & Development	1,950,419	2,226,357	2,500,302
Treasurer	586,076	562,872	587,083
Sheriff	4,555,208	4,845,461	5,196,747
District Court	652,785	675,200	691,398
District Ct Probation	537,814	577,658	605,163
Hearing Examiner	69,921	69,087	69,782
Jail	3,594,660	3,970,691	2,783,616
Juvenile	1,653,325	1,683,568	1,655,880
Prosecuting Attorney	1,844,464	1,901,796	2,040,106
Public Defender	1,099,834	1,240,716	1,597,882
Superior Court	990,561	1,047,942	1,055,094
County Clerk	821,789	907,140	1,107,758
Cooperative Extension	156,609	115,875	132,887
Parks	1,552,519	1,550,399	1,556,023
Public Health	3,988,049	4,263,178	4,575,039
Non-Departmental	2,519,031	2,546,214	4,355,643
TOTAL	28,512,926	30,207,469	32,681,944

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were at 44.9% of the approved budget. This is comparable to 2005 second quarter expenditures, which were 43.2% of approved budget.

All departmental spending is consistent with prior experience.

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General Fund Conclusion

	Approved Budget	Projected
Beginning Fund Balance	<u>18,454,667</u>	<u>22,276,285</u>
Revenues		
Budgeted Revenues 2006	63,184,483	63,184,483
Supplemental Budgets 2006	-	1,139,054
Total Revenue	<u>63,184,483</u>	<u>64,323,537</u>
Expenditures		
Budgeted Expenditures 2006	66,287,649	66,287,649
Continuing Appropriations 2006	-	1,301,155
Supplemental Budgets 2006	-	5,234,385
Total Expenditures	<u>66,287,649</u>	<u>72,823,189</u>
Adjusted Surplus (Deficit)	(3,103,166)	(8,499,652)
Other Considerations		
Estimated Budget Lapse - 4%	<u>2,651,506</u>	<u>2,912,928</u>
Ending Fund Balance	<u><u>18,003,007</u></u>	<u><u>16,689,561</u></u>

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Special Revenue Funds and Other Funds - Revenues

	2005 Actual As of 6/30/2005	2006 Actual As of 6/30/2006	2006 Budget	% Collected of 2006 Budget
County Road Fund	10,964,281	11,366,845	25,036,867	45.40%
Election Reserve Fund	338,558	414,869	992,701	41.79%
Veterans Relief	91,776	105,091	162,381	64.72%
Jail Fund	219,842	5,955,071	11,778,393	50.56%
Low-Income Housing Projects	170,732	159,805	341,700	46.77%
Solid Waste Fund	358,665	288,423	1,046,000	27.57% ¹
WC Convention Center Fund	61,934	70,420	150,000	46.95%
Victim/Witness Assistance Fund	52,937	63,226	113,800	55.56%
CERB fund	-	-	189,360	0.00%
Whatcom Co Drug Fund	223,227	158,207	350,000	45.20%
Auditor's O&M Fund	37,142	74,514	125,400	59.42%
Emergency Management	373,158	365,632	1,090,192	33.54% ²
Flood Control Zone Dist Fund	1,827,218	1,593,281	3,355,718	47.48%
Conservation Futures Fund	580,893	483,372	1,421,572	34.00% ³
Sub-Flood Zones	73,641	73,968	106,188	69.66%
Real Estate Excise Tax Fund II	1,090,884	1,233,312	1,636,600	75.36% ⁴
Real Estate Excise Tax Fund I	1,099,916	1,239,962	1,636,600	75.76% ⁴
Public Utilities Improvement	1,322,084	1,247,329	2,408,096	51.80%
Jail Construction Project	-	3,675,449	3,675,449	100.00% ⁵
Whatcom Co Investment Pool	114,152	105,815	189,513	55.84%
Ferry System Fund		2,684,358	3,286,018	81.69% ⁶
Equipment Rental & Revolving	3,705,782	3,589,852	9,089,026	39.50%
Administrative Services Fund	3,037,167	7,105,615	16,939,470	41.95%

Notes:

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

¹ *Solid Waste Fund: excise tax is received quarterly. Second quarter excise taxes for 2006 will be received in the third quarter.*

² *Emergency Management: homeland security grant revenue collections will catch up prior to year end.*

³ *Conservation Futures: farmland protection grant revenue will be collected prior to year end.*

⁴ *Real Estate Excise Tax Fund I & II: increased real estate sales.*

⁵ *Jail Construction: annual operating transfers were processed during the first half of the year.*

⁶ *Ferry Fund: annual operating transfer from the Public Works Road Fund was processed during the first quarter.*

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Special Revenue Funds and Other Funds - Expenditures

	2005 Actual As of 6/30/2005	2006 Actual As of 6/30/2006	2006 Budget	% Expended of 2006 Budget
County Road Fund	8,250,760	10,952,307	35,260,143	31.06%
Election Reserve Fund	263,089	469,042	1,074,233	43.66%
Veterans Relief	64,719	61,456	162,381	37.85%
Jail Fund	-	6,502,684	12,091,439	53.78%
Low Income Housing	61,096	81,362	614,580	13.24%
Solid Waste Fund	467,991	482,787	1,313,450	36.76%
WC Convention Center Fund	87,322	79,431	171,584	46.29%
Victim/Witness Assistance Fund	29,973	30,007	130,367	23.02%
CERB fund	-	-	189,360	0.00%
Whatcom Co Drug Fund	37,658	80,258	766,907	10.47%
Auditor's O&M Fund	43,886	141,753	331,653	42.74%
Emergency Management	285,216	161,068	569,408	28.29%
Flood Control Zone Dist Fund	1,541,743	2,644,716	5,140,173	51.45%
Conservation Futures Fund	245,561	1,099,497	1,185,700	92.73% ¹
Sub-Flood Zones	30,205	391	200,250	0.20%
Real Estate Excise Tax Fund II	66,817	33,395	324,021	10.31%
Real Estate Excise Tax Fund I	1,176,615	2,233,095	2,699,723	82.72% ²
Public Utilities Improvement	680,380	714,503	1,216,460	58.74%
Jail Construction Fund	-	4,654,930	5,690,236	81.81%
Whatcom Co Investment Pool	73,883	77,086	189,513	40.68%
Ferry System Fund	0	715,734	1,790,998	39.96%
Equipment Rental & Revolving	3,906,453	3,805,121	9,207,128	41.33%

Note:

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

¹ *Conservation Futures*: land purchase during the second quarter.

² *Real Estate Excise Tax Fund I*: annual operating transfers processed during the first half of the year.