



**2006
Third
Quarter
Financial
Report**

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

November 13, 2006

Whatcom County Third Quarter 2006 Financial Report

For the Quarter Ended September 30, 2006



Executive Summary

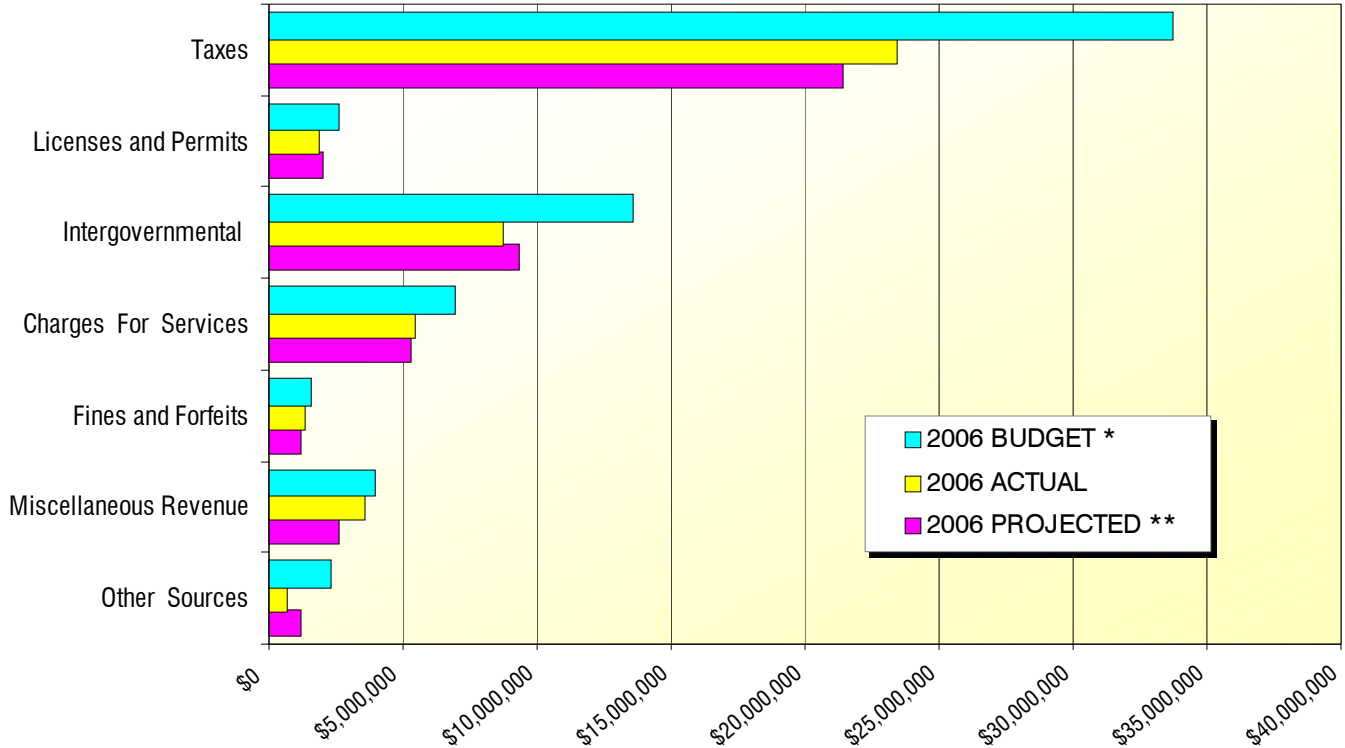
The following is Whatcom County's third quarter 2006 financial report. Revenues at the end of the third quarter of 2006 are \$45,107,803 or 69.79% of the 2006 revenue budget. Revenues are \$591,212 more than revenues received in the same period in 2005. Revenues will likely exceed the 2006 budget due to strong sales tax collections and investment earnings, which have exceeded projections. Expenditures are on track with authorized budgets. The general fund's 2006 ending fund balance is currently projected to be \$21.5 million dollars.

Whatcom County Third Quarter 2006 Financial Report

For the Quarter Ended September 30, 2006



General Revenue - Budget vs. Actual



* **"2006 Budget"** figures represent 2006 amended budget annual amounts.

** Based on past revenue history, the **"2006 Projected"** figures represent portions of 2006 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

	2006 Budget Adopted	2006 Budget Supp'ls	2006 Budget Amended	Actual as of 09/30/06	% Collected To Date	Projected as of 09/30/06
Taxes	33,642,668	64,000	33,706,668	23,432,088	69.52%	21,434,174
Licenses and Permits	2,418,150	200,000	2,618,150	1,883,639	71.95%	1,990,723
Intergovernmental	12,554,533	990,965	13,545,498	8,707,538	64.28%	9,292,592
Charges For Services	7,020,462	(78,970)	6,941,492	5,483,344	78.99%	5,299,170
Fines and Forfeits	1,577,580	19,966	1,597,546	1,310,335	82.02%	1,215,922
Miscellaneous Revenue	4,027,799	(103,683)	3,924,116	3,607,429	91.93%	2,623,979
Other Sources	1,943,291	352,627	2,295,918	683,430	29.77%	1,192,177
Total Revenue	63,184,483	1,444,905	64,629,388	45,107,803	69.79%	43,048,737

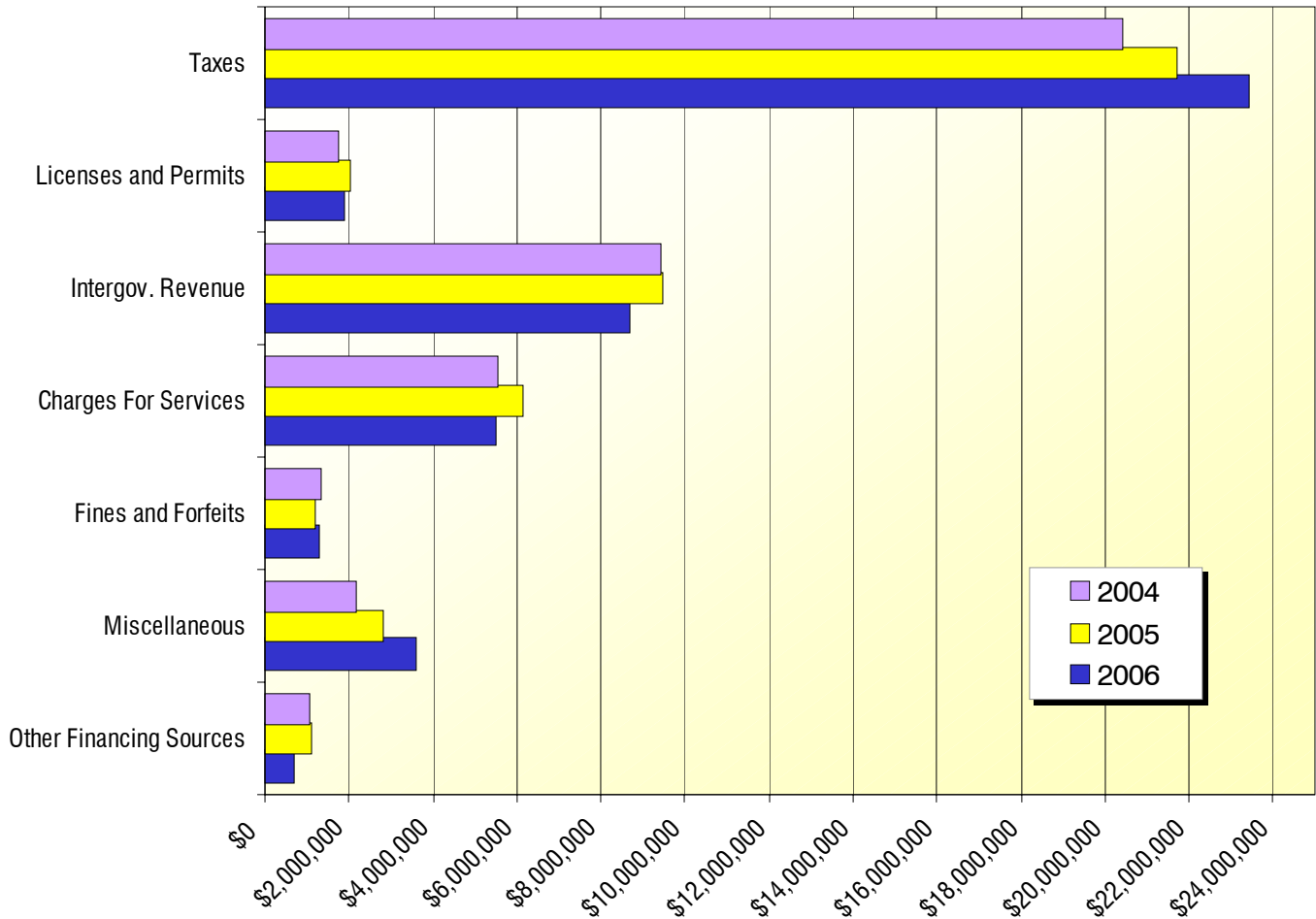
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Third Quarter 2006 Financial Report

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General Fund Revenue to Date - Compared to Prior Years



	2004	2005	2006
Taxes	20,428,371	21,697,233	23,432,088
Licenses and Permits	1,738,950	2,039,527	1,883,639
Intergov. Revenue	9,413,816	9,486,850	8,707,538
Charges For Services	5,560,430	6,158,701	5,483,344
Fines and Forfeits	1,343,148	1,207,177	1,310,335
Miscellaneous	2,193,290	2,822,469	3,607,429
Other Financing Sources	1,080,027	1,104,634	683,430
Total Revenue	41,758,032	44,516,591	45,107,803

See pages 4 and 5 for General Fund Revenue Notes.



General Fund Revenue Notes

Taxes

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

Tax revenues are \$1,734,855 greater than third quarter 2005 amounts. Property tax collections are \$736,000 greater than collections at this time last year and are at 60% of budget. Sales tax revenue is \$1,300,934 or 18% over third quarter 2005. Retail sales have been strong in 2006 and the county has received additional sales tax resulting from construction on the Williams Pipeline and work at British Petroleum refinery. Other tax amounts were similar to prior years.

Licenses & Permits

Building permits account for 67.5% of "Licenses & Permits" budgets. Health Department, marriage and fire control licenses and permits account for the remaining 32.5%.

License and Permit revenue was 72% collected for the third quarter. This is down 8% or \$156,000 from third quarter 2005. Building permit revenues were down \$289,560, or 9%, from 2005. On site sewage permit revenue in the Health Department was up \$137,616. Approximately two thirds of this increase was the result of an accounting change. Revenue from a permit application fee was moved from charges for services to license & permits. The balance of the increase is the result of increased activity.

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 64.3% of budget; this is consistent with past years' third quarter results. Intergovernmental Revenue overall is down \$779,312. This reduction is the net result of moving jail related revenue to the new Jail Fund (\$1.4 million) and an increase in Federal grant revenue which was passed through to Birch Bay Water and Sewer to expand sewer service in Birch Bay.

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" revenues are 79% collected as of the end of the third quarter. This category was \$675,150, or 11% less than collected in the third quarter 2005. The change was largely due to jail revenue of \$518,040 being moved to the new Jail Fund. The balance of the decrease is the net result of a subdivision review revenue increase of \$155,900, and a building plan check fee decrease of \$281,715 dollars.



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 are 82% percent collected as of the end of the third quarter. This category increased \$103,160 or 9% over the third quarter 2005. Traffic infraction revenue increased \$146,900, while civil penalties assessed by Planning and Development Services decreased \$72,185.

Miscellaneous

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

"Miscellaneous" revenues were \$784,960 or 28.7% greater than third quarter 2005 collections. Investment interest is up \$1,136,645 over 2005 due to higher interest rates. Private contributions were down \$186,000 and other miscellaneous revenue was down \$160,000.

Other Financing Sources

The "Other Financing Sources" revenue budget is 33% state timber revenues and 67% operating transfers from other Whatcom County funds.

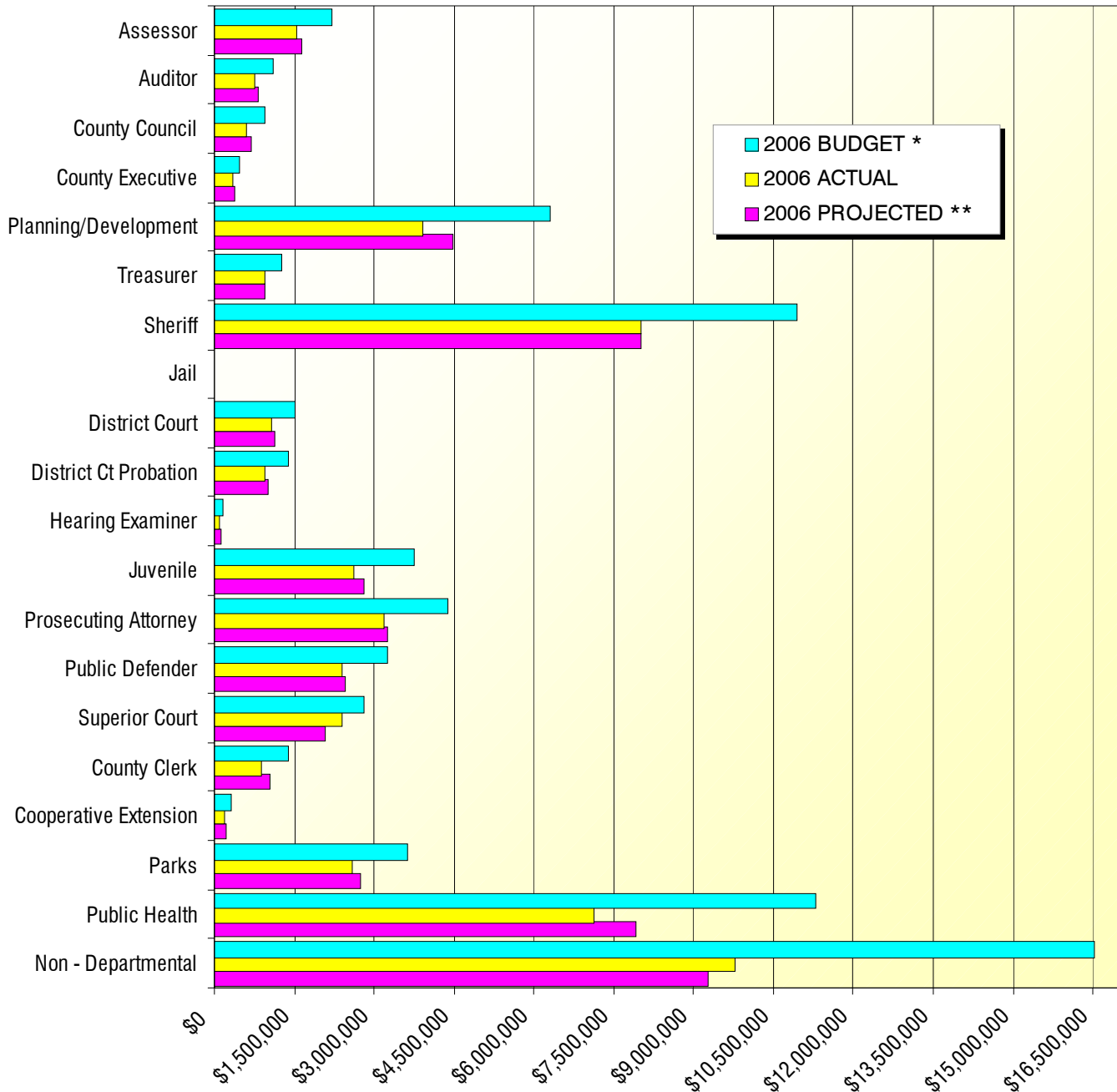
These two revenue sources are down \$421,200 from 2005 third quarter collections. State timber sales account for \$226,000 of this decrease and interfund operating transfers account for \$195,145. State Timber revenues fluctuate based on harvest plans and market conditions. Interfund transfers were posted after the end of the quarter.

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General Fund Expenditures - Budget vs. Actual



* **"2006 Budget"** figures represent 2006 amended budget annual amounts.

** Based on past expenditure history, the **"2006 Projected"** figures represent portions of 2006 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

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 09/30/06	% Expended To Date	Projected as of 09/30/06
Assessor	2,108,599	92,169	2,200,768	1,551,406	70.49%	1,633,639
Auditor	1,073,219	24,221	1,097,440	766,218	69.82%	822,473
County Council	822,224	134,124	956,348	597,702	62.50%	687,480
County Executive	449,970	38,148	488,118	356,599	73.06%	366,170
Planning & Development	4,290,128	2,027,465	6,317,593	3,903,557	61.79%	4,473,763
Treasurer	1,215,310	56,230	1,271,540	931,979	73.30%	944,344
Sheriff	9,538,742	1,398,667	10,937,409	7,999,640	73.14%	8,024,985
District Court	1,479,894	44,139	1,524,033	1,064,310	69.84%	1,140,351
District Court Probation	1,342,164	32,763	1,374,927	944,360	68.68%	1,016,962
Hearing Examiner	150,859	2,166	153,025	106,862	69.83%	111,048
Jail	7,966,641	(7,966,641)	-	-	0.00%	-
Juvenile	3,719,719	41,978	3,761,697	2,615,060	69.52%	2,799,313
Prosecuting Attorney	4,184,554	192,580	4,377,134	3,185,018	72.76%	3,260,911
Public Defender	2,647,661	608,345	3,256,006	2,407,259	73.93%	2,458,396
Superior Court Admin	2,436,733	375,311	2,812,044	2,389,486	84.97%	2,080,114
County Clerk	999,450	373,497	1,372,947	876,363	63.83%	1,025,949
Cooperative Extension	325,864	2,703	328,567	202,808	61.73%	208,889
Park	3,246,496	369,399	3,615,895	2,601,136	71.94%	2,736,337
Public Health	9,898,093	1,398,478	11,296,571	7,115,729	62.99%	7,907,994
Non - Departmental	8,391,329	8,126,155	16,517,484	9,774,373	59.18%	9,277,172
Total General Fund Exp	66,287,649	7,371,897	73,659,546	49,389,865	67.05%	50,976,290

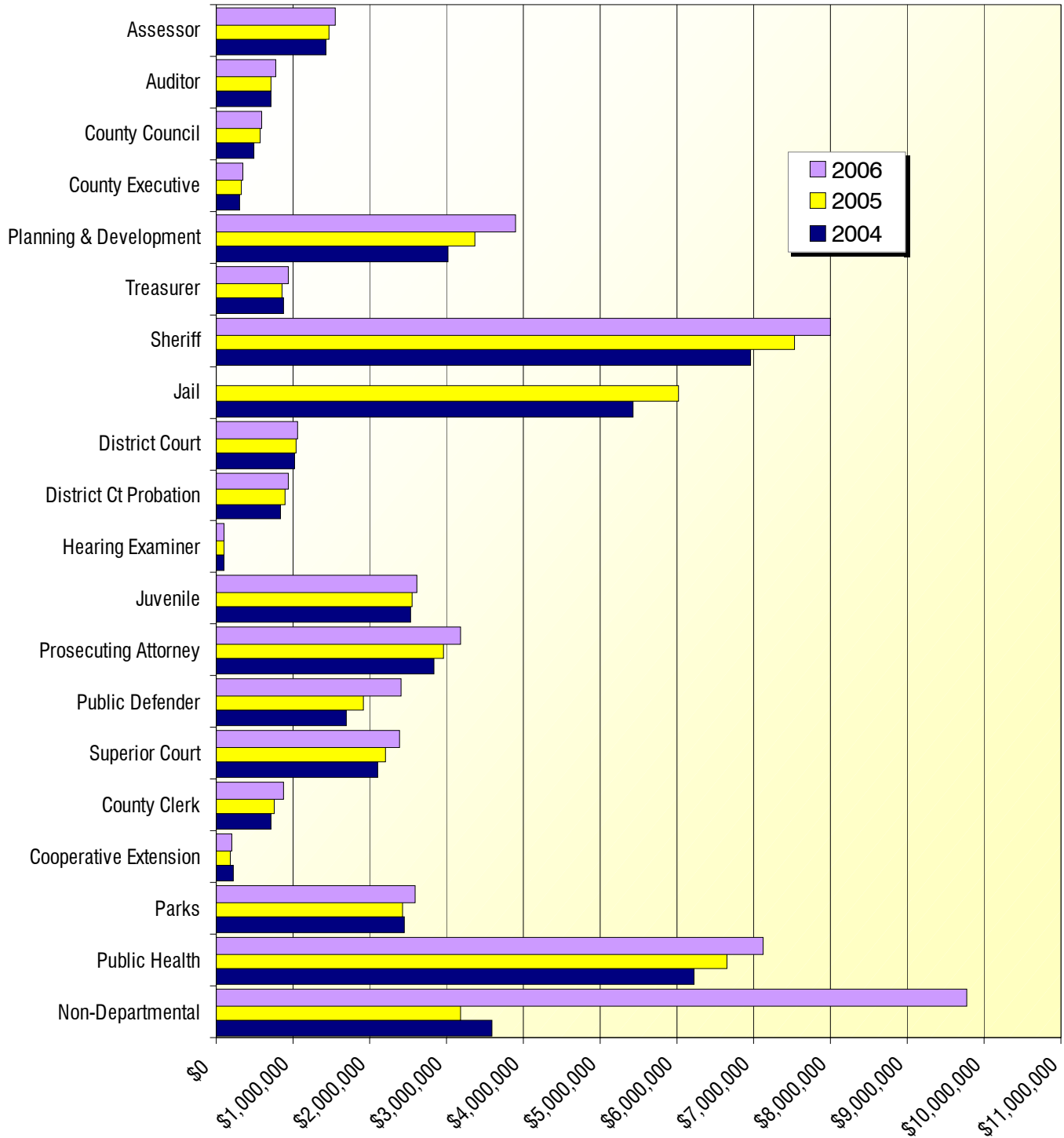
See page 9 for General Fund Expenditure Notes.

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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	1,419,064	1,476,045	1,551,406
Auditor	717,149	724,435	766,218
County Council	498,027	568,702	597,702
County Executive	310,070	328,656	356,599
Planning & Development	3,030,198	3,366,140	3,903,557
Treasurer	873,490	852,213	931,979
Sheriff	6,960,714	7,536,973	7,999,640
District Court	1,010,923	1,038,542	1,064,310
District Ct Probation	834,520	889,270	944,360
Hearing Examiner	99,205	103,846	106,862
Jail	5,432,470	6,019,386	0
Juvenile	2,521,107	2,552,991	2,615,060
Prosecuting Attorney	2,831,470	2,968,228	3,185,018
Public Defender	1,690,485	1,916,601	2,407,259
Superior Court Administration	2,106,705	2,210,674	2,389,486
County Clerk	707,629	745,487	876,363
Cooperative Extension	221,335	175,344	202,808
Parks	2,457,192	2,426,358	2,601,136
Public Health	6,226,462	6,653,539	7,115,729
Non-Departmental	3,589,261	3,185,365	9,774,373
TOTAL	43,537,476	45,738,795	49,389,865

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the third quarter were at 67.05% of the approved budget. This is comparable to 2005 third quarter expenditures of 65.2% of approved budget. All departmental spending was within budget authorization. Superior Court Administration has expended 85% of their approved budget due to higher than expected costs for Guardian Ad Litem and Conflict Contract services. Superior Court's budget will likely require a budget amendment before year-end.

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General Fund Conclusion

	Approved Budget	Projected
Beginning Fund Balance	18,454,667	23,607,243
Revenues		
Budgeted Revenues 2006	63,184,483	63,184,483
Increased Revenue Estimates		4,078,173
Supplemental Budgets 2006	-	1,444,905
Total Revenue	63,184,483	68,707,561
Expenditures		
Budgeted Expenditures 2006	66,287,649	66,287,649
Continuing Appropriations 2006	-	1,301,155
Supplemental Budgets 2006	-	6,070,742
Total Expenditures	66,287,649	73,659,546
Adjusted Surplus (Deficit)	(3,103,166)	(4,951,985)
Other Considerations		
Estimated Budget Lapse - 4%	2,651,506	2,909,578
Ending Fund Balance	18,003,007	21,564,836

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Special Revenue Funds and Other Funds - Revenues

	2005 Actual As of 9/30/2005	2006 Actual As of 9/30/2006	2006 Budget	% Collected of 2006 Budget
County Road Fund	13,094,802	14,432,443	25,062,734	57.59%
Election Reserve Fund	303,957	565,302	992,701	56.95% ¹
Veterans Relief	98,941	113,991	162,381	70.20%
Jail Fund	976,604	8,895,974	11,778,393	75.53%
Low-Income Housing Projects	271,058	236,145	341,700	69.11%
Solid Waste Fund	545,135	630,556	1,046,000	60.28% ²
WC Convention Center Fund	107,595	118,601	150,000	79.07%
Victim/Witness Assistance Fund	84,696	94,229	113,800	82.80%
CERB fund	-	-	189,360	0.00%
Whatcom Co Drug Fund	476,016	581,692	350,000	166.20% ³
Auditor's O&M Fund	141,401	212,463	125,400	169.43% ⁶
Emergency Management	434,063	717,535	1,090,192	65.82%
Flood Control Zone Dist Fund	1,871,291	1,943,874	3,863,483	50.31%
Conservation Futures Fund	617,290	1,056,764	1,421,572	74.34%
Sub-Flood Zones	77,671	76,757	106,188	72.28%
Real Estate Excise Tax Fund II	1,820,355	1,797,143	1,636,600	109.81% ⁴
Real Estate Excise Tax Fund I	1,829,387	1,803,794	1,636,600	110.22% ⁴
Public Utilities Improvement	1,745,126	1,946,752	2,408,096	80.84%
Jail Construction Project	3,162,947	3,907,209	5,935,449	65.83%
Whatcom Co Investment Pool	175,091	159,054	189,513	83.93%
Ferry System Fund	-	2,865,741	3,286,018	87.21% ⁵
Equipment Rental & Revolving	6,761,229	6,860,902	9,089,026	75.49%
Administrative Services Fund	9,608,709	10,500,608	17,047,889	61.59%

Notes:

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

¹ Election Reserve Fund: grant revenue will be collected during the fourth quarter.

² Solid Waste Fund: excise tax is received quarterly. Third quarter excise taxes for 2006 will be received in the fourth quarter.

³ Whatcom County Drug Fund: felony penalty collections and confiscated property revenues have been higher than anticipated.

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

⁵ Ferry Fund: annual operating transfer from the Public Works Road Fund was processed during the first quarter.

⁶ The State increased the surcharge for record preservation from \$2 per recorded document to \$5 per recorded document.

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Special Revenue Funds and Other Funds - Expenditures

	2005 Actual As of 9/30/2005	2006 Actual As of 9/30/2006	2006 Budget	% Expended of 2006 Budget
County Road Fund	14,867,851	18,731,498	35,545,911	52.70%
Election Reserve Fund	551,594	830,716	1,074,233	77.33%
Veterans Relief	85,420	84,760	162,381	52.20%
Jail Fund	19,324	8,939,340	12,535,789	71.31%
Low Income Housing	101,150	185,311	614,580	30.15%
Solid Waste Fund	764,884	732,280	1,313,450	55.75%
WC Convention Center Fund	110,198	124,506	171,584	72.56%
Victim/Witness Assistance Fund	45,455	46,994	130,367	36.05% ¹
CERB fund	-	-	189,360	0.00% ⁵
Whatcom Co Drug Fund	274,370	101,236	766,907	13.20% ²
Auditor's O&M Fund	65,735	171,756	331,653	51.79%
Emergency Management	491,822	521,247	1,262,644	41.28%
Flood Control Zone Dist Fund	2,576,186	4,297,264	8,423,437	51.02%
Conservation Futures Fund	973,029	1,155,560	1,185,700	97.46% ³
Sub-Flood Zones	30,281	391	342,419	0.11% ⁴
Real Estate Excise Tax Fund II	118,375	130,867	324,021	40.39%
Real Estate Excise Tax Fund I	1,176,615	2,240,018	2,807,830	79.78%
Public Utilities Improvement	3,287,163	1,658,906	2,264,793	73.25%
Jail Construction Fund	588,858	7,156,343	7,950,236	90.01%
Whatcom Co Investment Pool	110,504	112,229	189,513	59.22%
Ferry System Fund	-	1,267,023	1,790,998	70.74%
Equipment Rental & Revolving	6,082,918	6,547,878	9,207,128	71.12%
Administrative Services Fund	10,758,982	11,013,801	18,509,338	59.50%

Note:

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

¹ *Victim Witness Assistance Fund: annual operating transfer will be processed during the fourth quarter.*

² *Whatcom County Drug Fund: annual operating transfers will be processed during the fourth quarter.*

³ *Conservation Futures Fund: large land acquisition completed during the second quarter.*

⁴ *Sub-Flood Zones:*

⁵ *CERB Payments are due in October.*