

Whatcom County Second Quarter 2007 Financial Report

For the Quarter Ended June 30, 2007



Executive Summary

At the end of the second quarter of 2007, General Fund revenues are at 98% of projections. Development-related revenues and state timber sale revenues are significantly less than budget projections. Investment interest income is exceeding projections. The General Fund is expected to end the year \$1,500,000 short of budgeted revenues. General Fund expenditure appropriations are expected to be 93% spent by year-end. We project carrying over approximately \$1,300,000 of continuing appropriations for unfinished contracts into 2008. We anticipate the 2007 budget will use \$8.8 million or 38.9% of the General Fund's fund balance.

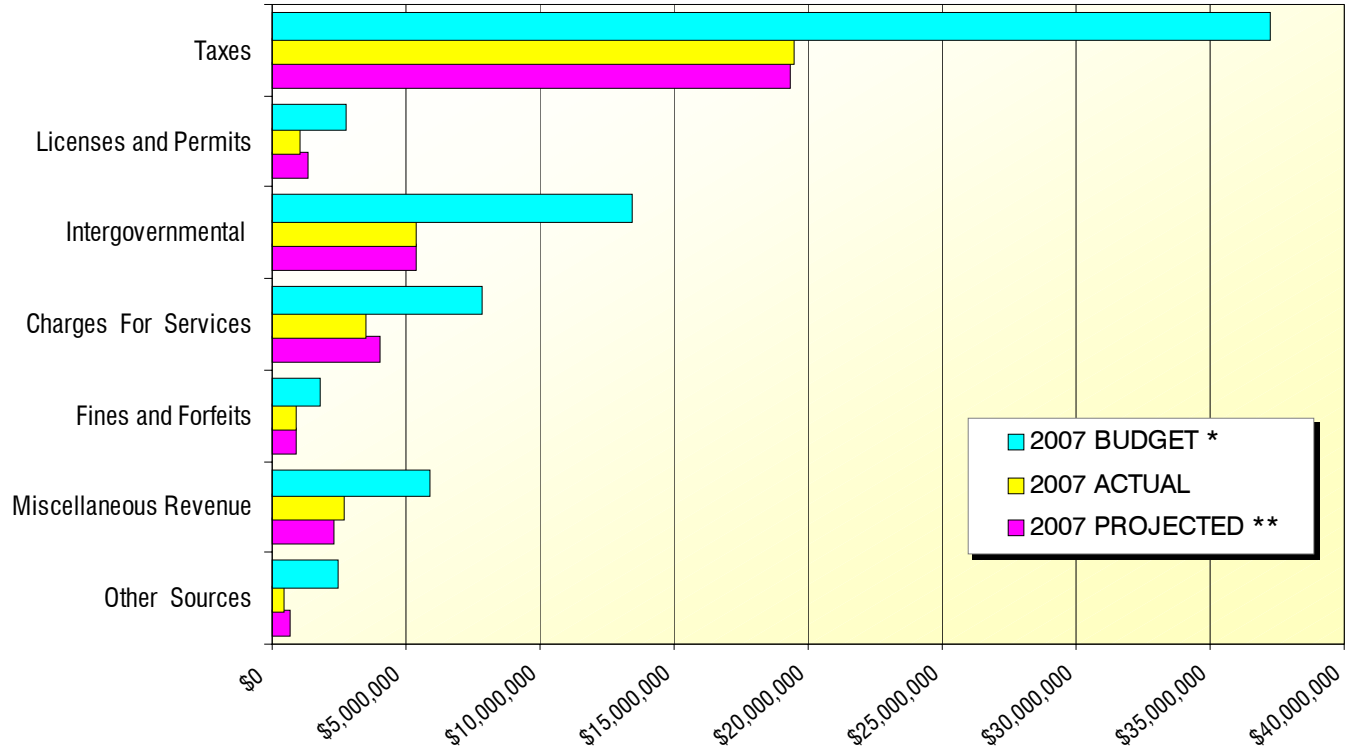
NOTE: This revision corrects an improperly calculated formula on page 11.

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General Revenue - Budget vs. Actual



	2007 Budget Adopted	2007 Budget Supp'ls	2007 Budget Amended	Actual as of 6/30/07	% Collected To Date	Projected as of 6/30/07
Taxes	37,239,961	0	37,239,961	19,449,786	52.23%	19,315,857
Licenses and Permits	2,769,629	0	2,769,629	1,045,668	37.75%	1,356,848
Intergovernmental	13,075,086	324,714	13,399,800	5,348,451	39.91%	5,365,176
Charges For Services	7,863,289	0	7,863,289	3,485,968	44.33%	4,057,133
Fines and Forfeits	1,765,722	0	1,765,722	868,537	49.19%	883,341
Miscellaneous Revenue	5,887,721	0	5,887,721	2,717,808	46.16%	2,291,995
Other Sources	2,200,403	225,482	2,425,885	412,239	16.99%	672,176
Total Revenue	70,801,811	550,196	71,352,007	33,328,457	46.71%	33,942,526

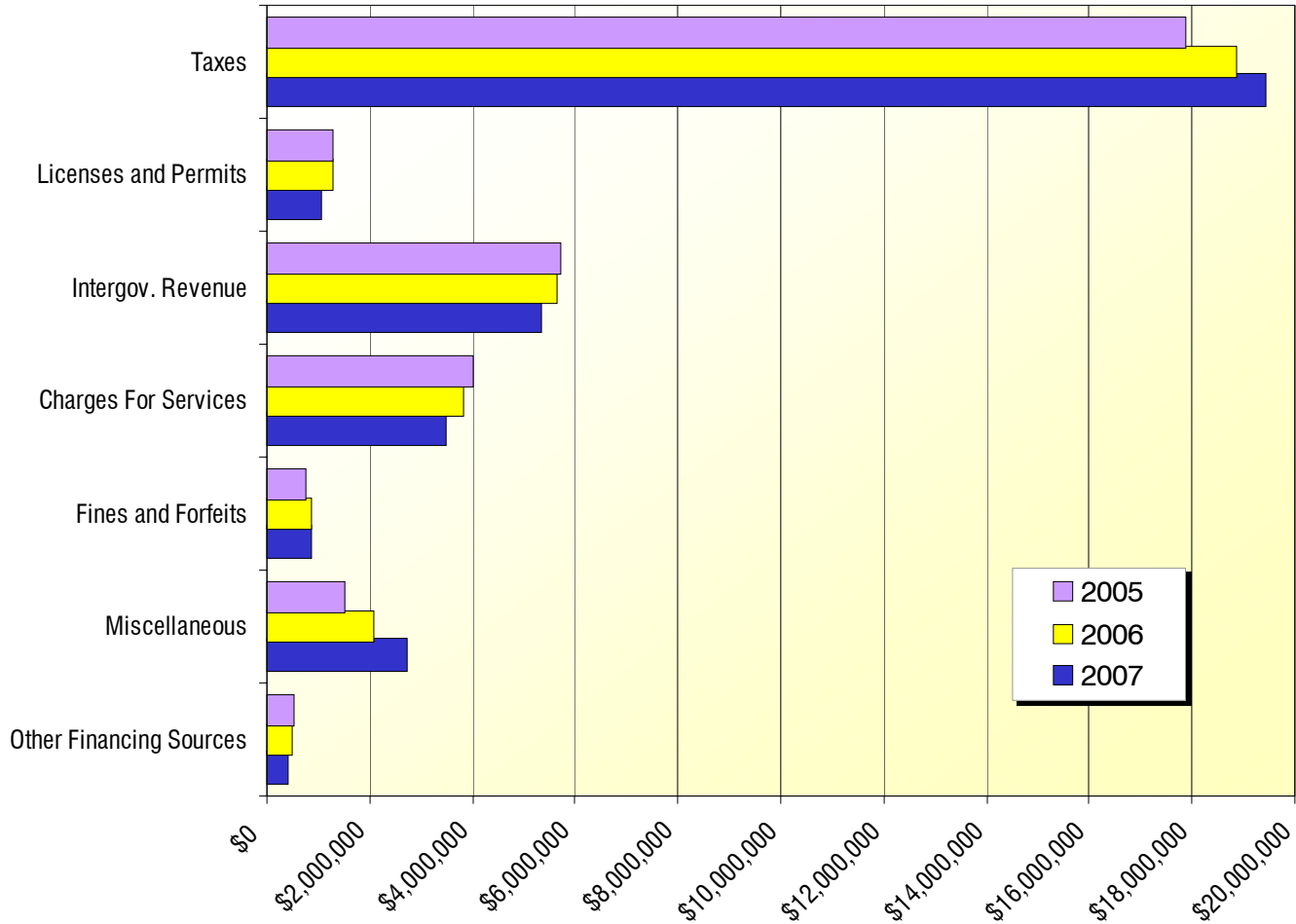
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2005	2006	2007
Taxes	17,891,166	18,878,196	19,449,786
Licenses and Permits	1,285,802	1,279,810	1,045,668
Intergov. Revenue	5,705,842	5,647,396	5,348,451
Charges For Services	3,999,087	3,827,648	3,485,968
Fines and Forfeits	773,318	858,932	868,538
Miscellaneous	1,528,993	2,088,045	2,717,808
Other Financing Sources	543,315	503,313	412,239
Total Revenue	31,727,523	33,083,340	33,328,458

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 \$571,600 greater than second quarter 2006. Property tax collections increased \$425,464, or 3%, from collections at this time last year. Property tax collections do fluctuate based on when taxpayers chose to make their tax payments, however property tax collections will exceed budget by approximately \$300,000 due to greater than anticipated 2006 new construction. Interest and penalties assessed on late payment of property taxes were down slightly from last year. Sales tax revenue increased \$110,368 or 2%.

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%.

Building permit revenues were down \$220,130 or 26%, from the second quarter 2006. Total license & permit revenue decreased from \$1,279,810 to \$1,045,668. A general slow down in permit applications began in 2006, in addition, seasonal restrictions in the Lake Whatcom and Lake Samish watersheds have contributed to this decrease.

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 40% of budget; this is in line with expectations. During the year, most grant billings are not recorded until revenues are received.

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 \$341,680 or 9% from the second quarter 2006. Planning and development service fees decreased \$405,000 from 2006 first half levels. In particular, fees for subdivision reviews decreased \$281,720 or 69%. This decline is in part the result of subdivision fees returning to more normal levels. Subdivision fees were abnormally high in 2006 as the result of public reaction to a potential moratorium on subdivisions. Increases in passport fee revenue and court filing fees helped offset some of the decline.



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 were \$868,537 dollars, or 49% of budget. These amounts are consistent with prior year amounts and current year projections.

Miscellaneous

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

Miscellaneous revenues increased \$629,760 or 30% more than second quarter 2006. Investment interest is up \$593,740 over 2006 due to increases in investment rates of return. Other miscellaneous revenue was consistent with 2006.

Other Financing Sources

The "Other Financing Sources" revenue budget is 32% state timber revenues and 68% operating transfers from other Whatcom County funds.

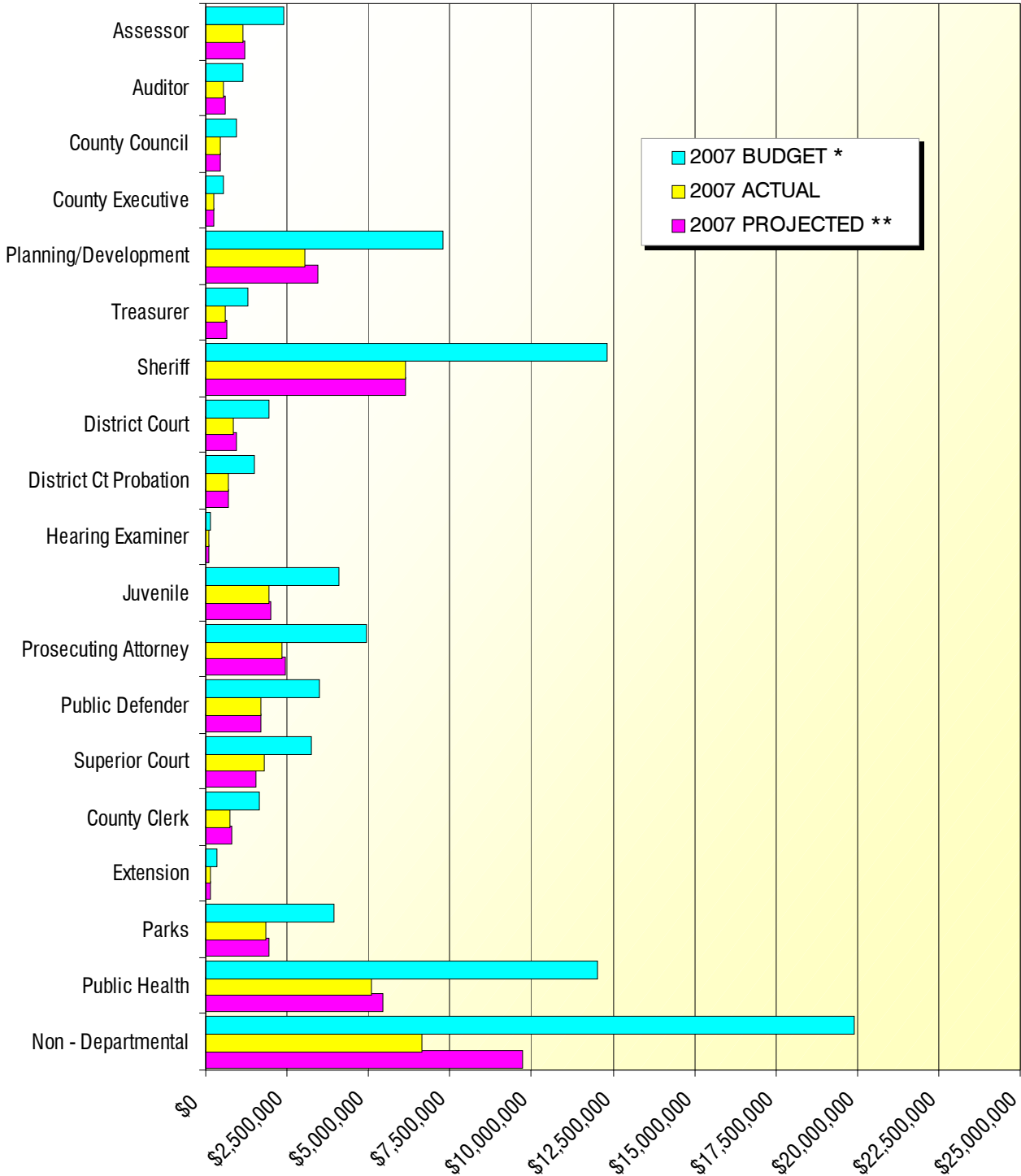
These two revenue sources were \$122,130 less than second quarter 2006. State Timber revenues fluctuate based on harvest plans and market conditions and are currently down 75%, or \$234,186, below 2006 levels. Operating Transfers increased \$112,000 over prior year amounts.

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General Fund Expenditures - Budget vs. Actual



See page 7 for chart detail and page 10 for General Fund Expenditure Notes.

Whatcom County Second Quarter 2007 Financial Report

For the Quarter Ended June 30, 2007



General Fund Expenditures - Budget vs. Actual

	Adopted 2007 Budget	Budget Supplementals	Amended Budget	Actual as of 6/30/07	% Expended To Date
Assessor	2,388,917	0	2,388,917	1,123,829	47.04%
Auditor	1,154,747	7,353	1,162,100	548,054	47.16%
County Council	923,313	20,000	943,313	428,015	45.37%
County Executive	530,773	0	530,773	257,924	48.59%
Planning & Development	6,693,472	579,640	7,273,112	3,055,273	42.01%
Treasurer	1,291,718	0	1,291,718	597,273	46.24%
Sheriff	12,109,150	211,402	12,320,552	6,113,075	49.62%
District Court	1,905,681	50,120	1,955,801	868,333	44.40%
District Court Probation	1,499,975	19,471	1,519,446	686,273	45.17%
Hearing Examiner	159,833	10,640	170,473	81,416	47.76%
Juvenile	4,086,155	18,000	4,104,155	1,945,007	47.39%
Prosecuting Attorney	4,899,720	57,602	4,957,322	2,341,242	47.23%
Public Defender	3,500,032	0	3,500,032	1,690,633	48.30%
Superior Court Admin	3,132,883	107,424	3,240,307	1,774,348	54.76%
County Clerk	1,729,263	(84,687)	1,644,576	768,634	46.74%
Extension	350,308	0	350,308	132,366	37.79%
Park	3,904,414	43,711	3,948,125	1,835,245	46.48%
Public Health	11,938,049	72,400	12,010,449	5,111,256	42.56%
Non - Departmental	18,547,830	1,371,799	19,919,629	6,658,085	33.42%
Total General Fund Exp	80,746,233	2,484,875	83,231,108	36,016,281	43.27%

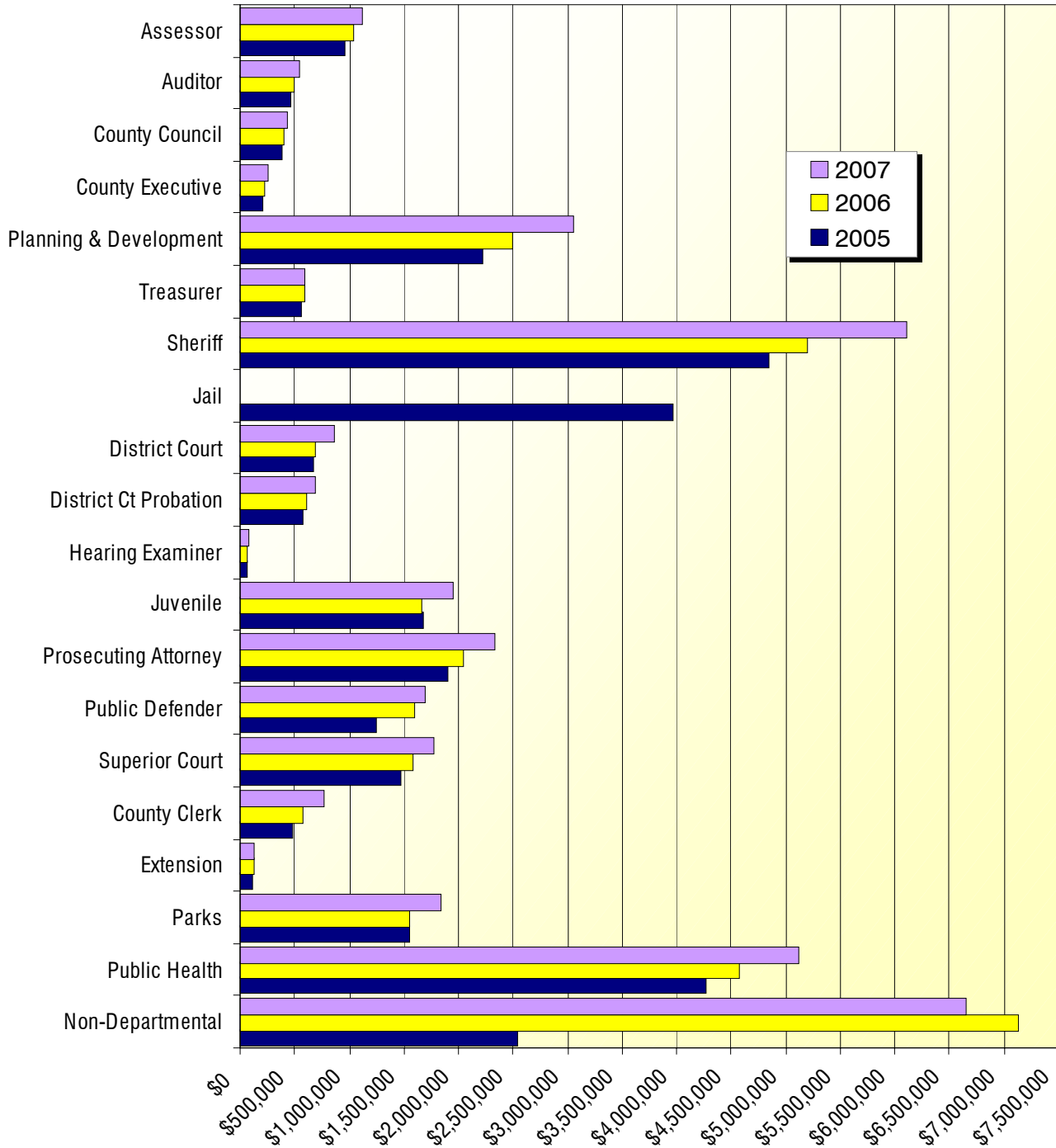
See page 10 for General Fund Expenditure Notes.

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General Fund Expenditures to Date - Compared to Prior Years



See page 9 for chart detail and page 10 for General Fund Expenditure Notes.

Whatcom County Second Quarter 2007 Financial Report

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General Fund Expenditures to Date - Compared to Prior Years

	2005	2006	2007
Assessor	966,378	1,043,210	1,123,829
Auditor	467,090	497,033	548,054
County Council	377,766	405,769	428,015
County Executive	212,078	225,529	257,924
Planning & Development	2,226,353	2,500,302	3,055,273
Treasurer	562,871	587,083	597,273
Sheriff	4,845,462	5,196,747	6,113,075
Jail*	3,970,693	0	0
District Court	675,197	691,398	868,333
District Ct Probation	577,654	605,163	686,273
Hearing Examiner	69,087	69,782	81,416
Juvenile	1,683,566	1,655,880	1,945,007
Prosecuting Attorney	1,901,793	2,040,106	2,341,242
Public Defender	1,240,716	1,597,882	1,690,633
Superior Court Administration	1,476,341	1,587,075	1,774,348
County Clerk	478,737	575,777	768,634
Extension	115,875	132,887	132,366
Parks	1,550,399	1,556,023	1,835,245
Public Health	4,263,178	4,575,039	5,111,256
Non-Departmental*	2,546,213	7,139,259	6,658,085
TOTAL	30,207,447	32,681,944	36,016,281

**With the voter-approved passage of the Detention Facilities Sales Tax the Jail has been moved to its own fund and the net amount of General Fund subsidy is reported as a transfer out of Non-Departmental beginning in 2006.*



General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were at 43.27% of the approved budget.

By the end of the first half, all departments had spent no more than 50% of their budget with the exception of Superior Court Administration which had used 54.76% of their budget. Superior Court Administration is experiencing greater than expected costs related to contract guardian ad litem, contract defense attorneys, commissioners pay and jury expenses. Existing budget authority in Non-Departmental will be transferred to Superior Court to cover the increased costs of contracted defense.

Non-Departmental expenditures, which are costs that are not attributable to specific program areas or departments, are 33.42% spent at the end of June. Several large transfers were not made by the end of the second quarter. These transfers include funding for the future cost of health care for retired sheriff deputies (LEOFF I) and funding for facilities projects and information technology projects which are not yet underway.

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General Fund Conclusion

	Approved Budget	Projected
Beginning Fund Balance	<u>22,095,442</u>	<u>22,764,715</u>
Revenues		
Budgeted Revenues 2007	70,801,811	70,801,811
Continuing Appropriations from 2006		169,209
Supplemental Budgets 2007		380,987
Total Revenue	<u>70,801,811</u>	<u>71,352,007</u>
Expenditures		
Budgeted Expenditures 2007	80,746,233	80,746,233
Continuing Appropriations from 2006		1,298,704
Supplemental Budgets 2007	-	1,186,171
Total Expenditures	<u>80,746,233</u>	<u>83,231,108</u>
Adjusted Surplus (Deficit)	(9,944,422)	(11,879,101)
Other Considerations		
Projected Revenue Short-fall	-	(1,500,000)
Projected Unspent Appropriation at Year-end	3,229,849	5,826,178
Projected Ending Fund Balance	<u>15,380,869</u>	<u>15,211,792</u>
Projected Continuing Appropriations for 2007	-	(1,300,000)
Available Ending Fund Balance	<u>15,380,869</u>	<u>13,911,792</u>

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Special Revenue Funds and Other Funds - Revenues

	2006 Actual As of 6/30/2006	2007 Actual As of 6/30/2007	2007 Budget	% Collected of 2007 Budget
County Road Fund	11,366,845	11,262,078	22,179,499	50.78%
Election Reserve Fund	414,869	491,616	1,428,731	34.41%
Veterans Relief	105,091	123,572	191,441	64.55%
Water Resources	-	375,000	619,000	60.58% ¹
Jail Fund	5,955,071	6,015,837	13,033,094	46.16% ²
Low-Income Housing Projects	159,805	147,094	320,000	45.97%
Homeless Housing	164,769	151,645	330,000	45.95%
County Wide Emergency Medical	126,302	1,205,307	2,283,711	52.78% ³
Solid Waste Fund	288,423	293,844	1,086,881	27.04%
WC Convention Center Fund	70,420	73,508	170,000	43.24%
Victim/Witness Assistance Fund	63,226	65,993	117,000	56.40%
Whatcom Co Drug Fund	158,207	99,620	380,000	26.22%
Auditor's O&M Fund	74,514	70,964	230,900	30.73%
Emergency Management	365,632	401,336	784,632	51.15%
Flood Control Zone Dist Fund	1,593,281	1,674,337	4,145,981	40.38%
Conservation Futures Fund	483,372	491,600	1,016,904	48.34%
Sub-Flood Zones	73,968	48,186	123,132	39.13%
Real Estate Excise Tax Fund II	1,233,312	1,066,702	2,300,000	46.38%
Real Estate Excise Tax Fund I	1,239,962	1,108,016	2,309,700	47.97%
Public Utilities Improvement	1,247,329	1,288,699	2,500,000	51.55%
Jail Construction Project	3,675,449	50,571	50,571	100.00% ⁴
Ferry System Fund	2,684,358	752,641	1,824,000	41.26% ⁵
Equipment Rental & Revolving	3,589,852	4,416,890	11,099,841	39.79%
Administrative Services Fund	7,105,615	8,140,697	19,711,386	41.30%

Notes:

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

¹ *Water Resources: An annual operating transfer from the Flood Control Fund was received during the first quarter.*

² *Jail Fund: Intergovernmental charges for jail services are projected to be \$400,000 less than budget by year-end. This is due to actual daily populations and municipal usage are lower than budgeted projections.*

³ *County Wide Emergency Medical fund was formed in 2006 to account for a new sales tax for emergency medical and criminal justice purposes.*

⁴ *Jail Construction Project: One time payment received during the first quarter.*

⁵ *Ferry System Fund: 2006 included a one-time \$1,587,000 equity transfer from the Road Fund to establish this fund.*

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Special Revenue Funds and Other Funds - Expenditures

	2006 Actual As of 6/30/2006	2007 Actual As of 6/30/2007	2007 Budget	% Expended of 2007 Budget
County Road Fund	10,952,307	10,763,227	35,797,733	30.07%
Election Reserve Fund	469,042	382,126	1,428,431	26.75%
Veterans Relief	61,456	73,716	191,441	38.51%
Water Resources	-	78,606	905,569	8.68% ¹
Jail Fund	6,502,684	5,292,819	11,761,670	45.00% ²
Low Income Housing	81,363	76,933	410,000	18.76%
Homeless Housing	2,890	14,396	320,000	4.50%
County Wide Emergency Medical	-	689,450	1,378,899	50.00% ³
Solid Waste Fund	482,787	418,372	1,264,067	33.10%
WC Convention Center Fund	79,431	80,774	227,660	35.48%
Victim/Witness Assistance Fund	30,007	34,747	119,138	29.17%
Whatcom Co Drug Fund	80,258	40,283	798,228	5.05%
Auditor's O&M Fund	141,753	27,418	279,102	9.82%
Emergency Management	161,068	182,261	518,067	35.18%
Flood Control Zone Dist Fund	2,644,716	1,599,161	6,180,864	25.87% ¹
Conservation Futures Fund	1,099,497	177,986	256,550	69.38% ¹
Sub-Flood Zones	391	4,534	179,000	2.53%
Real Estate Excise Tax Fund II	33,395	62,235	589,552	10.56%
Real Estate Excise Tax Fund I	2,239,095	1,370,161	2,306,432	59.41%
Public Utilities Improvement	714,503	854,284	1,010,073	84.58% ¹
Jail Construction Fund	4,654,930	41,733	302,530	13.79% ⁴
Ferry System Fund	715,734	753,955	1,886,438	39.97%
Equipment Rental & Revolving	3,805,121	3,953,744	10,867,574	36.38%
Administrative Services Fund	6,842,599	7,672,939	20,538,905	37.36%

Note:

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

¹ Expenditures in several of the funds presented are project-driven and fluctuate significantly year-to-year.

² Jail Fund: Prior year amounts included a one-time transfer to help fund the new minimum security jail facility.

³ County Wide Emergency Medical fund created in 2006 for emergency medical and criminal justice purposes. Regular transfers fund county wide Medic One services, Sheriff's Office new deputies and a Prosecuting Attorney position.

⁴ Jail Construction Fund: new minimum security facility construction is now substantially complete.



2007 Second Quarter Financial Report

Compiled and Presented by the
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