



**2007
Fourth
Quarter
Financial
Report**

Compiled and Presented by the
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Finance Division
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December 31, 2007

Whatcom County Fourth Quarter 2007 Financial Report

For the Quarter Ended December 31, 2007



Executive Summary

The following information presents Whatcom County's fourth quarter 2007 financial report. At year-end, Whatcom County's General Fund collected 96% of its budgeted revenues. This is a significant change from 2006 and 2005, when revenue collections were 101.5% and 102.4% of budget, respectively. Whatcom County's General Fund spent 91% of its budgeted expenditures. This is close to the 92% experienced in 2006 and the 93% experienced in 2005. Ultimately these percentages will be adjusted as we close out 2007.

Tax collections were 101% of budget. Tax revenue grew 2.65%, which is less than half the rate of growth in each of the last two years. New construction increased property tax revenue \$963,940, property tax revenues exceeded budget by 2%. Retail sales tax was 101% of budget; however, collections fell \$98,000 from 2006 due to decreases in building activity. Interest income was 116% of budget and increased \$1,187,280 over 2006 due to higher investment interest rates. Planning and Development Services revenue was down from 2006. Building permit revenue totaled \$1.3 million or 71% of budget, and plan check fees totaled \$739,000 or 77% of budget. State timber sales were \$169,000 or 22% of budget.

The estimated 2007 General Fund ending fund balance is expected to be \$15.6 million. This is a decrease of \$6.2 million from the 2006 ending fund balance. \$3.5 million of the decrease is due to a transfer to establish a LEOFF I healthcare fund for the future healthcare costs of retired sheriff deputies.

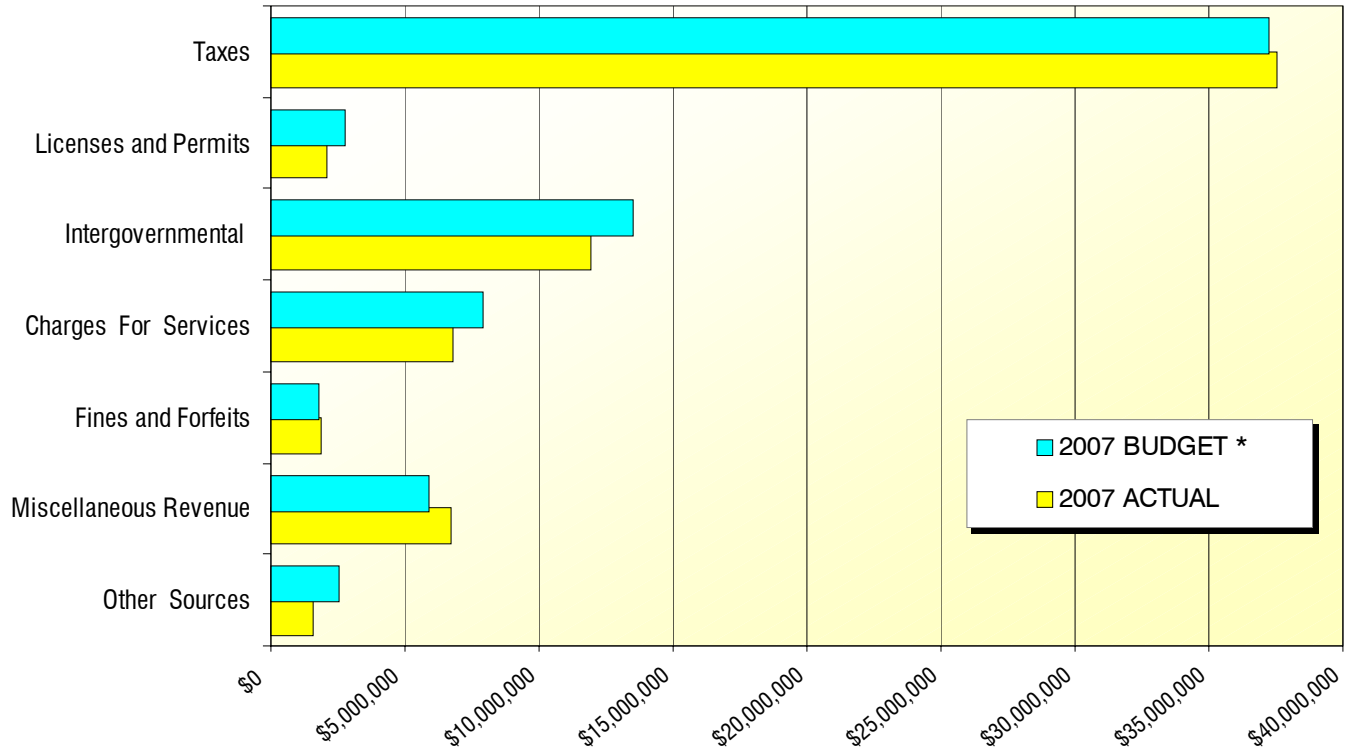
The 2008 budget uses \$3.8 million of fund balance which will reduce the General Fund's ending fund balance to just under \$12 million. Whatcom County's General Fund policy is to maintain an ending fund balance of at least 15% of the Fund's annual revenue of the most recently closed fiscal year, which is approximately \$11 million. Given the status of the fund balance, the County has limited ability to increase its ongoing costs.

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General Revenue - Budget vs. Actual



	2007 Budget Adopted	2007 Budget Suppl's	2007 Budget Amended	Actual as of 12/31/07	% Collected To Date
Taxes	37,239,961	0	37,239,961	37,540,298	100.81%
Licenses and Permits	2,769,629	0	2,769,629	2,122,503	76.63%
Intergovernmental	13,075,086	429,441	13,504,527	11,960,233	88.56%
Charges For Services	7,863,289	11,934	7,875,223	6,767,964	85.94%
Fines and Forfeits	1,765,722	0	1,765,722	1,860,950	105.39%
Miscellaneous Revenue	5,887,721	19,248	5,906,969	6,714,829	113.68%
Other Sources	2,200,403	328,913	2,529,316	1,577,730	62.38%
Total Revenue	70,801,811	789,536	71,591,347	68,544,507	95.74%

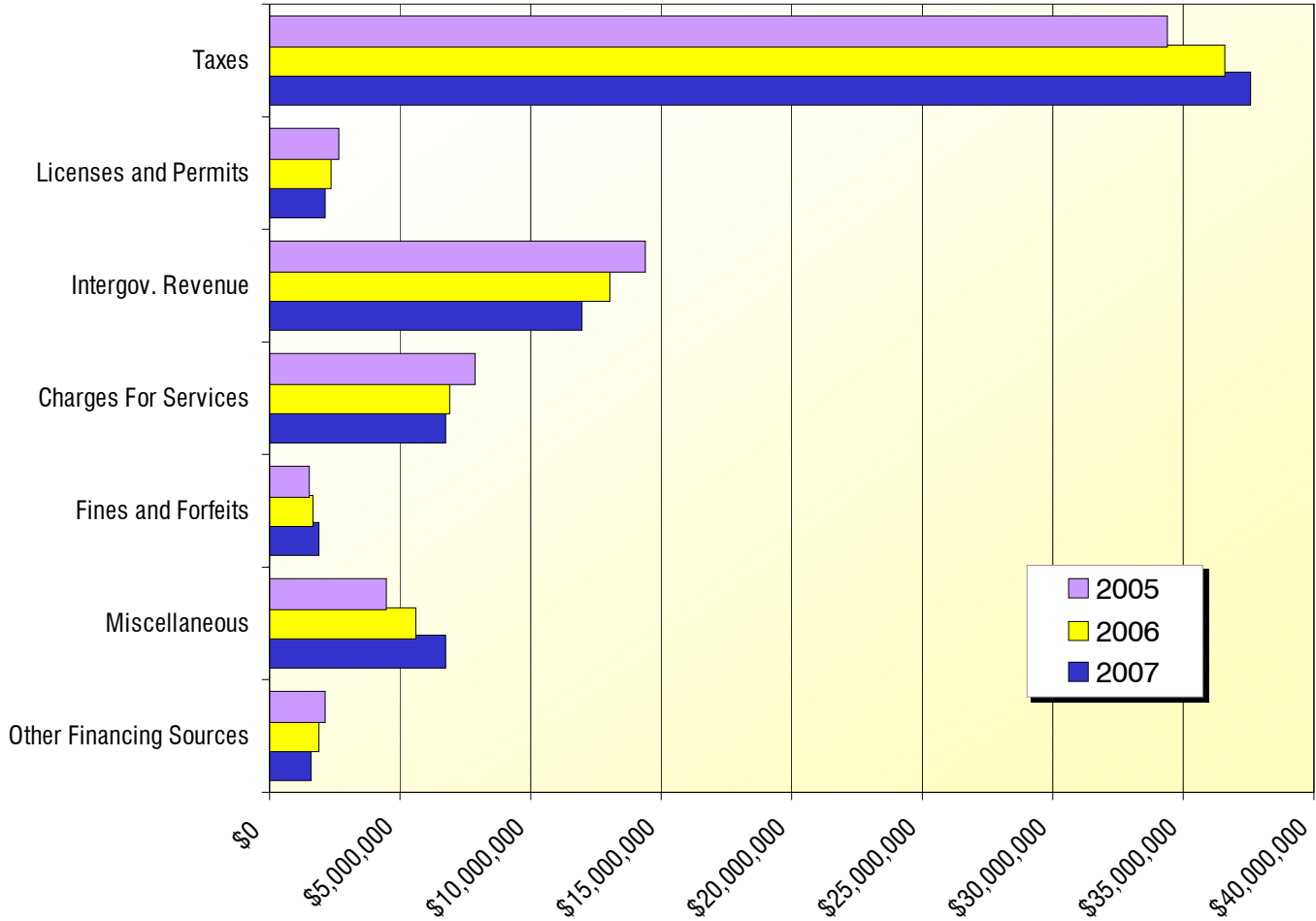
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2005	2006	2007
Taxes	34,360,338	36,571,064	37,540,298
Licenses and Permits	2,639,392	2,342,169	2,122,503
Intergov. Revenue	14,427,313	13,015,764	11,960,233
Charges For Services	7,903,005	6,917,033	6,767,964
Fines and Forfeits	1,503,971	1,687,947	1,860,950
Miscellaneous	4,433,024	5,588,204	6,714,829
Other Financing Sources	2,092,272	1,880,393	1,577,730
Total Revenue	67,359,315	68,002,574	68,544,507

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 2.65%, or \$970,000, over last year.

The General Fund property tax collections totaled \$23,309,370 at year-end. This is 102% of the 2007 budget. Property tax revenues in 2007 are \$963,940 more than 2006 as the result of new construction added to the tax roll.

Sales tax collections year to date are down slightly by \$97,700 from last year. Total sales tax revenue collected for 2007 is \$11,812,850. 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, 76.6% of the 2007 budget or \$2,122,503 of "Licenses and Permits" revenue has been collected. This is \$219,670 less than was collected in 2006.

Building permit revenues totaled 1,313,009 this is 71% of the 2008 budget. Building permits were \$146,500 or 11% less than in 2006. On-site sewage permits totaled \$291,605 or 91% of budget. On-site sewage permits are down \$47,600, or 14%, below 2006.

Intergovernmental Revenue

"Intergovernmental Revenue" comes from a variety of sources including grant revenue, state entitlements and payment for intergovernmental services rendered. This category is budgeted to be 19% of total General Fund revenues.

Revenues as of year-end are 88.6% of the 2007 budget. 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 Department) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.



General Fund Revenue Notes, continued

Charges for Services revenues totaled \$6,767,964 for 2007; this is \$149,069 or 2.2%, less than 2006 charges for services revenue. Charges for services are at 86%, or \$1.1 million below budget. Planning & Development actual fees collected are only 62% of budgeted amounts. Subdivision review revenue decreased \$328,645 or 60% from 2006. This decline is, in part, the result of subdivision fees returning to more normal levels. Subdivision fees were abnormally high in 2006 as a result of public reaction to a potential moratorium on 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 ended 2007 at 105.4% of budget or \$1,860,950. Traffic infractions increased \$108,700, or 10.4%, from 2006.

Miscellaneous

"Miscellaneous" revenues include investment earnings, rental income from Parks & Recreation activities, cable franchise fees, and other miscellaneous earnings.

Miscellaneous revenues exceeded budget projections by 13.7% or \$807,860. Rising interest rates were largely responsible for miscellaneous revenues exceeding expectations. Whatcom County earns interest from investing cash balances. Interest earnings were \$1,187,280 or 26.5% greater than 2006 and \$793,995 or 16% greater than the 2007 budget.

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

Other Financing Sources

"Other Financing Sources" revenue is 11% state timber revenues and 89% operating transfers from other Whatcom County funds.

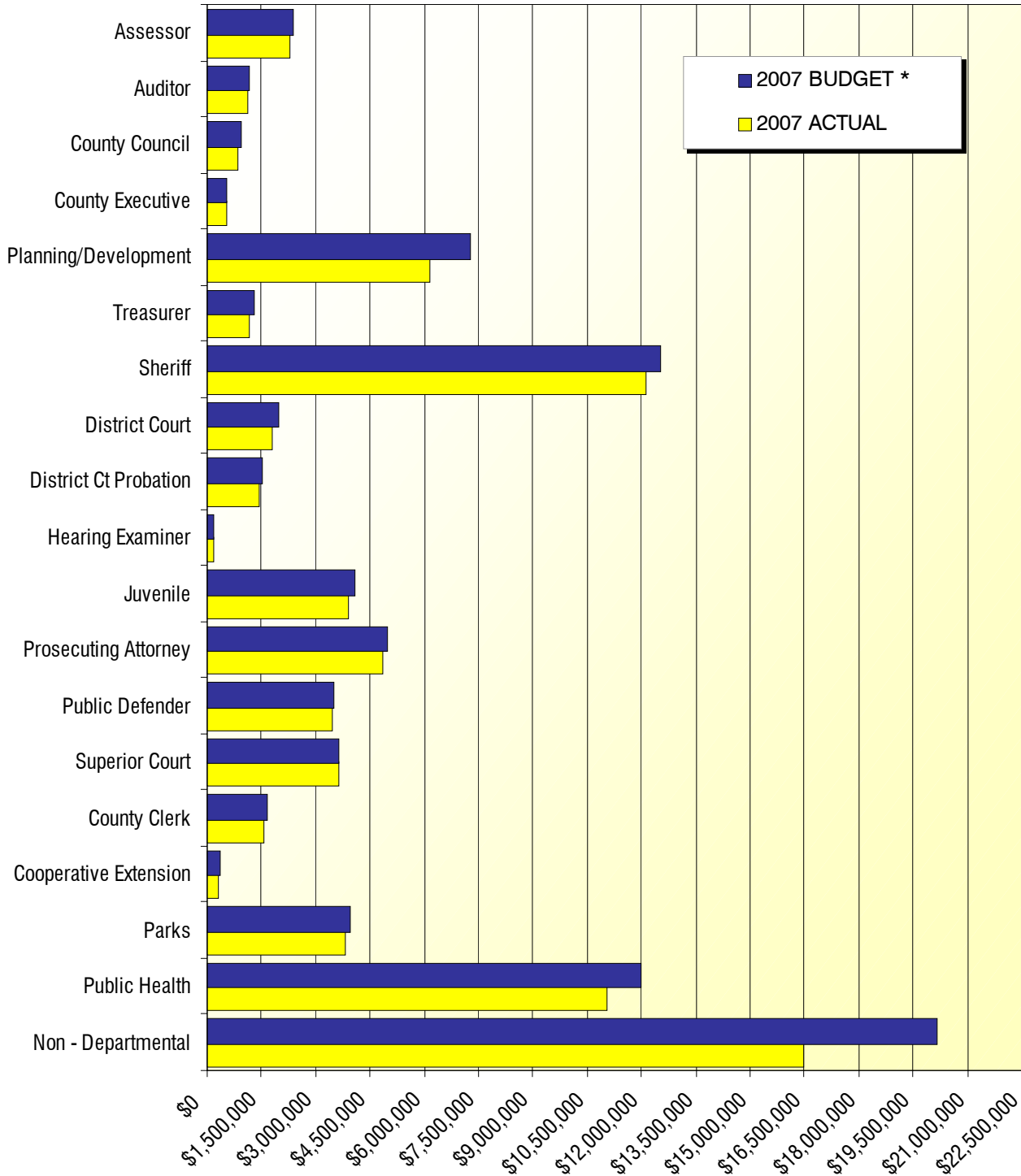
Other financing sources ended the year at 62.4% of budgeted revenue. State timber revenues decreased \$265,550 and were only 22.4% of budget projections. This revenue source fluctuates based on harvest plans and market conditions. Operating transfers were 79% of budget projections. Occasionally, transfers between funds are contingent upon project scheduling issues; some projects have been delayed until 2008. Other transfers will be made as a result of final adjustments to close out 2007.

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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 2007 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/07	% Expended To Date
Assessor	2,388,917	0	2,388,917	2,292,773	95.98%
Auditor	1,154,747	7,353	1,162,100	1,123,913	96.71%
County Council	923,313	20,000	943,313	874,282	92.68%
County Executive	530,773	0	530,773	521,278	98.21%
Planning & Development	6,693,472	579,640	7,273,112	6,167,635	84.80%
Treasurer	1,291,718	0	1,291,718	1,173,059	90.81%
Sheriff	12,109,150	399,717	12,508,867	12,142,440	97.07%
District Court	1,905,681	59,840	1,965,521	1,811,513	92.16%
District Court Probation	1,499,975	9,751	1,509,726	1,435,720	95.10%
Hearing Examiner	159,833	10,640	170,473	162,488	95.32%
Juvenile	4,086,155	18,000	4,104,155	3,901,811	95.07%
Prosecuting Attorney	4,899,720	101,259	5,000,979	4,862,896	97.24%
Public Defender	3,500,032	0	3,500,032	3,437,070	98.20%
Superior Court Admin	3,132,883	498,424	3,631,307	3,638,163	100.19%
County Clerk	1,729,263	(81,687)	1,647,576	1,551,270	94.15%
Cooperative Extension	350,308	0	350,308	330,648	94.39%
Park	3,904,414	52,959	3,957,373	3,801,533	96.06%
Public Health	11,938,049	72,400	12,010,449	11,037,728	91.90%
Non - Departmental	18,547,830	1,608,928	20,156,758	16,466,062	81.69%
Total General Fund Exp	80,746,233	3,357,224	84,103,457	76,732,282	91.24%

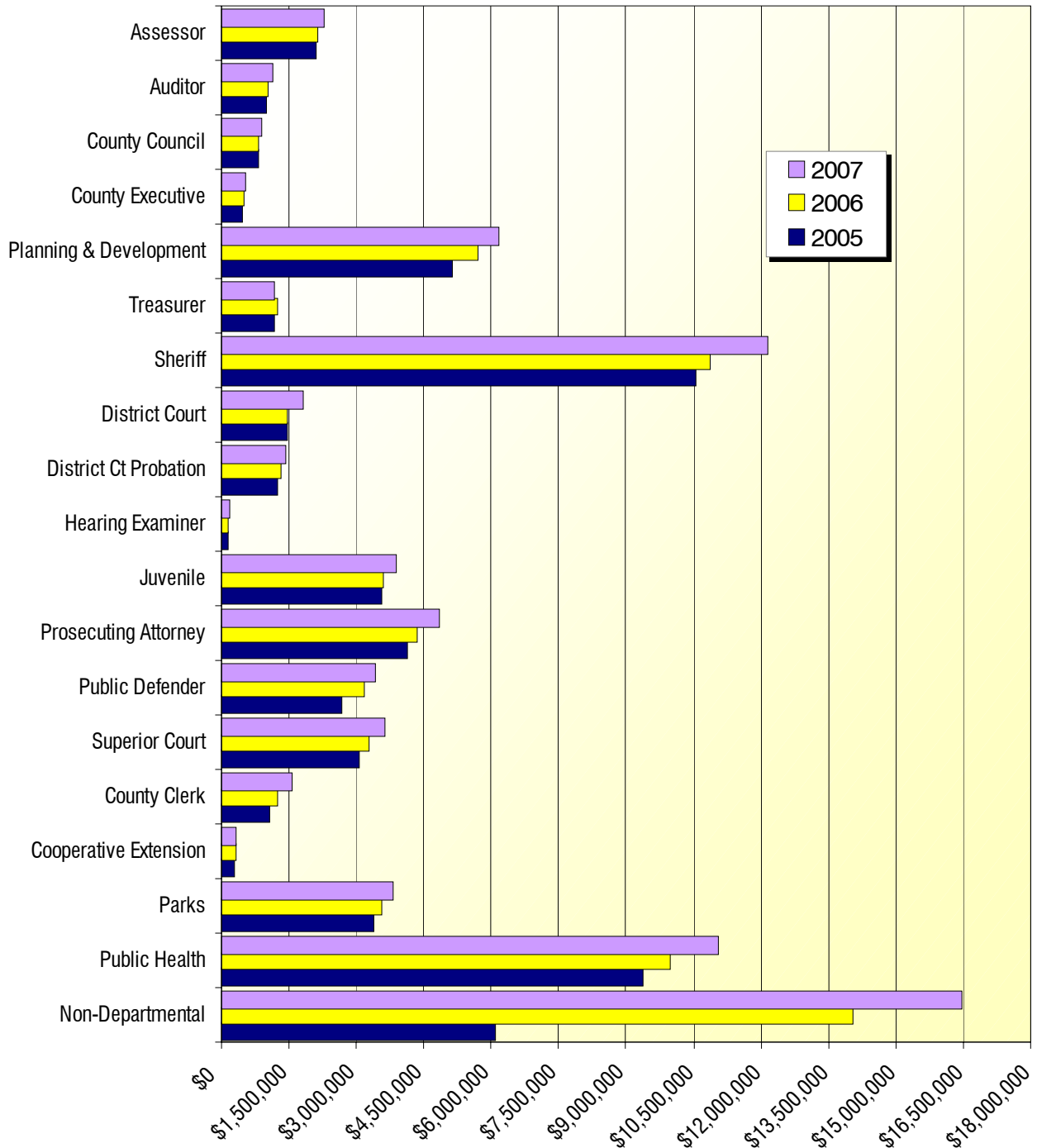
See page 9 for General Fund Expenditure Notes.

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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

	2005	2006	2007
Assessor	2,103,148	2,146,138	2,292,773
Auditor	1,000,309	1,045,632	1,123,913
County Council	830,698	832,169	874,282
County Executive	460,304	485,354	521,278
Planning & Development	5,128,248	5,696,442	6,167,635
Treasurer	1,184,708	1,230,648	1,173,059
Sheriff	10,542,779	10,888,519	12,142,440
District Court	1,447,234	1,459,591	1,811,513
District Ct Probation	1,252,206	1,330,205	1,435,720
Hearing Examiner	142,228	144,959	162,488
Juvenile	3,567,204	3,612,287	3,901,811
Prosecuting Attorney	4,148,979	4,362,055	4,862,896
Public Defender	2,658,547	3,188,984	3,437,070
Superior Court Administration	3,058,994	3,280,685	3,638,163
County Clerk	1,071,637	1,256,027	1,551,270
Extension	298,593	307,136	330,648
Parks	3,376,789	3,571,130	3,801,533
Public Health	9,389,689	9,966,873	11,037,728
Non-Departmental	6,088,265	14,040,268	16,466,062
TOTAL	57,750,559	68,845,102	76,732,282

General Fund Expenditure Notes

Overall expenditures for the General Fund were at 91.2% of the approved budget at year end. Continuing appropriations will carry over approximately \$1.1 million of spending authority into 2008 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 .19%, or \$6,856 dollars.

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 82% 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. Continuing appropriations of \$533,723 will be added to the 2008 Non-Departmental budget for contracts in process at year-end.

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General Fund Conclusion

Beginning Fund Balance	\$	22,764,716
2007 Activity		
Revenues	\$	68,544,507
Expenditures	\$	<u>(76,732,282)</u>
Net Loss	\$	(8,187,775)
Adjustments		
Estimated Unrecorded Revenues at Report Date	\$	<u>1,000,000</u>
2007 GENERAL FUND ENDING BALANCE	\$	<u><u>15,576,941</u></u>

Fund Balance Composition

Unrestricted Fund Balance	\$	14,072,505
Restricted Fund Balance	\$	387,957
2007 Continuing Appropriations	\$	<u>1,116,479</u>
2007 GENERAL FUND ENDING BALANCE	\$	<u><u>15,576,941</u></u>

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Special Revenue Funds and Other Funds - Revenues

	2006 Actual As of 12/31/2006	2007 Actual As of 12/31/2007	2007 Budget	% Collected of 2007 Budget	
County Road Fund	25,185,265	22,911,023	22,179,499	103.30%	1
Election Reserve Fund	958,680	1,229,171	1,428,731	86.03%	
Veterans Relief	204,926	231,171	191,441	120.75%	1
Water Resources	-	619,000	619,000	100.00%	2
Whatcom County Jail	11,915,452	12,726,639	13,033,094	97.65%	8
Low-Income Housing Projects	304,859	283,695	320,000	88.65%	
Homeless Housing	314,327	443,053	330,000	134.26%	3
County Wide Emergency Medical	1,590,068	2,647,267	2,283,711	115.92%	4
Solid Waste Fund	1,145,441	834,450	1,086,881	76.77%	
WC Convention Center Fund	181,561	213,824	170,000	125.78%	5
Victim/Witness Assistance Fund	121,799	133,596	117,000	114.18%	
Whatcom Co Drug Fund	687,005	324,422	380,000	85.37%	
Auditor's O&M Fund	242,591	250,730	230,900	108.59%	
Emergency Management	997,404	534,827	784,632	68.16%	9
Flood Control Zone Dist Fund	4,236,161	3,402,894	4,145,981	82.08%	
Conservation Futures Fund	1,420,192	1,323,218	1,336,904	98.98%	
Sub-Flood Zones	125,307	139,316	123,132	113.14%	
Real Estate Excise Tax Fund II	2,271,385	2,198,439	2,300,000	95.58%	
Real Estate Excise Tax Fund I	2,278,894	2,240,853	2,309,700	97.02%	
Public Utilities Improvement	2,680,320	2,836,790	2,500,000	113.47%	5
Jail Construction Project	5,886,969	97,854	50,571	193.50%	6
Ferry System Fund	3,045,309	1,675,226	1,824,000	91.84%	7
Equipment Rental & Revolving	9,138,061	10,687,788	11,249,351	95.01%	
Administrative Services Fund	15,913,637	17,457,900	19,711,386	88.57%	

Notes:

Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list.
Revenue levels in several of these funds fluctuate based on current year activities (e.g. project completions).

¹ Higher than anticipated property tax revenue was collected due to higher than normal new construction amounts added to the tax rolls.

² This fund was reactivated in 2007 and funded by transfers from the General Fund and Flood Fund.

³ Higher than anticipated document recording revenue due to changes in legislation.

⁴ This fund was formed in 2006 to account for a new sales tax for emergency medical and criminal justice purposes.

⁵ Higher than anticipated tax collections due to changes in tax rates.

⁶ New minimum security facility completed the beginning of 2007.

⁷ 2006 included a one-time equity transfer from the Road Fund to establish this fund.

⁸ Jail Revenues were below projections due to a delay in a project to upgrade Jail controls. The transfer to fund the project was not made.

⁹ Budgeted grant-funded activities were delayed and therefore grant revenues were under budget.

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Special Revenue Funds and Other Funds - Expenditures

	2006 Actual As of 12/31/2006	2007 Actual As of 12/31/2007	2007 Budget	% Expended of 2007 Budget
County Road Fund	25,420,570	25,385,290	35,939,492	70.63%
Election Reserve Fund	1,147,616	1,005,847	1,428,431	70.42%
Veterans Relief	106,927	120,853	191,441	63.13%
Water Resources	162,078	443,148	905,569	48.94%
Jail Fund	12,528,778	11,314,905	12,127,171	93.30%
Low Income Housing	372,566	829,862	914,214	90.77%
Homeless Housing	14,171	37,102	320,000	11.59%
County Wide Emergency Medical	90,337	1,378,899	1,378,899	100.00% ¹
Solid Waste Fund	1,121,792	1,097,420	1,264,067	86.82%
WC Convention Center Fund	161,328	200,010	227,660	87.85%
Victim/Witness Assistance Fund	128,023	119,138	119,138	100.00%
Whatcom Co Drug Fund	708,189	673,223	798,228	84.34%
Auditor's O&M Fund	271,249	181,257	279,102	64.94%
Emergency Management	970,174	570,351	915,247	62.32%
Flood Control Zone Dist Fund	5,564,601	4,723,657	6,226,464	75.86%
Conservation Futures Fund	1,155,560	1,630,896	2,212,250	73.72%
Sub-Flood Zones	232,251	19,586	181,878	10.77% ²
Real Estate Excise Tax Fund II	137,258	224,682	589,552	38.11%
Real Estate Excise Tax Fund I	2,246,610	1,483,870	2,396,432	61.92%
Public Utilities Improvement	1,107,096	5,278,982	5,346,761	98.73%
Jail Construction Fund	7,691,973	122,201	302,530	40.39% ³
Ferry System Fund	1,852,078	1,902,713	1,886,438	100.86%
Equipment Rental & Revolving	8,671,998	9,668,262	11,544,780	83.75%
Administrative Services Fund	14,976,800	17,216,248	20,538,905	83.82%

Note:

Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list. Expenditures in most of the funds presented are project-driven and do not follow regular spending patterns.

¹ 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.

² Year-end adjustments will increase total expenditures.

³ New minimum security facility was completed at the beginning of 2007.