



2008 Second Quarter Financial Report

Compiled and Presented by the
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Finance Division
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Whatcom County Second Quarter 2008 Financial Report

For the Quarter Ended June 30, 2008



Executive Summary

The following information presents Whatcom County's second quarter 2008 financial report. At the end of the second quarter of 2008, General Fund revenues are 3.5% behind projections. Expenditures are on track with the 2008 budget.

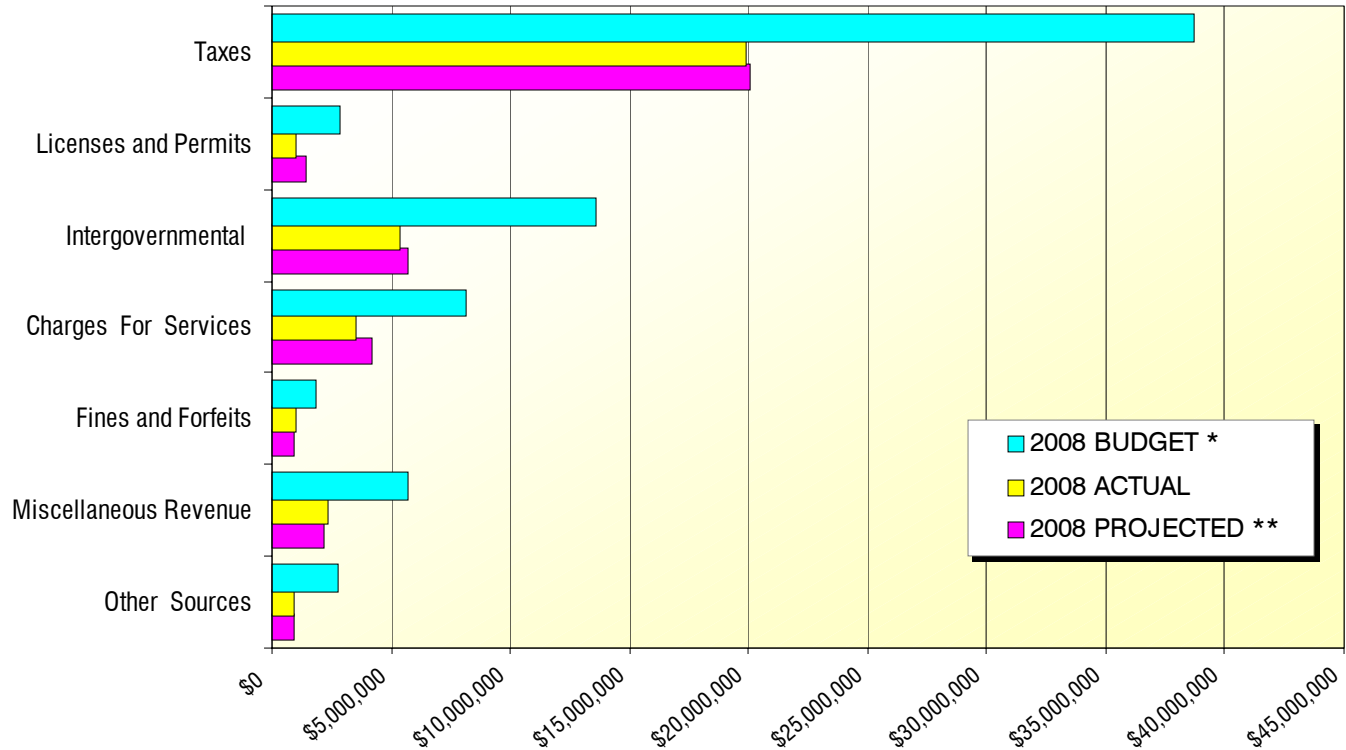
The slowdown in construction, and our economy in general, are a concern. Development related revenues will likely fall short of the 2008 budget. The administration has implemented a hiring freeze and other measures to reduce expenditures. The administration's objective is to reduce expenditures in the last half of 2008 to increase the ending fund balance from the projected \$11,585,195 to \$12,000,000. Reducing expenditures and increasing the 2008 ending fund balance will provide Whatcom County more flexibility to address the economic challenges that we will be facing in the 2009-2010 biennium.

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General Revenue - Budget vs. Actual



* "2008 Budget" figures represent 2008 amended budget annual amounts.

** Based on past revenue history, the "2008 Projected" figures represent portions of 2008 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

	2008 Budget Adopted	2008 Budget Supp'ls	2008 Budget Amended	Actual as of 6/30/08	% Collected To Date	Projected as of 06/30/08
Taxes	38,711,210	0	38,711,210	19,915,967	51.45%	20,060,076
Licenses and Permits	2,853,205	0	2,853,205	1,040,138	36.46%	1,397,664
Intergovernmental	12,823,011	810,920	13,633,931	5,357,527	39.30%	5,740,809
Charges For Services	8,145,417	32,000	8,177,417	3,558,503	43.52%	4,222,723
Fines and Forfeits	1,825,971	0	1,825,971	990,183	54.23%	913,415
Miscellaneous Revenue	5,661,927	57,646	5,719,573	2,379,905	41.61%	2,218,616
Other Sources	2,556,721	237,872	2,794,593	965,182	34.54%	914,372
Total Revenue	72,577,462	1,138,438	73,715,900	34,207,405	46.40%	35,467,675

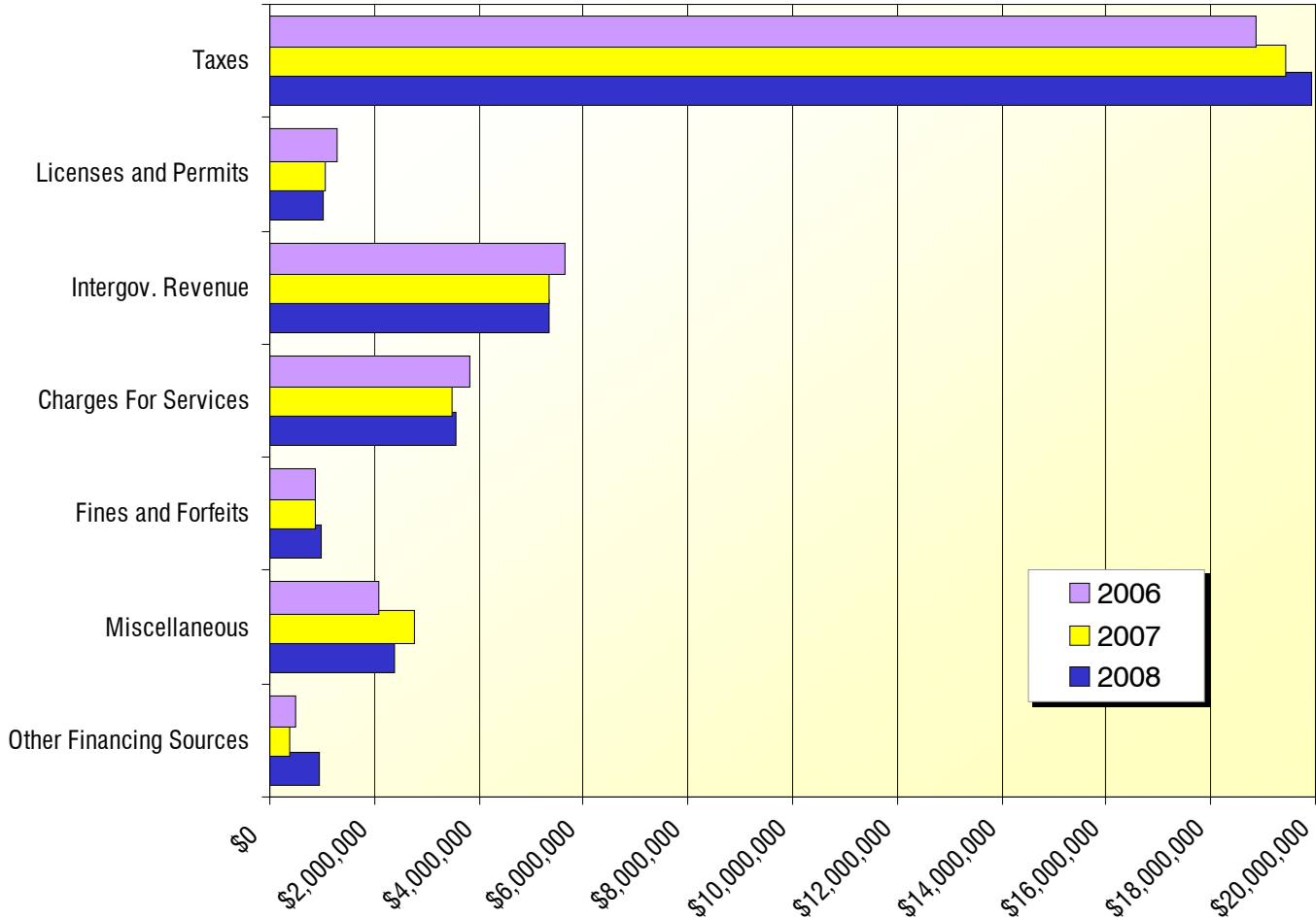
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2006	2007	2008
Taxes	18,878,196	19,449,786	19,915,967
Licenses and Permits	1,279,810	1,045,668	1,040,138
Intergov. Revenue	5,647,396	5,348,451	5,357,527
Charges For Services	3,827,648	3,485,968	3,558,503
Fines and Forfeits	858,932	868,537	990,183
Miscellaneous	2,088,045	2,748,865	2,379,905
Other Financing Sources	503,313	381,182	965,182
Total Revenue	33,083,340	33,328,457	34,207,405

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 \$466,180 greater than second quarter 2007. Property tax collections increased \$493,200, or 3%, from collections at this time last year. Property tax collections do fluctuate based on when taxpayers chose to make their tax payments. Interest and penalties assessed on late payment of property taxes were down slightly from last year. Sales tax revenue increased \$126,310, 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%.

Licenses and permit revenues were \$1,040,138, or 36.5% of budget. Building permit revenues were up \$37,350, or 6% from the first quarter 2007. Restaurant permit revenues were \$22,570 greater than first quarter 2007 revenues. On site sewage permit revenues were down \$64,850, or 36% from first quarter 2007. Construction activity is down significantly. Building permit revenue is up from 2007 due to increased fees; however, permit revenue is expected to fall short of the 2008 budget by \$560,000.

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 39% of budget, which 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 increased slightly from the second quarter 2007. Adult Probation Fees decreased \$85,290 from first quarter 2007, though probation case loads are still high. It has become difficult to collect probation fees as many probation clients have lost construction jobs or are suffering other loss of earnings due to the economic slow down. Planning and Development service fees increased \$43,600 from 2007 first half levels. This increase is the result of increased rates. Building activity is down and we project Planning and Development Services will fall short of the 2008 Charges for Services budget by \$1.2 million. In May, Whatcom County received \$35,850 for unpaid filing fees on involuntary commitment cases dating back to 2006.



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 increased 14%, or \$990,180 over second quarter 2007. Traffic infractions increased \$119,750, which accounted for the increase.

Miscellaneous

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

Miscellaneous revenues decreased \$368,960, or 13% from second quarter 2007. Investment interest is down \$354,860 from second quarter 2007 due to decreases in investment return rates. Other miscellaneous revenues were consistent with 2007.

Other Financing Sources

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

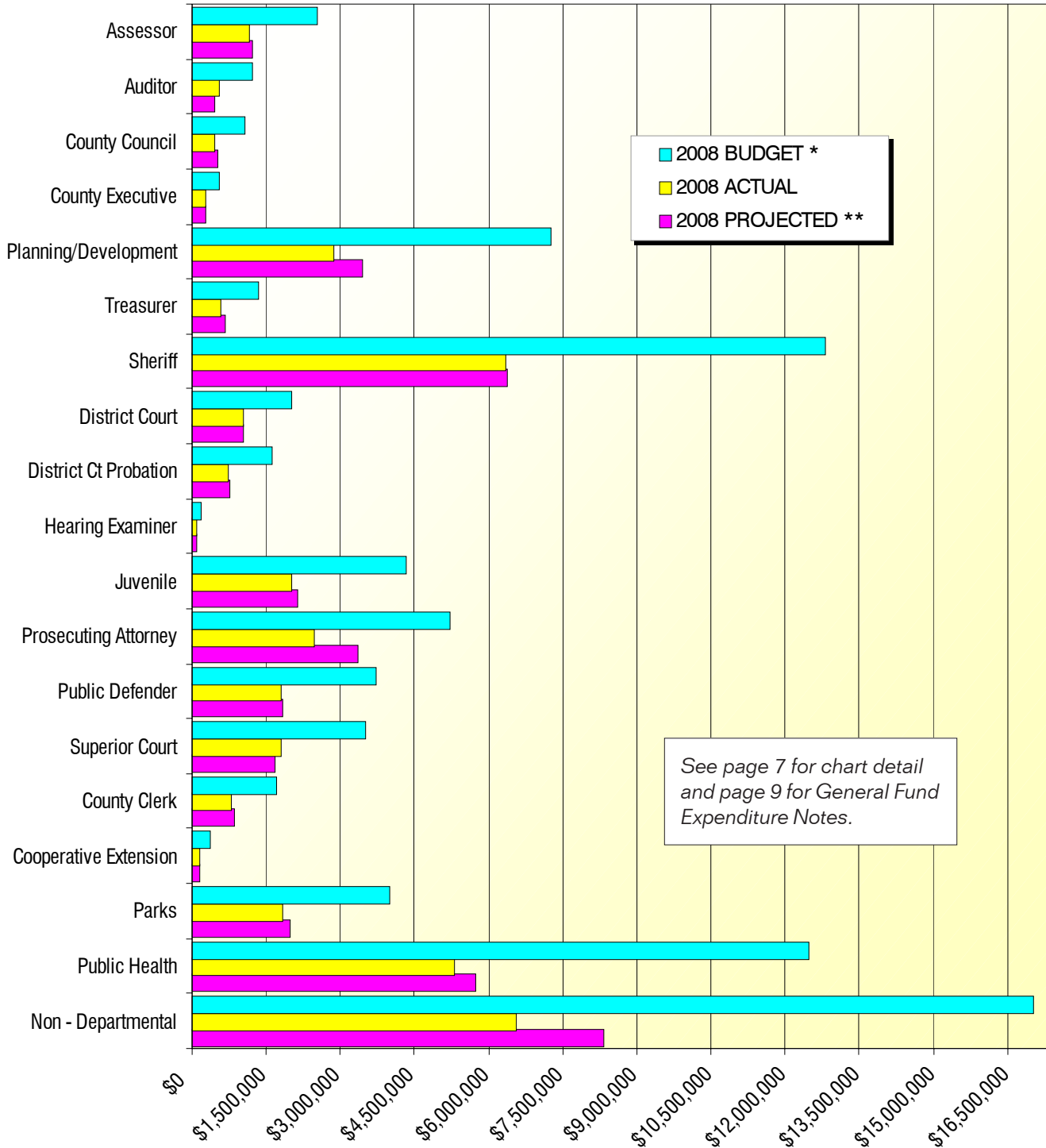
These two revenue sources were \$584,000 more than second quarter 2007. State Timber revenues fluctuate based on harvest plans and market conditions and are currently up \$267,620 from 2007 levels. Operating Transfers increased \$316,380 dollars over prior year amounts.

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General Fund Expenditures - Budget vs. Actual



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

* "2008 Budget" figures represent 2008 amended budget annual amounts.

** Based on past expenditure history, the "2008 Projected" figures represent portions of 2008 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

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General Fund Expenditures - Budget vs. Actual

	Adopted 2008 Budget	Budget Supplementals	Amended Budget	Actual as of 6/30/08	% Expended To Date
Assessor	2,469,848	49,585	2,519,433	1,149,825	45.64%
Auditor	1,201,307	12,823	1,214,130	561,770	46.27%
County Council	952,888	100,000	1,052,888	453,098	43.03%
County Executive	544,882	0	544,882	265,413	48.71%
Planning & Development	6,742,604	510,875	7,253,479	2,879,669	39.70%
Treasurer	1,310,421	23,875	1,334,296	589,610	44.19%
Sheriff	12,494,636	308,571	12,803,207	6,351,936	49.61%
District Court	1,856,772	166,008	2,022,780	1,039,505	51.39%
District Court Probation	1,560,634	50,769	1,611,403	739,098	45.87%
Hearing Examiner	161,904	16,584	178,488	81,386	45.60%
Juvenile	4,253,075	82,287	4,335,362	2,023,618	46.68%
Prosecuting Attorney	5,107,226	112,693	5,219,919	2,485,713	47.62%
Public Defender	3,641,559	76,666	3,718,225	1,795,043	48.28%
Superior Court Admin	3,214,557	291,534	3,506,091	1,814,025	51.74%
County Clerk	1,796,391	(91,534)	1,704,857	806,604	47.31%
Cooperative Extension	363,539	16,616	380,155	153,776	40.45%
Park	3,897,466	109,790	4,007,256	1,835,051	45.79%
Public Health	12,066,664	412,940	12,479,604	5,317,327	42.61%
Non - Departmental	15,917,909	1,105,510	17,023,419	6,555,567	38.51%
Total General Fund Exp	79,554,282	3,355,592	82,909,874	36,898,034	44.50%

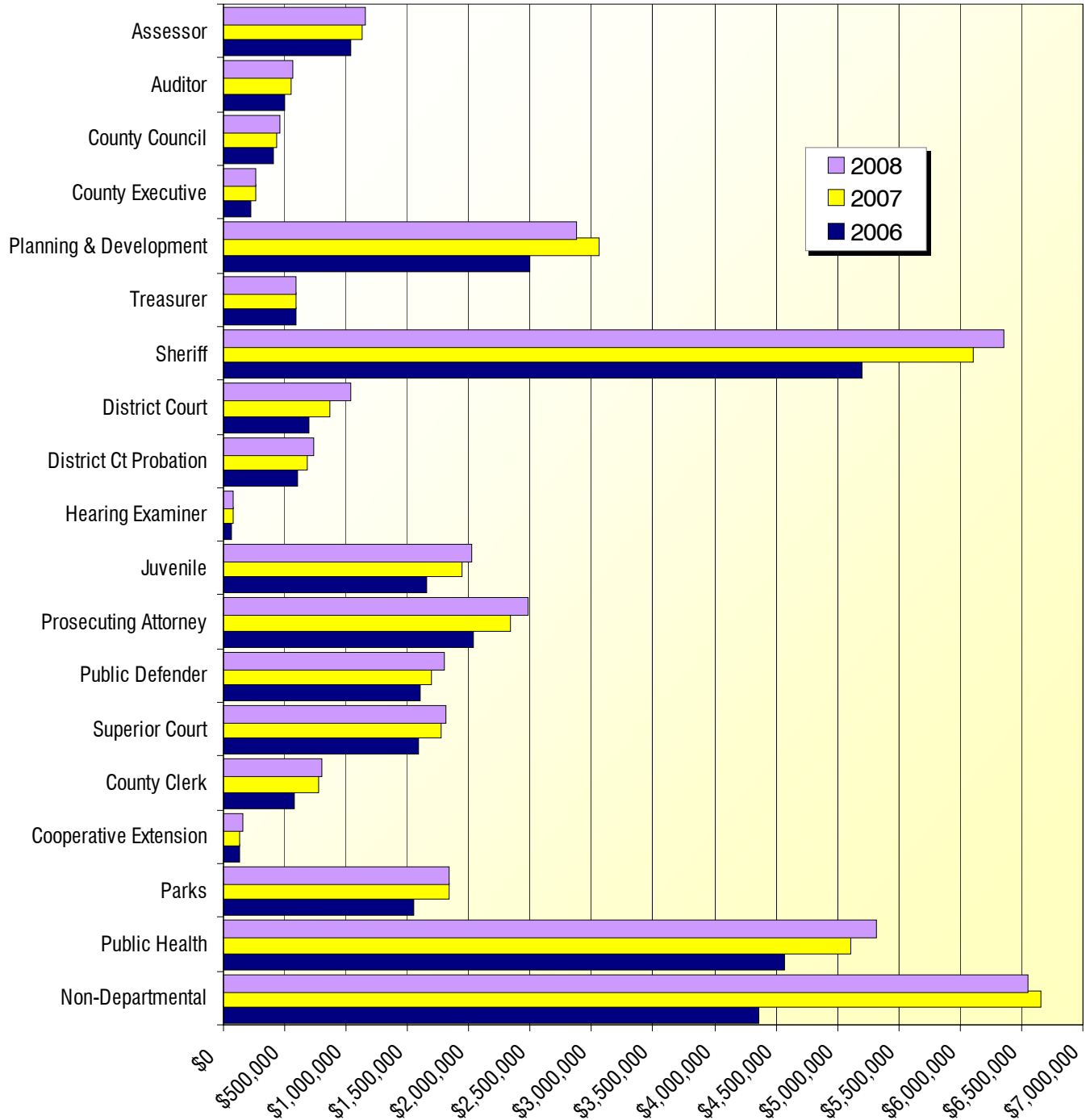
See page 9 for General Fund Expenditure Notes.

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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

	2006	2007	2008
Assessor	1,043,210	1,123,829	1,149,825
Auditor	497,033	548,054	561,770
County Council	405,769	428,015	453,098
County Executive	225,529	257,924	265,413
Planning & Development	2,500,302	3,055,273	2,879,669
Treasurer	587,083	597,273	589,610
Sheriff	5,196,747	6,113,075	6,351,936
District Court	691,398	868,333	1,039,505
District Ct Probation	605,163	686,273	739,098
Hearing Examiner	69,782	81,416	81,386
Juvenile	1,655,880	1,945,007	2,023,618
Prosecuting Attorney	2,040,106	2,341,242	2,485,713
Public Defender	1,597,882	1,690,633	1,795,043
Superior Court Administration	1,587,075	1,774,348	1,814,025
County Clerk	575,777	768,634	806,604
Cooperative Extension	132,887	132,366	153,776
Parks	1,556,023	1,835,245	1,835,051
Public Health	4,575,039	5,111,256	5,317,327
Non-Departmental	4,355,643	6,658,085	6,555,567
TOTAL	29,898,328	36,016,281	36,898,034

General Fund Expenditure Notes

At the end of the second quarter, overall expenditures for the General Fund were at 44.5% of the approved budget. With the exception of District Court and Superior Court Administration, all departmental spending was within budget expectations.

District Court spent 51.4% of its budget, due to substantially completing an office remodeling project.

Superior Court Administration used 51.7% of its budget. This department is experiencing greater than expected costs related to guardian ad litem and other contracted services, jury expenses, and the use of commissioners pro tem.

Whatcom County administration is taking measures to reduce spending. A selective hiring freeze was implemented following the end of the second quarter. Other significant non-payroll expenditures are being reviewed on a case by case basis to determine if they can be delayed or eliminated. The administration's objective is to end 2008 with an ending fund balance of \$12 million.

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General Fund Conclusion

	Approved Budget	Projected
Beginning Fund Balance 1/1/08	15,380,229	15,525,133
Revenues		
Budgeted Revenues 2008	72,577,462	72,577,462
Increased Revenue Estimates		-
Continuing Appropriations 2008		-
Supplemental Budgets 2008	-	977,989
Total Revenue	72,577,462	73,555,451
Expenditures		
Budgeted Expenditures 2008	79,554,282	79,554,282
Continuing Appropriations 2008		1,342,082
Supplemental Budgets 2008	-	1,761,845
Total Expenditures	79,554,282	82,658,209
Adjusted Surplus (Deficit)	(6,976,820)	(9,102,758)
Other Considerations		
Estimated Budget Lapse	3,181,786	5,577,625
Ending Fund Balance 12/31/08	11,585,195	12,000,000

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Special Revenue Funds and Other Funds - Revenues

	2007 Actual As of 6/30/2007	2008 Actual As of 6/30/2008	2008 Budget	% Collected of 2008 Budget
County Road Fund	11,262,078	11,847,225	29,080,546	40.74%
Election Reserve Fund	491,616	904,850	1,653,849	54.71%
Veterans Relief	123,572	138,533	196,441	70.52%
Water Resources	375,000	125,000	590,000	21.19%
Jail Fund	6,015,837	6,359,714	13,131,757	48.43%
Low-Income Housing Projects	76,933	130,644	320,000	40.83%
Homeless Housing	19,722	299,723	840,444	35.66%
County Wide Emergency Medical	1,205,307	1,347,446	2,387,805	56.43%
Solid Waste Fund	293,844	247,288	1,086,881	22.75%
WC Convention Center Fund	73,508	106,860	202,000	52.90%
Victim/Witness Assistance Fund	65,993	66,481	117,000	56.82%
Whatcom Co Drug Fund	99,620	112,311	370,000	30.35%
Auditor's O&M Fund	70,964	56,916	231,000	24.64%
Emergency Management	401,336	362,264	613,702	59.03%
Flood Control Zone Dist Fund	1,674,337	1,689,761	3,941,350	42.87%
Conservation Futures Fund	491,600	698,903	954,904	73.19%
Sub-Flood Zones	4,534	94,950	123,132	77.11%
Real Estate Excise Tax Fund II	1,066,702	721,054	2,300,000	31.35%
Real Estate Excise Tax Fund I	1,108,016	731,428	2,400,000	30.48%
Public Utilities Improvement	1,288,699	1,510,148	2,500,000	60.41%
Whatcom Co Investment Pool	117,805	119,989	199,356	60.19%
Ferry System Fund	752,641	772,435	1,904,000	40.57%
Equipment Rental & Revolving	4,416,890	4,318,100	11,448,462	37.72%
Administrative Services Fund	8,140,697	8,221,807	21,012,823	39.13%

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

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Special Revenue Funds and Other Funds - Expenditures

	2007 Actual As of 6/30/2007	2008 Actual As of 6/30/2008	2008 Budget	% Expended of 2008 Budget
County Road Fund	10,763,227	10,387,399	42,946,378	24.19%
Election Reserve Fund	382,126	781,058	1,653,849	47.23%
Veterans Relief	73,716	70,732	196,441	36.01%
Water Resources	78,606	230,176	828,803	27.77%
Jail Fund	5,292,819	5,452,378	12,547,177	43.46%
Low Income Housing	76,933	153,459	410,000	37.43%
Homeless Housing	14,396	84,688	743,000	11.40%
County Wide Emergency Medical	689,449	990,572	2,389,917	41.45%
Solid Waste Fund	418,372	458,366	1,311,532	34.95%
WC Convention Center Fund	80,774	94,509	220,660	42.83%
Victim/Witness Assistance Fund	34,747	35,194	132,657	26.53%
Whatcom Co Drug Fund	40,283	194,697	819,467	23.76%
Auditor's O&M Fund	27,418	37,663	225,606	16.69%
Emergency Management	182,261	173,259	460,015	37.66%
Flood Control Zone Dist Fund	1,599,161	1,423,374	5,350,234	26.60%
Conservation Futures Fund	177,986	600,000	1,050,000	57.14%
Sub-Flood Zones	4,534	3	161,500	0.00%
Real Estate Excise Tax Fund II	62,235	52,746	1,108,269	4.76%
Real Estate Excise Tax Fund I	1,370,161	1,395,263	2,545,768	54.81%
Public Utilities Improvement	854,284	66,724	161,350	41.35%
Whatcom Co Investment Pool	61,697	84,831	199,356	42.55%
Ferry System Fund	753,955	871,929	2,234,590	39.02%
Equipment Rental & Revolving	3,953,744	4,188,595	12,644,769	33.13%
Administrative Services Fund	7,672,939	8,146,536	21,889,149	37.22%

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