



# 2008 Fourth Quarter Financial Report

Compiled and Presented by the  
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# Whatcom County Fourth Quarter 2008 Financial Report

For the Quarter Ended December 31, 2008



## Executive Summary

The following information presents Whatcom County's fourth quarter 2008 financial report. At year-end, Whatcom County's General Fund collected 95% of its budgeted revenues. Whatcom County's General Fund spent 91.44% of its budgeted expenditures.

Tax collections were at 99.8% of budget. Tax revenue grew 2.8%, which is slightly higher than the 2.65% rate of growth in 2007. New construction increased property tax revenue by \$942,000. Property tax revenues exceeded budget by 3.4%. While retail sales tax collections increased \$337,700 over 2007, they were only 96% of the projected budget. Retail sales taxes in the General Fund have remained relatively strong due to \*destination-based sales taxing, implemented statewide in July, 2008. Sales taxes in other funds, such as the Jail Fund and Emergency Medical Services Fund, have flattened or started to decrease from prior year amounts. Interest income was 94% of budget. This is a decrease of \$1,167,230 from 2007 and is due to lower investment interest rates. Revenues related to building and real estate activities are all well below budget.

Whatcom County implemented hiring freezes during 2008, which allowed the General Fund budget lapse to be over 8% of budgeted expenditures. The estimated 2008 General Fund ending fund balance is expected to be \$10.9 million. This is a decrease of \$4.6 million from the 2007 ending fund balance and it is \$1.1 million below projections used in the 2009-2010 biennial budget process.

The 2009-2010 budget projects spending \$4.7 million of fund balance, effectively reducing the General Fund's ending fund balance to \$6.2 million. Whatcom County's General Fund policy is to maintain an ending fund balance of at least 10% of the fund's budgeted ongoing expenditures, which is approximately \$7.9 million. Given the status of the fund balance, as well as continuing shortfalls in actual revenues, the administration will begin proposing measures immediately to curtail spending in the new biennium.

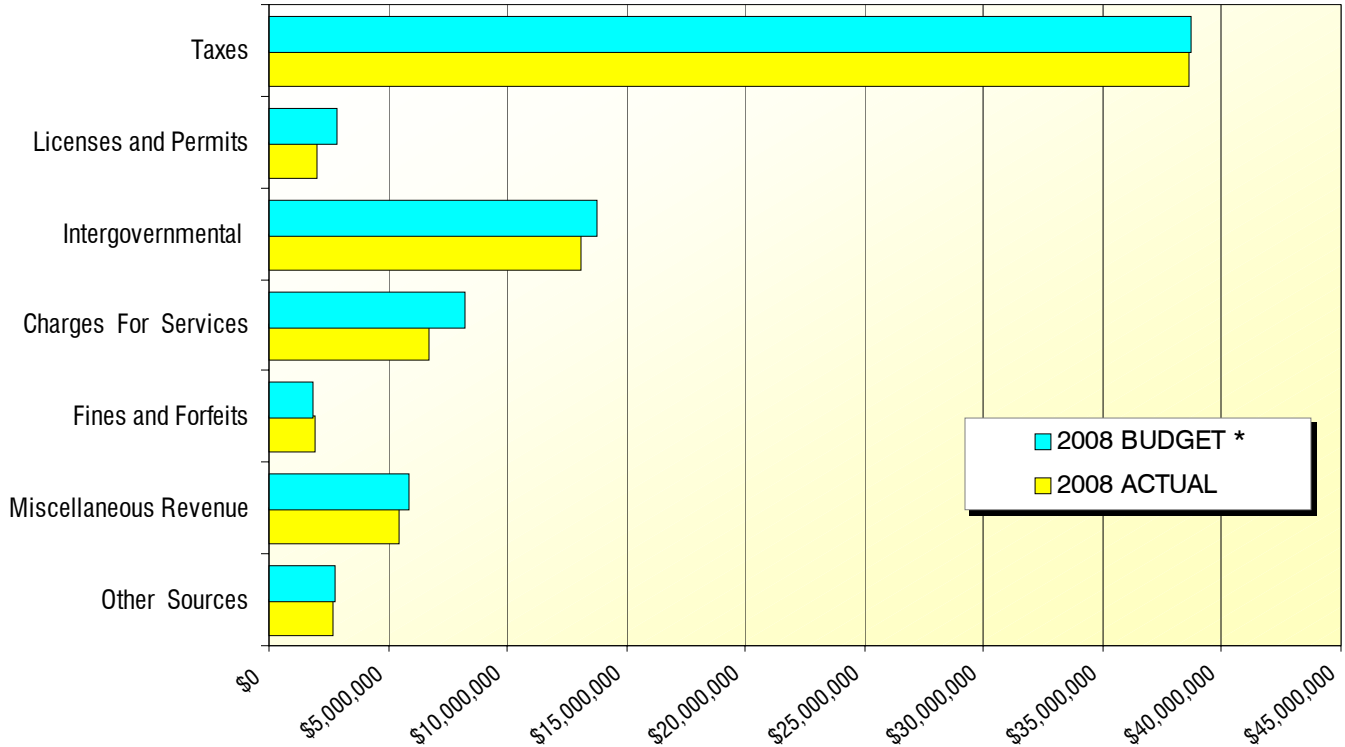
*\*See "Taxes" on page 4 for further information about "destination-based sales taxing".*

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## General Fund Revenue - Budget vs. Actual



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

	2008 Budget Adopted	2008 Budget Supp'ls	2008 Budget Amended	Actual as of 12/31/08	% Collected To Date
Taxes	38,711,210	0	38,711,210	38,630,234	99.79%
Licenses and Permits	2,853,205	0	2,853,205	1,988,937	69.71%
Intergovernmental	12,823,011	918,485	13,741,496	13,130,060	95.55%
Charges For Services	8,145,417	57,960	8,203,377	6,739,847	82.16%
Fines and Forfeits	1,825,971	0	1,825,971	1,919,229	105.11%
Miscellaneous Revenue	5,661,927	220,077	5,882,004	5,491,859	93.37%
Other Sources	2,556,721	237,872	2,794,593	2,681,043	95.94%
<b>Total Revenue</b>	<b>72,577,462</b>	<b>1,434,394</b>	<b>74,011,856</b>	<b>70,581,209</b>	<b>95.36%</b>

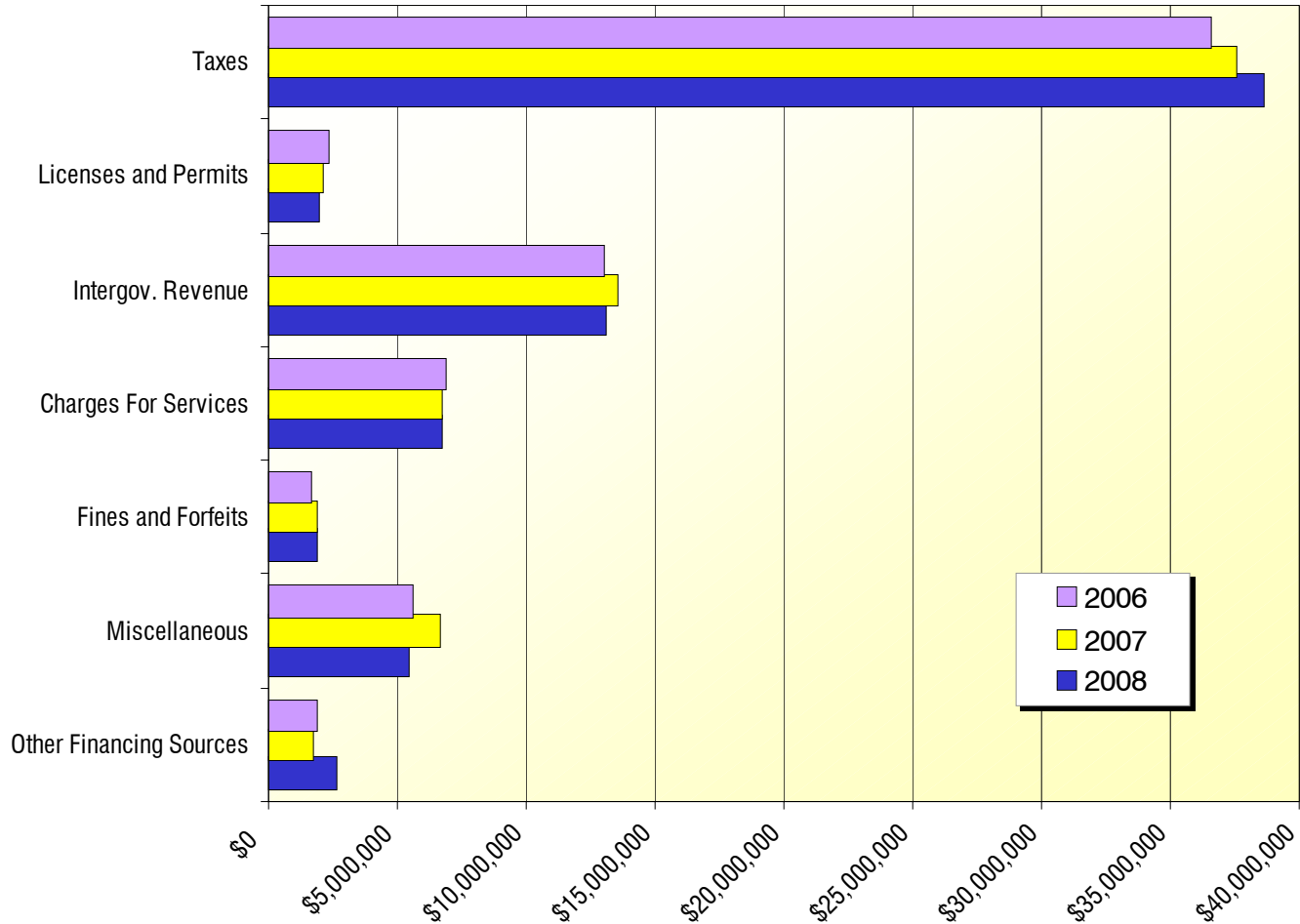
See pages 4 and 5 for General Fund Revenue Notes.

# Whatcom County Fourth Quarter 2008 Financial Report

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## General Fund Revenue to Date - Compared to Prior Years



	2006	2007	2008
Taxes	36,571,064	37,562,083	38,630,234
Licenses and Permits	2,342,169	2,122,503	1,988,937
Intergov. Revenue	13,015,764	13,529,483	13,130,060
Charges For Services	6,917,033	6,779,174	6,739,847
Fines and Forfeits	1,687,947	1,868,490	1,919,229
Miscellaneous	5,588,204	6,674,048	5,491,859
Other Financing Sources	1,880,393	1,716,142	2,681,043
<b>Total Revenue</b>	<b>68,002,574</b>	<b>70,251,923</b>	<b>70,581,209</b>

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 \$1,068,150 greater, or 2.9%, than last year.

The General Fund property tax collections totaled \$24,251,350 at year-end. This is 103.4% of the 2008 budget. Property tax revenues in 2008 are \$941,980 more than 2007, a result of new construction added to the tax roll.

Sales tax collections year-to-date are up by \$333,700, or 2.8%, over last year. Total sales tax revenue collected for 2008 is \$12,146,550. Whatcom County is benefitting from destination-based sales taxing, which was implemented statewide in July, 2008. With destination-based sales taxing, sales taxes are credited to the taxing jurisdiction where the products are delivered rather than where they are purchased. Other tax amounts are about \$200,000 below prior year revenues due to interest and penalty collections on delinquent property tax collections falling off and Real Estate Excise Tax processing fee revenue decreasing.

### 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, 69.7% of the 2008 budget or \$1,988,937 of "Licenses and Permits" revenue has been collected. This is \$133,566 less than was collected in 2007.

Building permit revenues totaled \$1,229,664 at year-end. This is 65% of the 2008 budget. Building permits were \$83,345, or 6.4%, less than 2007. On-site sewage permits totaled \$213,380, or 68% of budget. On-site sewage permits are down 27%, or \$78,225, from 2007.

### 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 95.6% of the 2008 budget. Year-end adjustments will result in additional revenue bringing actual revenues much closer to the budget targets. In addition, federal payments in lieu of taxes are over \$400,000 higher than expected.

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## General Fund Revenue Notes, continued

### 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 and Human Services Department) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.*

Charges for Services revenues totaled \$6,739,847 for 2008. This is \$39,327, or 0.6%, less than 2007 Charges for Services revenue. Charges for Services are at 82%, or \$1.5 million below budget. Planning & Development actual fees collected are \$1,245,000 below budget, at 62% of the budgeted amounts. Auditor's Office recording fees are down \$103,000 from 2007 and are \$158,000 below budget. Adult probation fees are \$150,000 below budget and down \$122,000 from 2007 levels. On-site sewage fees in Health are \$189,000 below budget also. Court fees are \$225,000 greater than budget, due to increases passed by the state legislature.

### Fines and Forfeits

*"Fines and Forfeits" consist principally of traffic infraction revenue and criminal traffic misdemeanor penalties, including driving while intoxicated penalties.*

Fines and Forfeits revenues ended 2008 at 105.1% of budget or \$1,919,229. Traffic infractions were \$76,787, or 6.7%, greater than in 2007.

### Miscellaneous

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

Miscellaneous revenue collected was at 93.4% of budget and was down \$1.2 million from 2007. Decreasing interest rates were largely responsible for miscellaneous revenues failing to make budget expectations. Whatcom County earns interest from investing cash balances. Interest earnings were \$1,167,234, or 20.1% less in 2008 than 2007. Rental revenues from Parks Department programs and cable franchise exceeded budget projections; however, contributions for parks projects that will be delayed until next year were \$130,000 below budget.

### Other Financing Sources

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

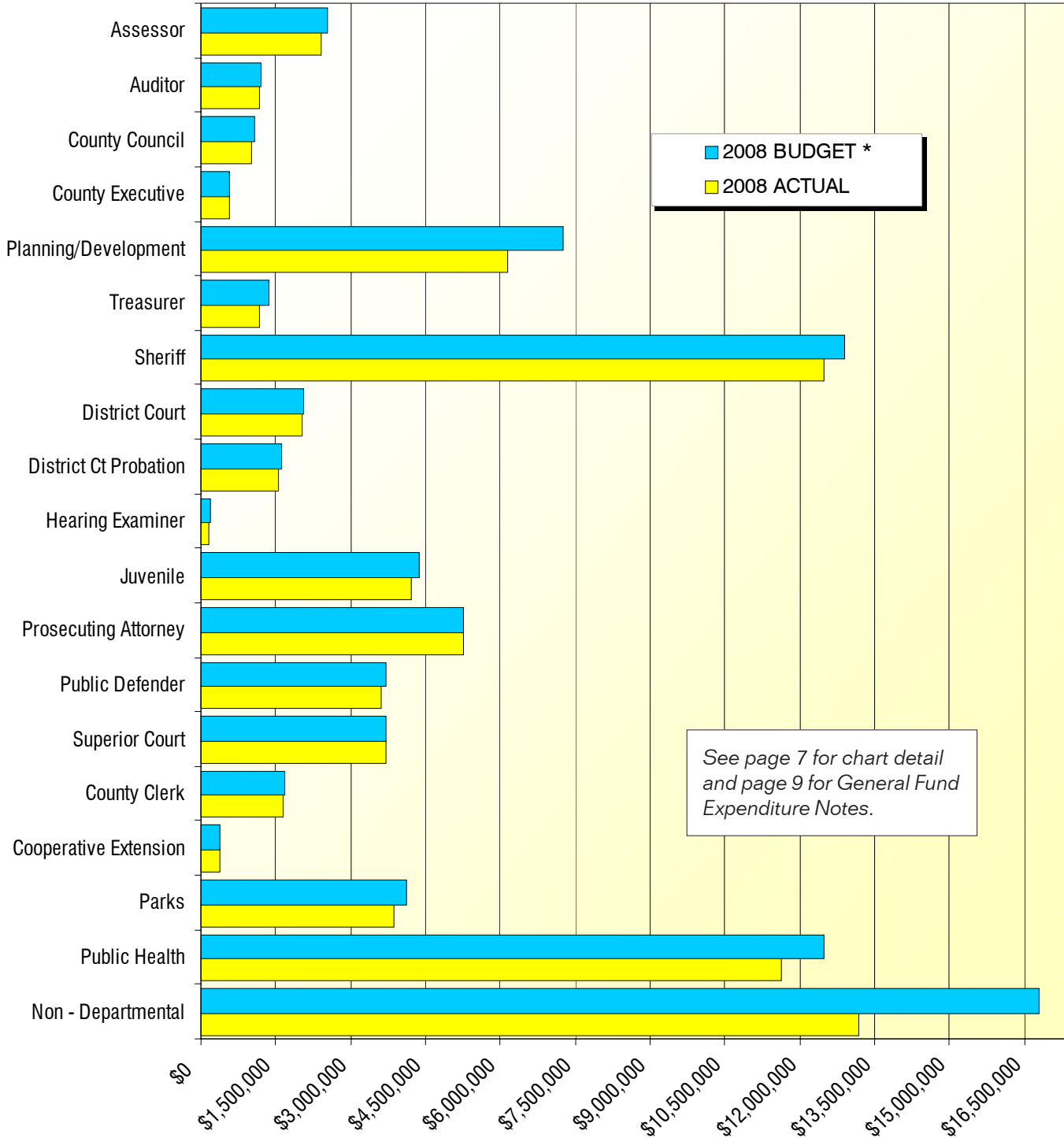
Other financing sources ended the year at 95.9% of budgeted revenue. State timber revenues increased \$682,343 and were 112.9% of budget projections. This revenue source fluctuates based on harvest plans and market conditions. Operating transfers were 89% of budget projections. Occasionally, transfers between funds are contingent upon project scheduling issues, with some projects delayed until 2009. Other transfers will be made as a result of final adjustments to close out 2008.

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## General Fund Expenditures - Budget vs. Actual



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

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## General Fund Expenditures - Budget vs. Actual

	Adopted 2008 Budget	Budget Supplementals	Amended Budget	Actual as of 12/31/08	% Expended To Date
Assessor	2,469,848	49,585	2,519,433	2,393,003	94.98%
Auditor	1,201,307	12,823	1,214,130	1,172,774	96.59%
County Council	952,888	130,000	1,082,888	1,009,619	93.23%
County Executive	544,882	20,574	565,456	565,456	100.00%
Planning & Development	6,742,604	510,875	7,253,479	6,133,257	84.56%
Treasurer	1,310,421	62,032	1,372,453	1,176,436	85.72%
Sheriff	12,494,636	416,842	12,911,478	12,473,978	96.61%
District Court	1,856,772	209,008	2,065,780	2,033,137	98.42%
District Court Probation	1,560,634	50,769	1,611,403	1,552,473	96.34%
Hearing Examiner	161,904	16,584	178,488	167,343	93.76%
Juvenile	4,253,075	126,047	4,379,122	4,210,933	96.16%
Prosecuting Attorney	5,107,226	148,866	5,256,092	5,256,092	100.00%
Public Defender	3,641,559	76,666	3,718,225	3,625,091	97.50%
Superior Court Admin	3,214,557	499,632	3,714,189	3,714,189	100.00%
County Clerk	1,796,391	(106,534)	1,689,857	1,658,902	98.17%
Cooperative Extension	363,539	16,616	380,155	376,983	99.17%
Park	3,897,466	225,790	4,123,256	3,870,470	93.87%
Public Health	12,066,664	412,940	12,479,604	11,628,959	93.18%
Non - Departmental	15,917,909	889,190	16,807,099	13,171,902	78.37%
<b>Total General Fund Exp</b>	<b>79,554,282</b>	<b>3,768,305</b>	<b>83,322,587</b>	<b>76,190,997</b>	<b>91.44%</b>

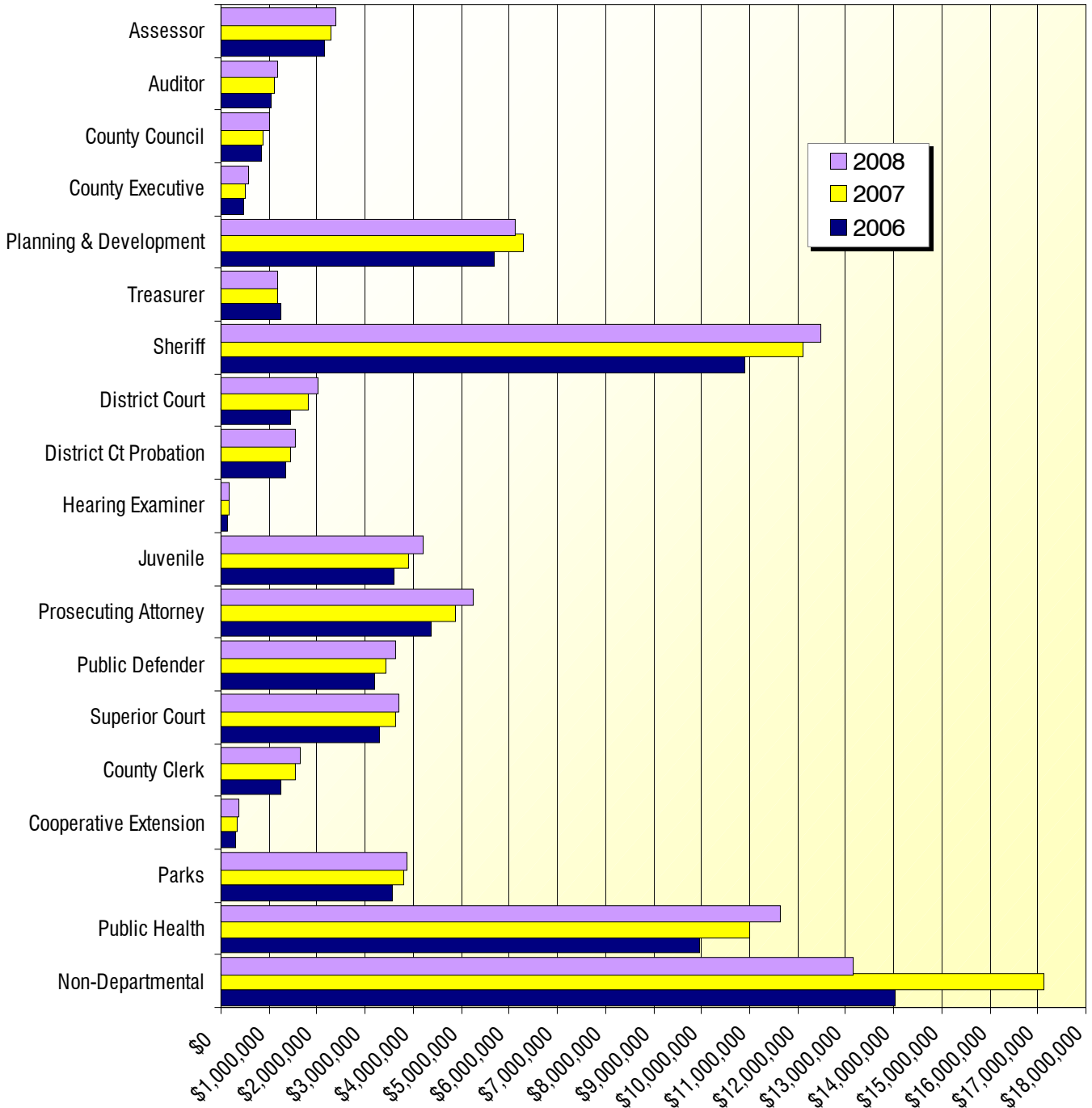
See page 9 for General Fund Expenditure Notes.

# Whatcom County Fourth Quarter 2008 Financial Report

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## General Fund Expenditures to Date - Compared to Prior Years



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

# Whatcom County Fourth Quarter 2008 Financial Report

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## General Fund Expenditures to Date - Compared to Prior Years

	2006	2007	2008
Assessor	2,146,138	2,292,773	2,393,003
Auditor	1,045,632	1,123,913	1,172,774
County Council	832,169	874,282	1,009,619
County Executive	485,354	521,278	565,456
Planning & Development	5,696,442	6,277,831	6,133,257
Treasurer	1,230,648	1,173,059	1,176,436
Sheriff	10,888,519	12,124,119	12,473,978
District Court	1,459,591	1,813,460	2,033,137
District Ct Probation	1,330,205	1,435,720	1,552,473
Hearing Examiner	144,959	162,488	167,343
Juvenile	3,612,287	3,901,611	4,210,933
Prosecuting Attorney	4,362,055	4,869,008	5,256,092
Public Defender	3,188,984	3,439,970	3,625,091
Superior Court Administration	3,280,685	3,630,630	3,714,189
County Clerk	1,256,027	1,562,270	1,658,902
Cooperative Extension	307,136	329,674	376,983
Parks	3,571,130	3,803,163	3,870,470
Public Health	9,966,873	11,014,750	11,628,959
Non-Departmental	14,040,268	17,141,509	13,171,902
<b>TOTAL</b>	<b>68,845,102</b>	<b>77,491,508</b>	<b>76,190,997</b>

## General Fund Expenditure Notes

Overall expenditures for the General Fund were at 91.44% of the approved budget at year-end. In order to complete contract obligations that span fiscal reporting periods, continuing appropriations will carry over approximately \$473,000 of spending authority into 2009. All departments had expenditures within their budgeted authority.

Budget transfers were done at year-end to transfer budget authority out of Non-Departmental and into the County Executive, Prosecuting Attorney and Superior Court budgets. This was to cover wage contract settlements, higher than expected jury expenses, and contracted services in Superior Court. Non-Departmental expenditures are administered by the County Executive's Office. It includes budgets for wage settlements, operating transfers to other funds, and budgets for contracts and projects that are not attributable to specific program areas. The Non-Departmental budget was 78.4% spent at year-end.

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## General Fund Conclusion

	<b>Projected</b>
<b>Beginning Fund Balance</b>	\$ 15,525,133
<b>2008 Activity</b>	
Revenues	\$ 70,581,209
Expenditures	\$ (76,190,997)
Net Loss	\$ (5,609,788)
<b>Adjustments</b>	
Estimated Unrecorded Revenues at Report Date	\$ 1,000,000
<b>2008 GENERAL FUND ENDING BALANACE</b>	<u><u>\$ 10,915,345</u></u>
<b>Fund Balance Composition</b>	
Unrestricted Fund Balance	\$ 10,419,226
Restricted Fund Balance	\$ 22,883
2008 Continuing Appropriations	\$ 473,236
<b>2008 GENERAL FUND ENDING BALANACE</b>	<u><u>\$ 10,915,345</u></u>

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## Special Revenue Funds and Other Funds - Revenues

*	2007 Actual As of 12/31/2007	2008 Actual As of 12/31/2008	2008 Budget	% Collected of 2008 Budget
County Road Fund	23,589,144	25,359,599	29,080,546	87.20%
<sup>1</sup> Election Reserve Fund	1,231,248	1,594,617	1,653,849	96.42%
Veterans Relief	251,044	261,151	196,441	132.94%
Water Resources	619,000	500,000	590,000	84.75%
Jail Fund	12,759,042	13,088,735	13,131,757	99.67%
<sup>2</sup> Low-Income Housing Projects	283,695	230,588	320,000	72.06%
Homeless Housing	443,053	775,086	840,444	92.22%
County Wide Emergency Medical	2,647,267	2,780,940	2,387,805	116.46%
<sup>1</sup> Solid Waste Fund	1,169,081	777,163	1,086,881	71.50%
<sup>3</sup> WC Convention Center Fund	213,824	603,457	202,000	298.74%
Victim/Witness Assistance Fund	133,596	132,121	117,000	112.92%
Whatcom Co Drug Fund	381,164	542,494	370,000	146.62%
<sup>2</sup> Auditor's O&M Fund	250,730	199,246	231,000	86.25%
<sup>1</sup> Emergency Management	584,079	606,417	908,064	66.78%
Flood Control Zone Dist Fund	3,595,381	3,523,272	3,941,350	89.39%
Conservation Futures Fund	1,323,218	1,440,558	1,227,404	117.37%
Sub-Flood Zones	139,316	164,924	123,132	133.94%
<sup>2</sup> Real Estate Excise Tax Fund II	2,198,439	1,487,931	2,300,000	64.69%
<sup>2</sup> Real Estate Excise Tax Fund I	2,240,853	1,709,275	2,400,000	71.22%
Public Utilities Improvement	2,836,790	3,151,238	2,500,000	126.05%
<sup>1</sup> Ferry System Fund	1,625,006	1,695,169	1,904,000	89.03%
Equipment Rental & Revolving	9,651,474	11,211,789	11,448,462	97.93%
Administrative Services Fund	18,176,821	18,936,693	21,048,916	89.97%

**\*Notes:**

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

<sup>1</sup> Year-end adjustments will result in additional revenue being recorded from grants and year-end transfers.

<sup>2</sup> These funds were especially effected by the downturn in real estate activity.

<sup>3</sup> Convention Center Tax was increased from 2% to 4% during 2007, back payments from September through December of 2007 were received from the State in 2008.

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## Special Revenue Funds and Other Funds - Expenditures

	2007 Actual As of 12/31/2007	2008 Actual As of 12/31/2008	2008 Budget	% Expended of 2008 Budget
County Road Fund	25,900,675	23,648,751	43,067,631	54.91%
Election Reserve Fund	1,005,847	1,627,958	1,653,849	98.43%
Veterans Relief	120,868	99,706	202,536	49.23%
Water Resources	443,148	439,638	828,803	53.04%
Jail Fund	11,368,076	11,374,172	12,583,270	90.39%
Low Income Housing	882,362	240,089	410,000	58.56%
Homeless Housing	57,102	648,309	743,000	87.26%
County Wide Emergency Medical	1,378,899	2,271,103	2,475,791	91.73%
Solid Waste Fund	1,108,036	1,120,459	1,311,532	85.43%
WC Convention Center Fund	200,003	213,558	220,660	96.78%
Victim/Witness Assistance Fund	119,138	132,657	132,657	100.00%
Whatcom Co Drug Fund	687,562	724,660	819,467	88.43%
Auditor's O&M Fund	211,477	180,869	225,606	80.17%
Emergency Management	405,781	706,038	943,455	74.84%
Flood Control Zone Dist Fund	3,854,534	3,762,906	5,350,234	70.33%
Conservation Futures Fund	1,630,896	1,610,220	1,700,300	94.70%
Sub-Flood Zones	19,586	28,773	161,500	17.82%
Real Estate Excise Tax Fund II	224,682	282,188	1,108,269	25.46%
Real Estate Excise Tax Fund I	1,409,370	2,015,083	2,545,768	79.15%
Public Utilities Improvement	1,958,983	1,777,564	1,811,351	98.13%
Ferry System Fund	1,876,316	2,118,193	2,531,795	83.66%
Equipment Rental & Revolving	9,108,075	9,740,267	13,129,769	74.18%
Administrative Services Fund	17,468,763	18,305,580	21,965,411	83.34%

**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.