



**2009  
Second  
Quarter  
Financial  
Report**

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

July 31, 2009

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



## Executive Summary

The following information presents Whatcom County's second quarter 2009 financial report. At the end of the second quarter of 2009, General Fund revenues are \$452,700 below second quarter projections. If current trends continue, we will likely end the year \$3.7 million short of our budgeted revenue. This is consistent with our first quarter estimate. Falling interest rates have significantly reduced projected investment earnings (\$1,075,000). Sales taxes revenues are down due to sluggish retail sales and the decline in construction activity (\$670,000). Development related revenues are down (\$590,000). Timber Sales revenues are also expected to be below budget (\$500,000). The one bright note is Payment In Lieu of Taxes from the federal government is \$624,000 more than budgeted.

Expenditures are 47 percent of the annual budget, which is an average of one percent higher than the prior year for all General Fund departments except Non Departmental. Non Departmental is higher due to the purchase of an office building on Commercial Street.

The administration has taken action to reduce expenditures in response to declining revenues. We continue to have a selective hiring freeze in place and we will be downsizing our workforce through attrition. We are currently negotiating with the county bargaining units for an employee furlough program. Under this program employees would take one week of unpaid leave this year and one week of unpaid leave in 2010.

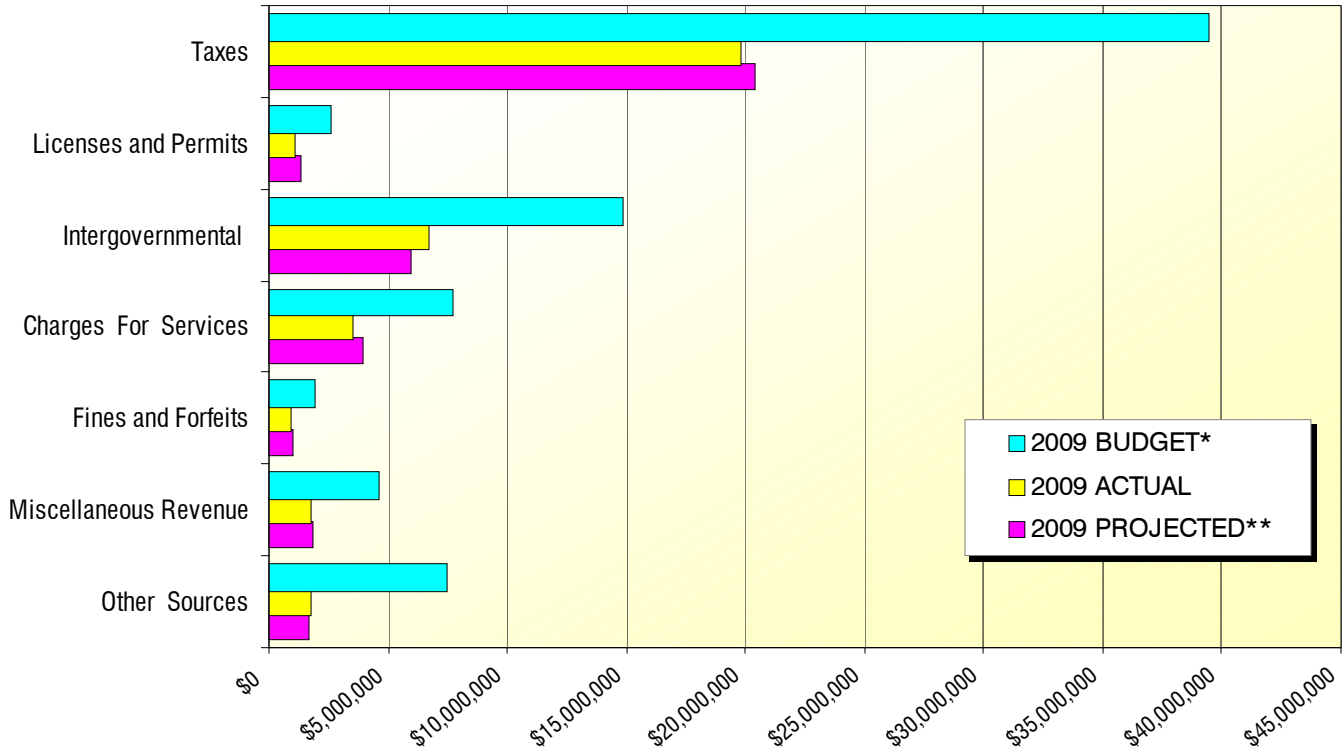
The administration will continue to monitor revenues closely to determine if additional cost containing measures are needed.

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



## General Revenue - Budget vs. Actual



\* "2009 Budget" figures represent 2009 amended budget annual amounts.

\*\* Based on past revenue history, the "2009 Projected" figures represent portions of 2009 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

	2009 Budget Adopted	2009 Budget Supp'ls	2009 Budget Amended	Actual as of 6/30/09	% Collected To Date	Projected as of 06/30/09
Taxes	39,418,052	0	39,418,052	19,832,933	50.31%	20,405,637
Licenses and Permits	2,622,870	8,000	2,630,870	1,050,766	39.94%	1,309,805
Intergovernmental	14,722,239	130,629	14,852,868	6,711,140	45.18%	5,927,070
Charges For Services	7,704,430	(8,000)	7,696,430	3,559,886	46.25%	3,960,612
Fines and Forfeits	1,951,430	0	1,951,430	910,210	46.64%	972,998
Miscellaneous Revenue	4,592,587	41,351	4,633,938	1,756,592	37.91%	1,821,218
Other Sources	6,929,937	550,000	7,479,937	1,800,765	24.07%	1,677,632
<b>Total Revenue</b>	<b>77,941,545</b>	<b>721,980</b>	<b>78,663,525</b>	<b>35,622,292</b>	<b>45.28%</b>	<b>36,074,972</b>

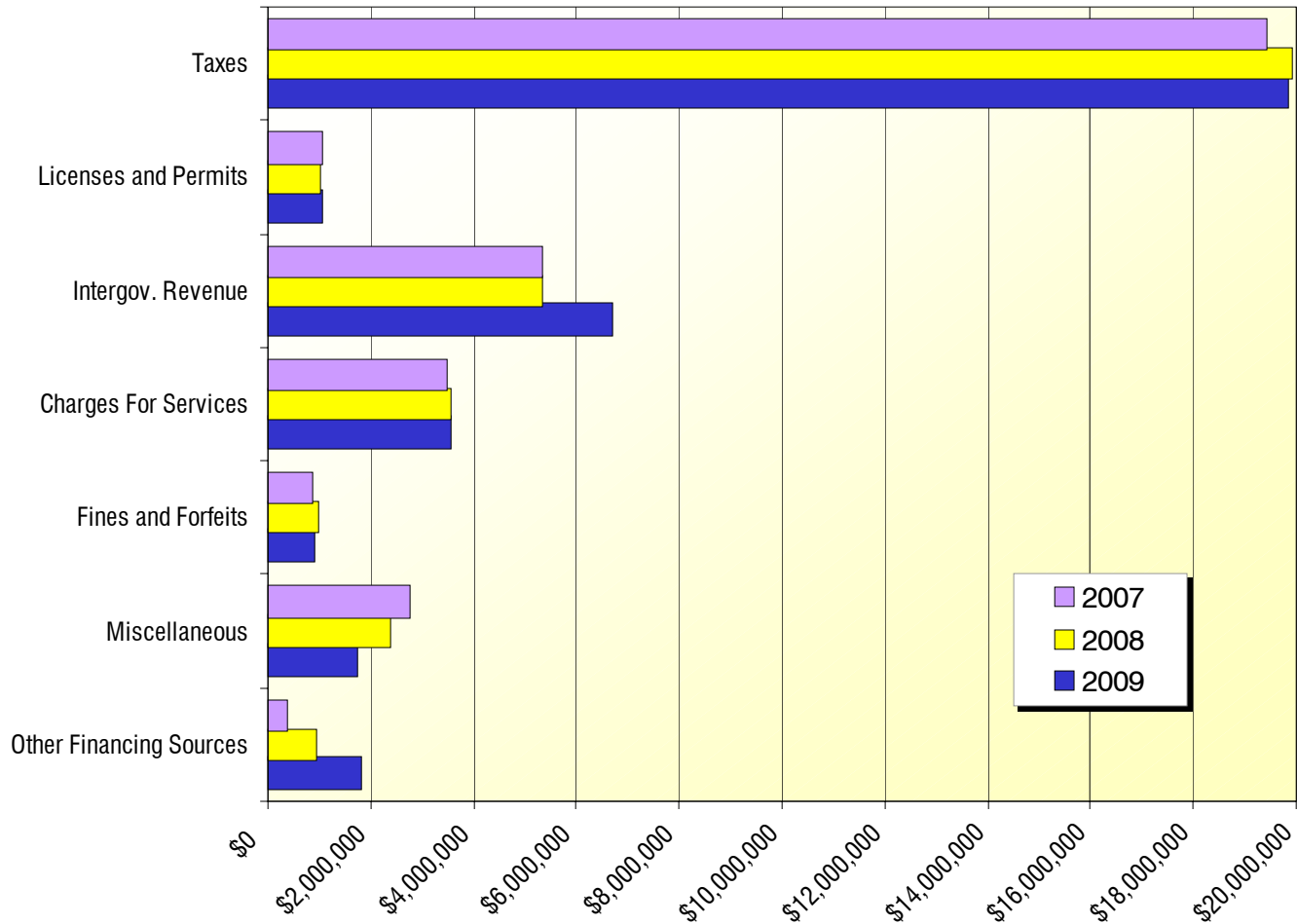
See pages 4 and 5 for General Fund Revenue Notes.

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



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



	2007	2008	2009
Taxes	19,449,786	19,915,967	19,832,933
Licenses and Permits	1,045,668	1,040,168	1,050,766
Intergov. Revenue	5,348,451	5,357,527	6,711,140
Charges For Services	3,485,968	3,563,025	3,559,886
Fines and Forfeits	868,537	990,183	910,210
Miscellaneous	2,748,865	2,379,905	1,756,592
Other Financing Sources	381,182	965,182	1,800,765
<b>Total Revenue</b>	<b>33,328,457</b>	<b>34,211,957</b>	<b>35,622,292</b>

See pages 4 and 5 for General Fund Revenue Notes.

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



## General Fund Revenue Notes

### Taxes

*Property tax and retail sales tax make up 94% of Whatcom County's tax revenue budget.*

Tax revenues are \$83,000 less than second quarter 2008 amounts. Current year property tax collections are \$5,000 greater than last year; however, collections of delinquent taxes, interest and penalties have decreased by 14%, or \$236,600, compared to second quarter last year. REET processing fees, which are indicative of real estate activity, have fallen 35% or \$53,244. Sales tax collections increased \$118,843 over 2008 second quarter figures; however, \$475,000 of the General Fund sales tax collections is due to prior year adjustments from the local refineries. Without those adjustments, sales taxes would be down \$356,000, or 6.3% overall. Other sales taxes in Whatcom County are down ten to twelve percent below 2008 levels; however, the General Fund sales tax is benefiting from Washington State's new streamlined sales tax. Streamlined sales tax distributes taxes based on the location where the goods are delivered. Previously sales taxes were distributed based on the seller's business location. This system has a tendency to benefit unincorporated areas while decreasing revenues to certain municipalities. Tax revenues are projected to be \$1 million below budget by the end of the year.

### Licenses & Permits

*Building permits and on-site sewage permits account for 73% of "Licenses & Permits" budgets. Other Health Department, marriage and fire control licenses and permits account for the remaining 27%.*

License and Permit Fees were \$10,600 more than collected during second quarter 2008 and collections are 39.9% of budgeted amounts. Traditionally, license and permit fees are approximately 51% of their year-end revenues by the end of the second quarter. Building permit revenues are \$82,000, or 12.5%, less than 2008 second quarter results and 39% less than 2005 levels, which was the peak of the real estate boom. Food handling related license and permit revenues are \$24,600, or 11%, greater than this time last year. On Site Sewage permit revenues have increased \$70,900, or 63%, from second quarter 2008 due to substantial increases in permit rates. This revenue category is projected to be \$590,000 below budget by year end.

### 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 45% of budget. This is 8.6% and \$1,354,000 higher than the second quarter 2008. Whatcom County's Payment in Lieu of Taxes (PILT) revenue from the federal government is \$460,000 more than the amount received at this time in 2008. In addition, state and federal grant receipts have increased by \$750,000 over second quarter 2008 amounts. Year end projections for this revenue category expect grants to be fully collected as compared to budget and the PILT payment will result in intergovernmental revenues being \$624,000 over budget.

### 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 and on site septic fees (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

Overall, Charges for Services decreased \$3,000 from the second quarter 2008. Planning and development fees decreased \$80,000, or 7.4%, and are at 39% of budget. As of the end of June, we normally have received 53% of annual receipts. Adult Probation Fees increased \$19,575 due to a concentrated effort on the part of probation officers to hold offenders accountable; however, the amount received is only 41% of budget rather than 50% expected. Rifle Range revenues increased \$24,000 or 14%. This increase is due to a combination of range attendance being up over last year and the Parks Department increasing the fees charged. Environmental Health on site septic fees have more than doubled over prior year amounts due to fee rate increases but are at only 42% of budget. Normally environmental health fees are 51% collected by the end of June. Charges for Services are expected to be \$955,000 below budget by year end.

### 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 decreased 8%, or \$80,000, less than second quarter 2008 revenues. A decrease in traffic infraction revenue accounts for all of the decrease. 2009 traffic infraction revenues are comparable to 2006 and 2007 levels, 2008 was an abnormally high year. This revenue category is expected to be \$180,000 below budget by year end.

### Miscellaneous

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

Miscellaneous revenues decreased \$623,300 or 26% from second quarter 2008. Investment interest decreased \$720,000, or 36%. A Sheriff's Office auction and miscellaneous grants from non-profit organizations account for \$92,000 of one-time increases in other miscellaneous revenues. This revenue category is projected to end the year at \$1,075,000 below budget.

### Other Financing Sources

*The "Other Financing Sources" revenue budget is 10% state timber revenues, 51% interfund transfers and 39% interfund loans from other Whatcom County funds.*

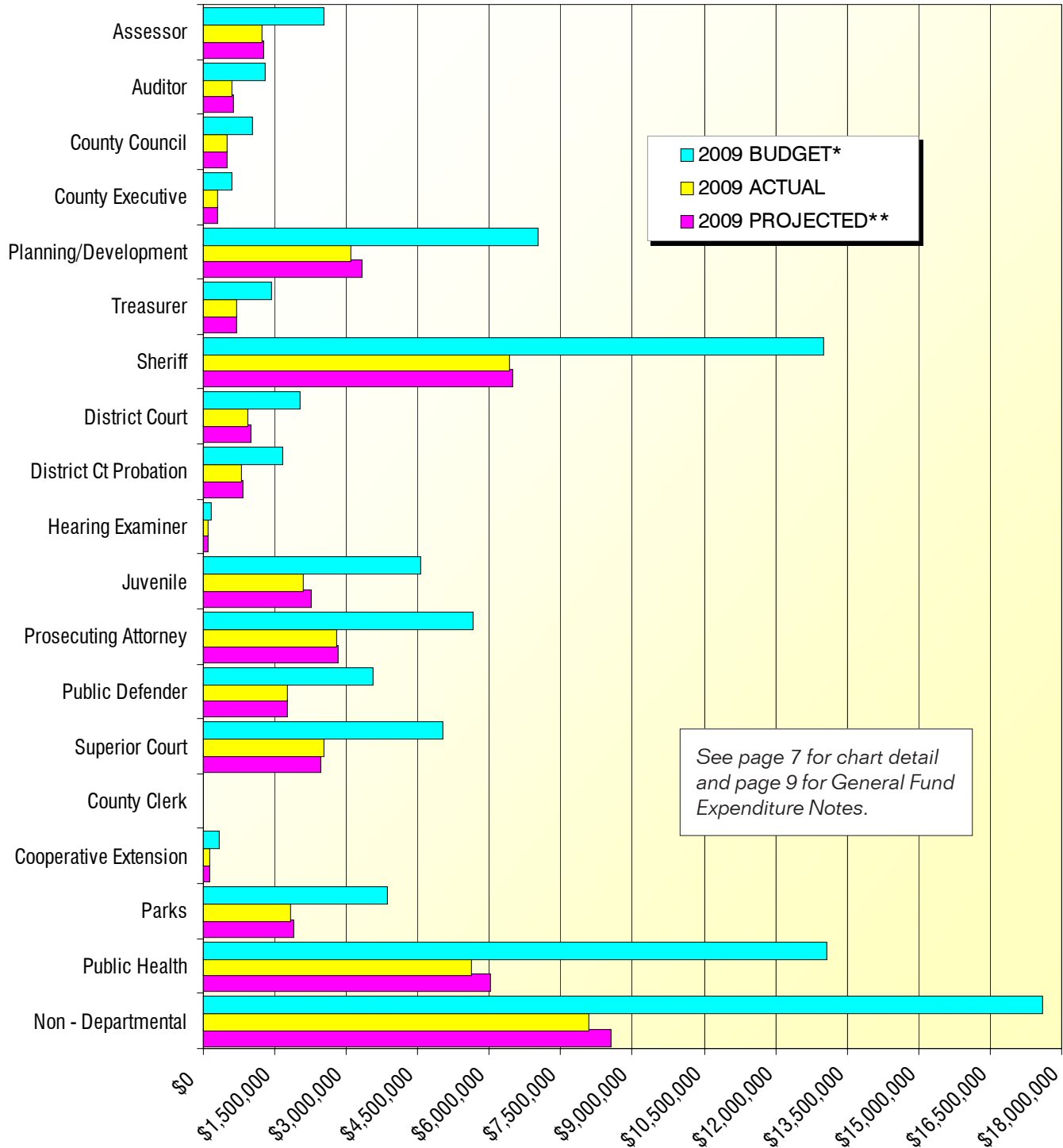
Other Financing Sources increased \$1,190,000 over second quarter 2008. State timber sales revenue decreased \$237,275. State timber revenues fluctuate based on harvest plans and market conditions. Transfers increased \$915,500. The increase in transfers is the result of a \$225,000 transfer from the Equipment Rental & Revolving Fund, which is a return of General Fund equity in the fund, and a \$466,972 transfer from the Administrative Service fund, which is a return of funds that were held in reserve for Building Repair & Replacement. In addition, there was a \$400,000 transfer from Real Estate Excise Tax Fund 1 to assist with the purchase of the Public Defender's Office Building. The repayment of an interfund cash flow loan from the new Mental Health-Chemical Dependency Fund resulted in an increase of \$155,000. This revenue category projects interfund transfers and loans to be fully collected and state timber revenues to be \$500,000 below budget by year end.

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



## General Fund Expenditures - Budget vs. Actual



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

\* "2009 Budget" figures represent 2009 amended budget annual amounts.

\*\* Based on past expenditure history, the "2009 Projected" figures represent portions of 2009 amended budget amounts, as projected at the end of this quarter. Projections are adjusted throughout the year as new information becomes available.

# Whatcom County Second Quarter 2009 Financial Report

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## General Fund Expenditures - Budget vs. Actual

	Adopted 2009 Budget	Budget Supplementals	Amended Budget	Actual as of 6/30/09	% Expended To Date	Projected as of 6/30/09
Assessor	2,518,082	0	2,518,082	1,241,205	49.29%	1,251,781
Auditor	1,288,975	0	1,288,975	613,429	47.59%	637,868
County Council	985,103	36,861	1,021,964	500,341	48.96%	499,396
County Executive	602,027	0	602,027	291,286	48.38%	300,406
Planning & Development	6,789,629	221,403	7,011,032	3,090,406	44.08%	3,331,863
Treasurer	1,376,831	44,878	1,421,709	694,365	48.84%	714,143
Sheriff	12,788,061	205,498	12,993,559	6,418,287	49.40%	6,489,066
District Court	2,020,399	0	2,020,399	928,986	45.98%	1,011,633
District Court Probation	1,655,640	0	1,655,640	786,041	47.48%	817,316
Hearing Examiner	173,486	0	173,486	85,045	49.02%	85,720
Juvenile	4,518,305	48,856	4,567,161	2,083,624	45.62%	2,250,499
Prosecuting Attorney	5,671,736	0	5,671,736	2,779,199	49.00%	2,820,315
Public Defender	3,719,096	(166,871)	3,552,225	1,753,930	49.38%	1,756,124
Superior Court/County Clerk	4,841,841	183,333	5,025,174	2,544,093	50.63%	2,464,467
Cooperative Extension	320,379	0	320,379	143,575	44.81%	132,514
Park	3,810,913	48,127	3,859,040	1,837,740	47.62%	1,904,466
Public Health	13,012,001	55,658	13,067,659	5,626,612	43.06%	6,022,176
Non - Departmental	15,467,893	2,129,589	17,597,482	8,079,844	45.91%	8,542,814
<b>Total General Fund Exp</b>	<b>81,560,397</b>	<b>2,807,332</b>	<b>84,367,729</b>	<b>39,498,008</b>	<b>46.82%</b>	<b>41,032,567</b>

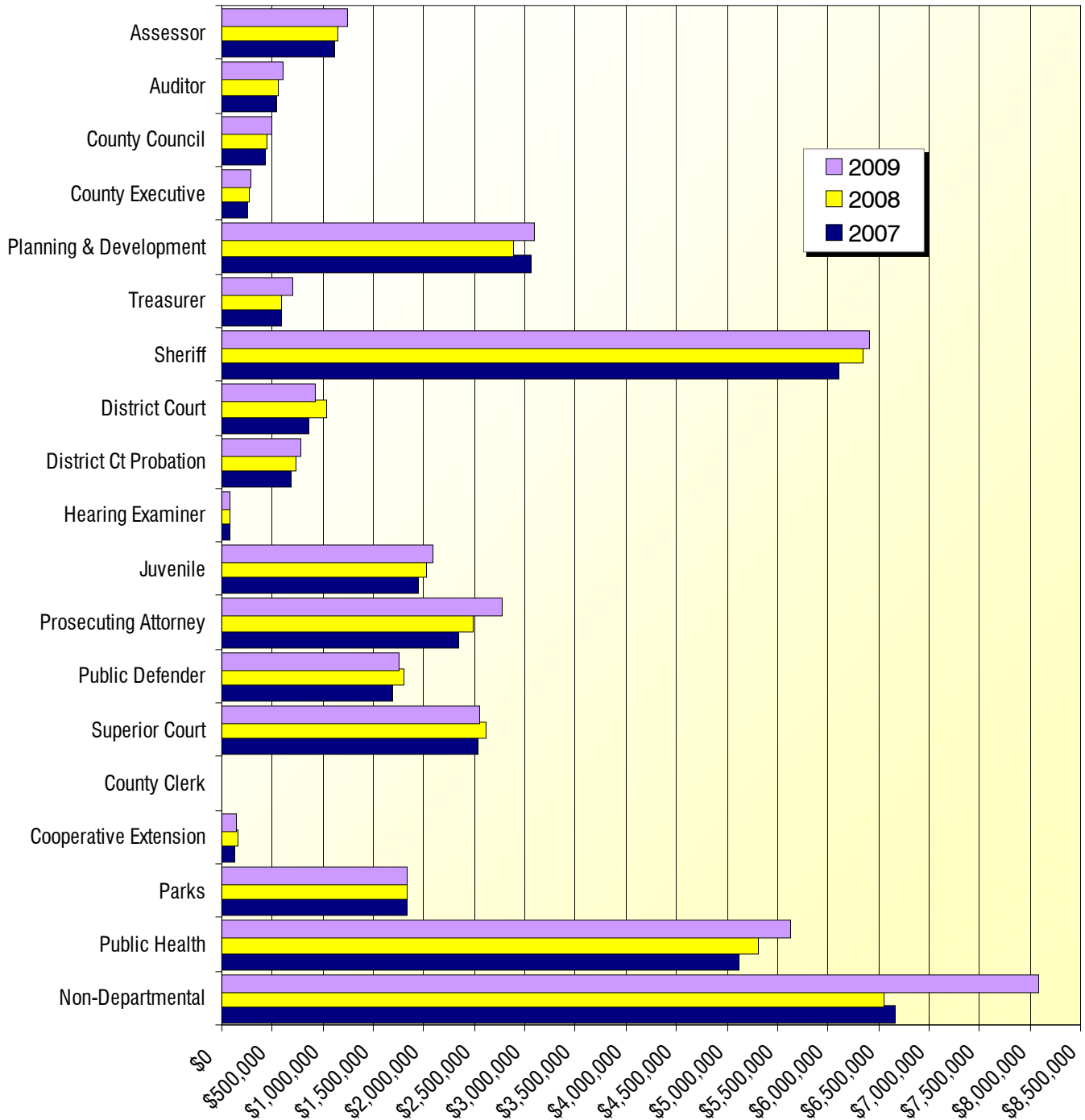
See page 9 for General Fund Expenditure Notes.

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



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



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

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



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

	2007	2008	2009
Assessor	1,123,829	1,149,825	1,241,205
Auditor	548,054	561,770	613,429
County Council	428,015	453,098	500,341
County Executive	257,924	265,413	291,286
Planning & Development	3,055,273	2,879,669	3,090,406
Treasurer	597,273	589,610	694,365
Sheriff	6,113,075	6,351,936	6,418,287
District Court	868,333	1,039,505	928,986
District Ct Probation	686,273	739,098	786,041
Hearing Examiner	81,416	81,386	85,045
Juvenile	1,945,007	2,023,618	2,083,624
Prosecuting Attorney	2,341,242	2,485,713	2,779,199
Public Defender	1,690,633	1,795,043	1,753,930
Superior Court/County Clerk	2,542,982	2,620,629	2,544,093
Cooperative Extension	132,366	153,776	143,575
Parks	1,835,245	1,835,051	1,837,740
Public Health	5,111,256	5,317,327	5,626,612
Non-Departmental	6,658,085	6,555,567	8,079,844
<b>TOTAL</b>	<b>36,016,281</b>	<b>36,898,034</b>	<b>39,498,008</b>

## General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were at 46.9% of the approved budget. The average percent for the last four years has been 44%. All departmental spending was within budget expectations, with the exception of Superior Court Administration/County Clerk.

Superior Court/Clerk used 50.6% of its budget. The Court is experiencing greater than expected costs related to contract services.

Non-Departmental expenditures included \$1.8 million for the purchase of the Public Defenders Office building.

# Whatcom County Second Quarter 2009 Financial Report

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## General Fund Conclusion

	Approved Budget	Projected
<b>Beginning Fund Balance 1/1/09</b>	<u>12,000,000</u>	<u>10,945,283</u>
<b>Revenues</b>		
Budgeted Revenues 2009	77,941,545	77,941,545
Decreased Revenue Estimates	-	(3,703,000)
Actions to Stabilize General Fund	-	2,443,000
Supplemental Budgets 2009	-	721,980
<b>Total Revenue</b>	<u>77,941,545</u>	<u>77,403,525</u>
<b>Expenditures</b>		
Budgeted Expenditures 2009	81,560,397	81,560,397
Actions to Stabilize General Fund	-	(3,699,905)
Projected Additional Supplementals	-	492,000
Continuing Appropriations 2009	-	473,236
Supplemental Budgets 2009	-	2,334,096
<b>Total Expenditures</b>	<u>81,560,397</u>	<u>81,159,824</u>
<b>Adjusted Surplus (Deficit)</b>	(3,618,852)	(3,756,299)
<b>Other Considerations</b>		
Estimated Budget Lapse	<u>2,311,499</u>	<u>811,598</u>
<b>Ending Fund Balance 12/31/09</b>	<u>10,692,647</u>	<u>8,000,582</u>

# Whatcom County Second Quarter 2009 Financial Report

For the Quarter Ended June 30, 2009



## Special Revenue Funds and Other Funds - Revenues

	2008 Actual As of 6/30/2008	2009 Actual As of 6/30/2009	2009 Budget	% Collected of 2009 Budget
County Road Fund	11,847,225	12,979,475	35,143,228	36.93%
Election Reserve Fund	904,850	259,168	1,268,873	20.43%
Veterans Relief	138,533	145,561	265,234	54.88%
Water Resources	125,000	-	-	N/A
Jail Fund	6,359,714	5,885,292	13,027,365	45.18%
Low-Income Housing Projects	130,644	136,509	240,000	56.88%
Homeless Housing	299,723	633,090	1,506,897	42.01%
Stormwater	-	872,686	2,309,636	37.78%
Chemical Dependency/Mental Hlth	-	1,105,598	3,167,118	34.91%
County Wide Emergency Medical	1,347,446	1,273,276	2,976,271	42.78%
Solid Waste Fund	247,288	219,474	1,101,850	19.92%
WC Convention Center Fund	106,860	192,459	421,320	45.68%
Victim/Witness Assistance Fund	66,481	64,524	137,478	46.93%
Whatcom Co Drug Fund	112,311	109,199	301,200	36.25%
Auditor's O&M Fund	56,916	61,421	237,350	25.88%
Emergency Management	362,264	256,639	1,684,360	15.24%
Flood Control Zone Dist Fund	1,689,761	2,283,916	6,949,651	32.86%
Conservation Futures Fund	698,903	512,055	1,023,776	50.02%
Sub-Flood Zones	94,950	92,473	163,452	56.58%
Real Estate Excise Tax Fund II	721,054	433,633	1,548,800	28.00%
Real Estate Excise Tax Fund I	731,428	478,304	1,469,305	32.55%
Public Utilities Improvement	1,510,148	1,406,816	3,266,622	43.07%
East Cnty Regional Resource Ctr	-	450,000	450,000	100.00%
Whatcom Co Investment Pool	119,989	115,231	233,200	49.41%
Ferry System Fund	772,435	585,481	2,606,077	22.47%
Equipment Rental & Revolving	4,318,100	4,284,163	11,615,066	36.88%
Administrative Services Fund	8,221,807	8,712,933	18,686,999	46.63%

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

# Whatcom County Second Quarter 2009 Financial Report

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## Special Revenue Funds and Other Funds - Expenditures

	2008 Actual As of 6/30/2008	2009 Actual As of 6/30/2009	2009 Budget	% Expended of 2008 Budget
County Road Fund	10,387,399	12,384,436	35,549,383	34.84%
Election Reserve Fund	781,058	409,179	1,229,600	33.28%
Veterans Relief	70,732	75,186	282,033	26.66%
Water Resources	230,176	118,535	118,535	100.00%
Jail Fund	5,452,378	5,781,217	12,406,081	46.60%
Low Income Housing	153,459	80,242	265,000	30.28%
Homeless Housing	84,688	562,554	1,655,590	33.98%
Stormwater Fund	-	499,581	2,306,874	21.66%
Chemical Dependency/Mental Hlth	-	382,297	630,532	60.63%
County Wide Emergency Medical	990,572	1,406,890	2,892,526	48.64%
Solid Waste Fund	458,366	465,469	1,427,251	32.61%
WC Convention Center Fund	94,509	165,468	328,980	50.30%
Victim/Witness Assistance Fund	35,194	38,924	153,159	25.41%
Whatcom Co Drug Fund	194,697	40,796	660,967	6.17%
Auditor's O&M Fund	37,663	62,371	256,206	24.34%
Emergency Management	173,259	176,501	1,686,517	10.47%
Flood Control Zone Dist Fund	1,423,374	2,072,425	8,487,390	24.42%
Conservation Futures Fund	600,000	12,198	1,023,776	1.19%
Sub-Flood Zones	3	1,732	296,000	0.59%
Real Estate Excise Tax Fund II	52,746	1,644,193	4,748,923	34.62%
Real Estate Excise Tax Fund I	1,395,263	1,729,952	3,123,131	55.39%
Public Utilities Improvement	66,724	570,740	995,943	57.31%
East Cnty Regional Resource Ctr	-	53,432	531,706	10.05%
Whatcom Co Investment Pool	84,831	107,061	233,329	45.88%
Ferry System Fund	871,929	1,174,809	2,510,352	46.80%
Equipment Rental & Revolving	4,188,595	4,514,736	16,056,894	28.12%
Administrative Services Fund	8,146,536	9,196,816	20,661,825	44.51%

*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.*