



**2016
First
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

May 13, 2016

Whatcom County First Quarter 2016 Financial Report

For the Quarter Ended March 31, 2016



Executive Summary

The following information presents Whatcom County's first quarter 2016 financial report. At the end of the first quarter of 2016 General Fund collected 14.64% of its budgeted revenues. Whatcom County's General Fund spent 24.28% of its budgeted expenditures. Both amounts are in line with prior year experience and projections.

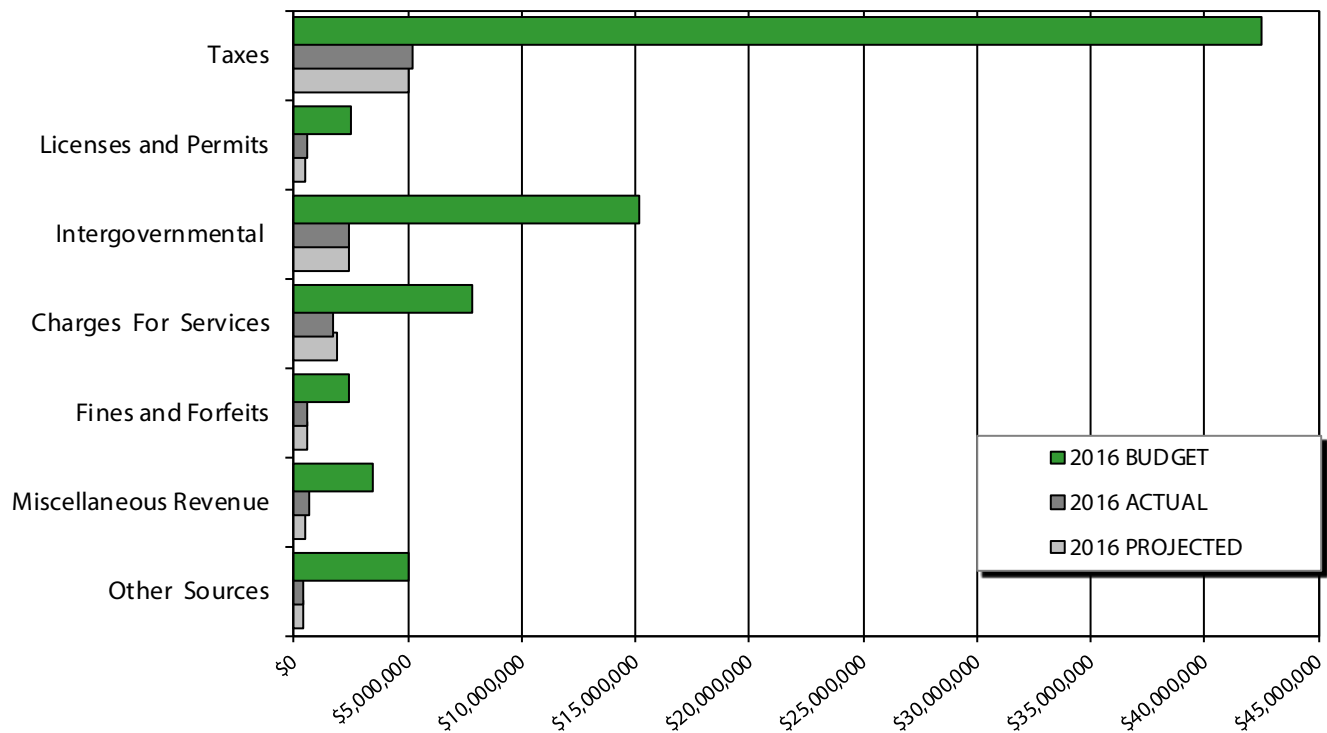
The estimated 2016 General Fund ending fund balance is projected to be approximately \$14.6 million.

Whatcom County First Quarter 2016 Financial Report

For the Quarter Ended March 31, 2016



General Fund Revenue - Budget vs. Actual



	2016 Budget Adopted	2016 Budget Supp'ls	2016 Budget Amended	Actual as of 3/31/2016	% Collected To Date	Projected as of 3/31/2016
Taxes	41,873,536	625,000	42,498,536	5,203,294	12.24%	5,050,154
Licenses and Permits	2,506,844		2,506,844	574,397	22.91%	493,421
Intergovernmental	13,518,121	1,616,089	15,134,210	2,398,413	15.85%	2,370,689
Charges For Services	9,463,143	(1,631,424)	7,831,719	1,717,932	21.94%	1,839,920
Fines and Forfeits	2,420,700		2,420,700	570,628	23.57%	605,052
Miscellaneous Revenue	3,446,965	(16,400)	3,430,565	647,312	18.87%	480,977
Other Sources	3,272,874	1,721,146	4,994,020	426,740	8.55%	435,777
Total Revenue	76,502,183	2,314,411	78,816,594	11,538,716	14.64%	11,275,990

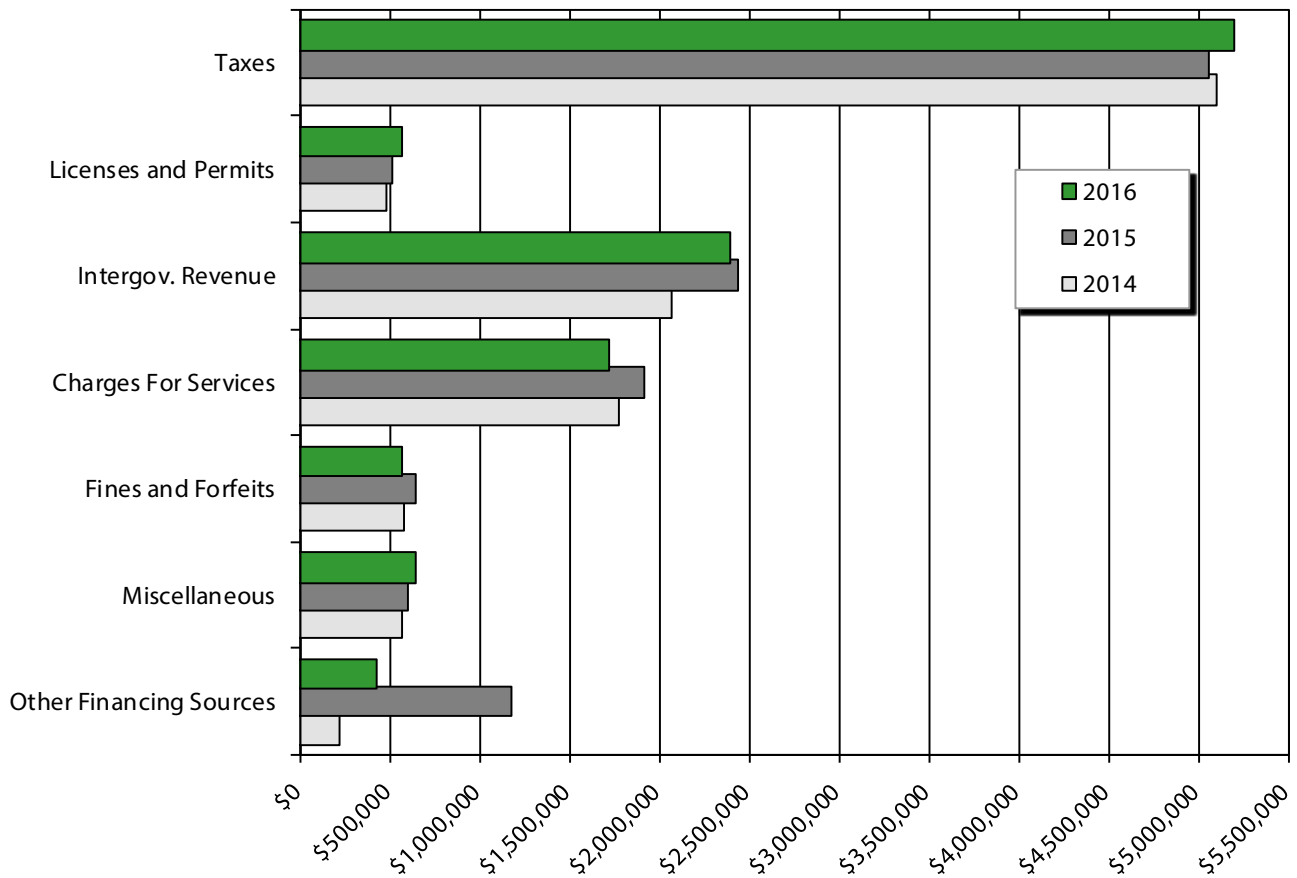
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2014	2015	2016
Taxes	5,097,847	5,060,898	5,203,294
Licenses and Permits	479,554	518,936	574,397
Intergov. Revenue	2,067,355	2,439,392	2,398,413
Charges For Services	1,774,875	1,920,069	1,717,932
Fines and Forfeits	584,325	645,644	570,628
Miscellaneous	566,247	602,754	647,312
Other Financing Sources	221,051	1,176,766	426,740
Total Revenue	10,791,254	12,364,459	11,538,716

See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue Notes

Taxes

Property tax and retail sales tax make up 99% of Whatcom County's tax revenue budget.

Tax revenues are \$142,395 more than first quarter 2015 amounts. Current year sales tax collections are up 2.2%, or \$71,652, over last year's first quarter collections. Current year property tax collections increased \$108,931 over first quarter 2015. Increased tax revenues result from new construction and the timing of when taxpayers make their first half property tax payments. Private harvest taxes are \$33,299 less than first quarter last year.

Licenses & Permits

Building permits account for 48% of "Licenses & Permits" budgets. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 47% of the budgets. Marriage licenses, firearms permits and fire control permits account for the remaining 5%.

License and Permit Fees are \$55,461, or 10.7%, more than amounts collected during first quarter 2015. Restaurant permits, firearms permits, and on-site septic applications are up modest amounts. Building permits and food handling permits show minor decreases under first quarter 2015 levels.

Intergovernmental Revenue

"Intergovernmental Revenue" is mainly federal and state grants, entitlements and shared revenues.

The revenues collected as of quarter end were \$40,982 less than first quarter 2015. Collections show less than a 2% difference from first quarter 2015 and are in line with first quarter projections.

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), fees charged to other governments for probation and law enforcement-related services and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Overall, Charges for Services decreased \$202,132 under first quarter 2015. This decrease is due to a change in the statewide account coding system which took place last year. Current Expense Cost Allocation revenues that were being accounted for in Charges for Services were moved mid-year 2015 to the Other Financing Sources category. After adjusting for that change, Charges for Service revenue is up a modest \$18,850, or 1.1%, over first quarter 2015 amounts.

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General Fund Revenue Notes, continued

Fines and Forfeits

"Fines and Forfeits" consist principally of property tax penalties, traffic infraction revenue, and criminal traffic misdemeanor penalties. It also includes bail/bond forfeitures, code enforcement fines, public defense recoupment and other miscellaneous criminal costs and penalties.

Fines and Forfeits revenues have decreased \$75,015, or 11.6%, under first quarter 2015 amounts. There is a significant decrease in traffic infraction revenues of \$69,195, or 22.9%, and minor decreases in criminal fines and penalties.

Miscellaneous

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

Miscellaneous revenues are up \$44,557, or 7.4%, from the first quarter 2015. This is due to modest increases in interest earnings, Parks' recreation rentals, franchise fee revenues, parking and space rentals.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (7%) and transfers from other Whatcom County funds (93%).

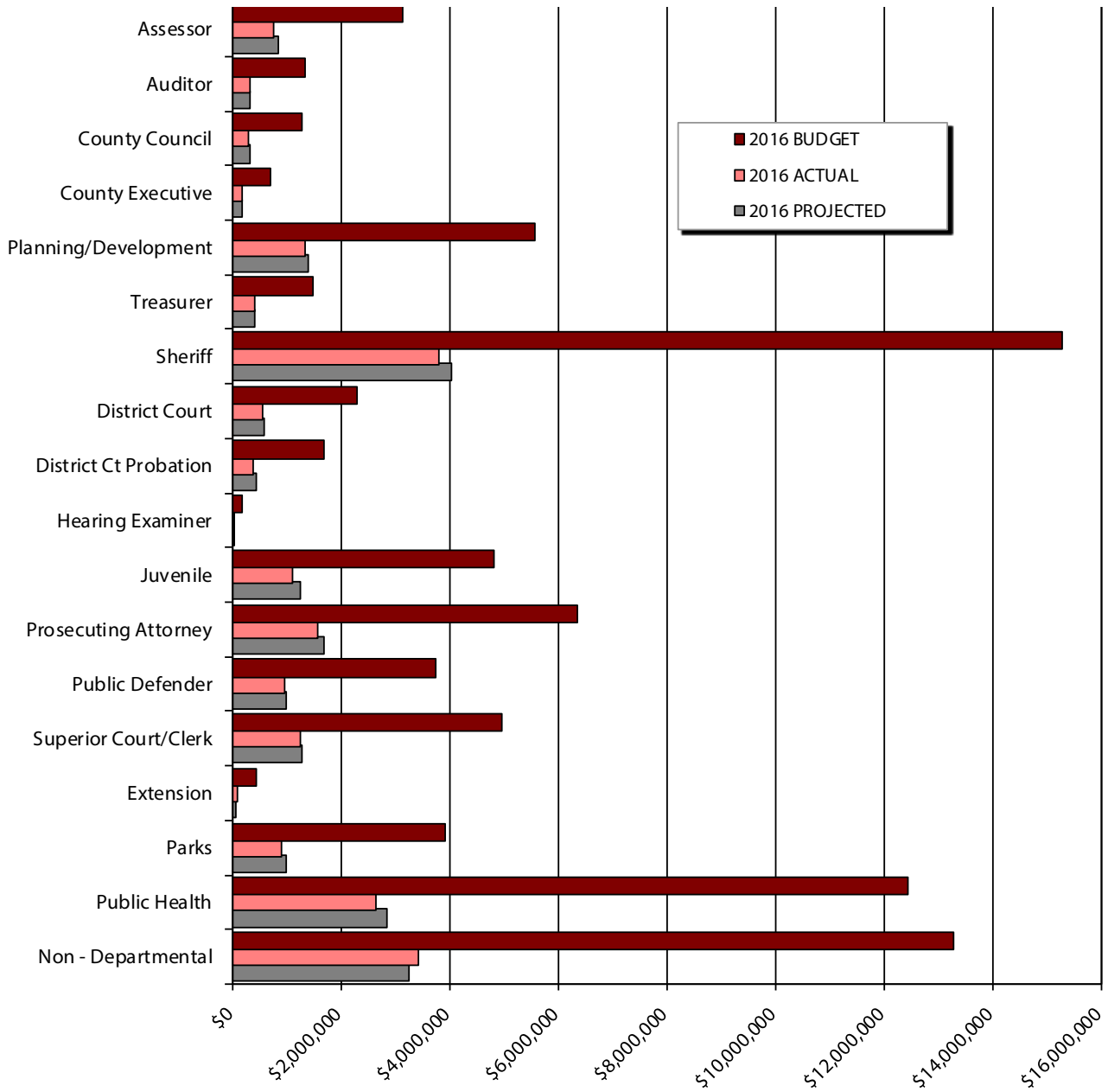
The Other Financing Sources category is \$750,027 less than first quarter 2015 amounts. The County has elected to make \$1 million transfers from Real Estate Excise Tax Fund II to the Parks Department in support of operations and maintenance of existing parks in each year of the period from 2013 – 2016. This transfer is in accordance with provisions of Washington State House Bill 1953 Chapter 354. In 2015, the transfer was made during the first quarter; the 2016 transfer will be made later this year. An accounting change which happened mid-year 2015 also resulted in the Current Expense Allocation now being recorded as an Operating Transfer rather than in the Charges for Service category. This change has increased Operating Transfer revenues by \$227,406 as compared to last year. Timber sales revenue increased about \$26,000 over 2015 amounts. Timber revenues fluctuate based on harvest plans and market conditions.

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General Fund Expenditures - Budget vs. Actual



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

Whatcom County First Quarter 2016 Financial Report

For the Quarter Ended March 31, 2016



General Fund Expenditures - Budget vs. Actual

	Adopted 2016 Budget	Budget Suppl's	Amended Budget	Actual as of 3/31/16	% Expended To Date	Projected as of 3/31/16
Assessor	2,920,622	225,423	3,146,045	758,899	24.12%	843,539
Auditor	1,312,399	27,110	1,339,509	331,838	24.77%	343,812
County Council	1,139,265	136,539	1,275,804	300,740	23.57%	325,589
County Executive	706,898	12,856	719,754	174,663	24.27%	189,501
Planning & Development	5,203,234	363,198	5,566,432	1,337,129	24.02%	1,406,506
Treasurer	1,439,383	48,377	1,487,760	431,329	28.99%	431,747
Sheriff	14,242,438	1,045,165	15,287,603	3,800,554	24.86%	4,050,923
District Court	2,179,738	132,413	2,312,151	570,586	24.68%	599,608
District Court Probation	1,609,756	82,151	1,691,907	384,110	22.70%	441,930
Hearing Examiner	188,958	4,670	193,628	49,096	25.36%	49,196
Juvenile	4,691,221	130,339	4,821,560	1,123,888	23.31%	1,254,953
Prosecuting Attorney	6,025,441	334,904	6,360,345	1,591,042	25.02%	1,688,322
Public Defender	3,654,165	102,922	3,757,087	975,220	25.96%	992,394
Superior Court/Clerk	4,766,243	209,967	4,976,210	1,259,004	25.30%	1,301,748
Extension	440,203	8,831	449,034	99,090	22.07%	82,445
Park	3,845,152	82,717	3,927,869	903,778	23.01%	999,068
Public Health	11,596,064	843,175	12,439,239	2,654,380	21.34%	2,866,583
Non - Departmental	13,846,582	(544,331)	13,302,251	3,421,372	25.72%	3,254,060
Total General Fund Exp	79,807,762	3,246,426	83,054,188	20,166,718	24.28%	21,121,924

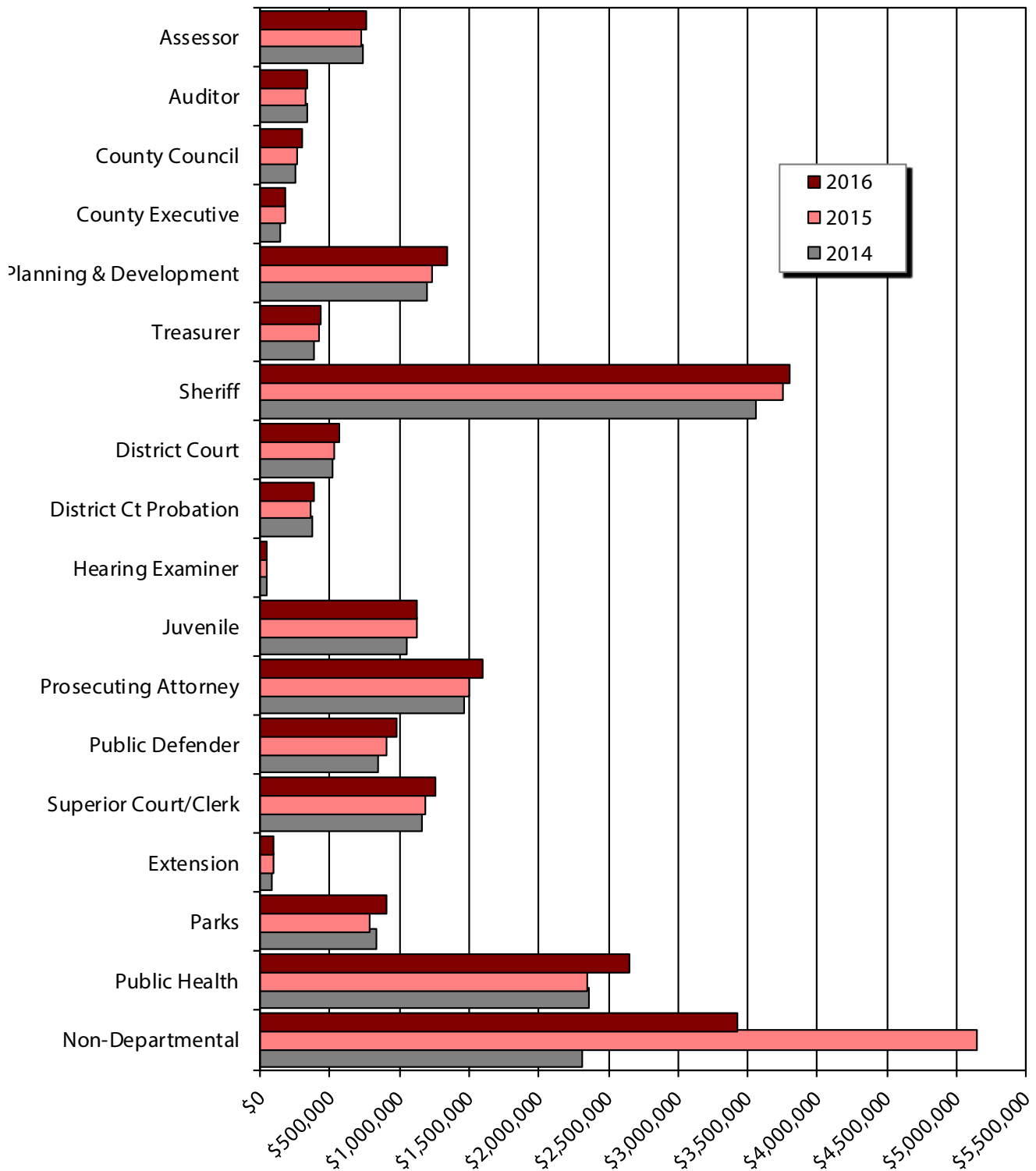
See page 9 for General Fund Expenditure Notes.

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General Fund Expenditures - Compared to Prior Years



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

Whatcom County First Quarter 2016 Financial Report

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General Fund Expenditures - Compared to Prior Years

	2014	2015	2016
Assessor	738,421	719,924	758,899
Auditor	337,630	323,940	331,838
County Council	257,730	258,673	300,740
County Executive	142,161	179,084	174,663
Planning & Development	1,191,991	1,235,937	1,337,129
Treasurer	384,937	416,445	431,329
Sheriff	3,564,947	3,752,219	3,800,554
District Court	520,111	527,527	570,586
District Ct Probation	371,639	365,846	384,110
Hearing Examiner	46,532	47,913	49,096
Juvenile	1,054,800	1,118,648	1,123,888
Prosecuting Attorney	1,462,443	1,503,295	1,591,042
Public Defender	850,859	911,967	975,220
Superior Court /Clerk	1,156,653	1,190,371	1,259,004
Extension	84,897	89,590	99,090
Parks	833,228	785,354	903,778
Public Health	2,360,306	2,343,774	2,654,380
Non-Departmental	2,306,788	5,147,102	3,421,372
TOTAL	17,666,073	20,917,609	20,166,718

General Fund Expenditure Notes

Expenditures for the General Fund, at the end of the first quarter, were at 24.28% of the approved budget. All departmental spending was within budget expectations except Non-Departmental. Non-Departmental expenditures were \$167,000 over expected spending projections due to second quarter payments to other funds/entities being made prior to the end of the first quarter.

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General Fund Conclusion

	Adopted Budget	Projected
Beginning Fund Balance 1/1/16	10,159,066	15,333,393
Revenues		
Budgeted Revenues 2016	76,502,183	76,502,183
Continuing Appropriations from 2015	-	808,687
Supplemental Budgets 2016	-	1,505,724
Total Revenue	76,502,183	78,816,594
Expenditures		
Budgeted Expenditures 2016	79,807,762	79,807,762
Continuing Appropriations from 2015	-	1,118,794
Supplemental Budgets 2016	-	2,127,632
Total Expenditures	79,807,762	83,054,188
Adjusted Surplus (Deficit)	(3,305,579)	(4,237,594)
Other Considerations		
Estimated Budget Lapse ¹	3,384,569	3,521,498
Projected Ending Fund Balance 12/31/16	10,238,056	14,617,296
Interfund Loan Adjustment²	1,198,448	1,730,376
Adjusted Fund Balance 12/31/16	11,436,504	16,347,672

Notes:

¹ The adopted budget lapse is 4.24%.

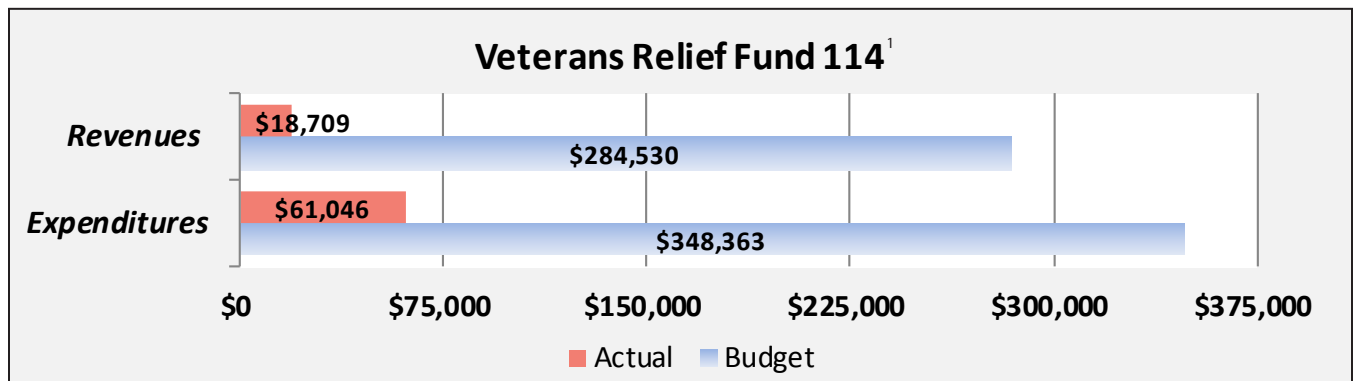
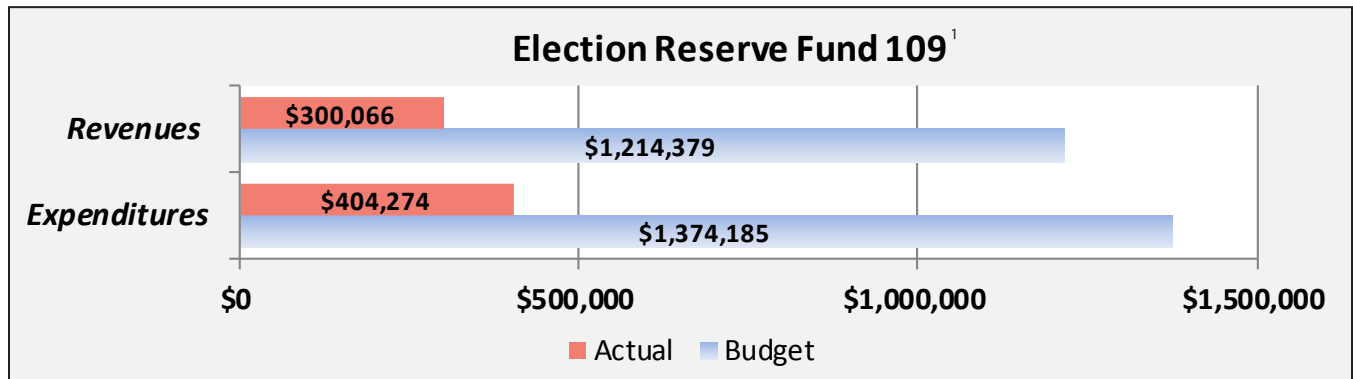
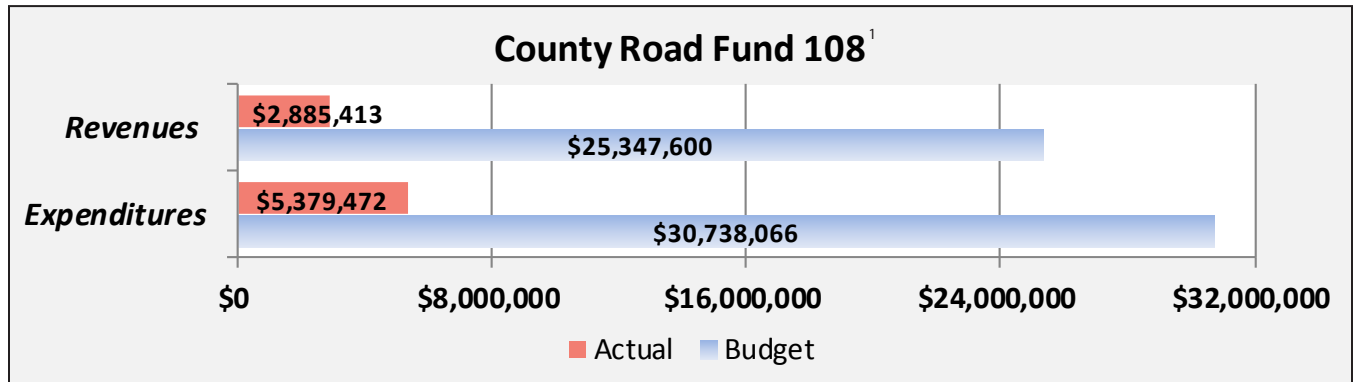
² Accounting for interfund loans used to finance the Central Plaza Building purchase and the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases are shown as expenditures but the loan proceeds are not presented as revenues in the income statement but only as a liability on the balance sheet.

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Special Revenue Funds and Other Funds



Note:

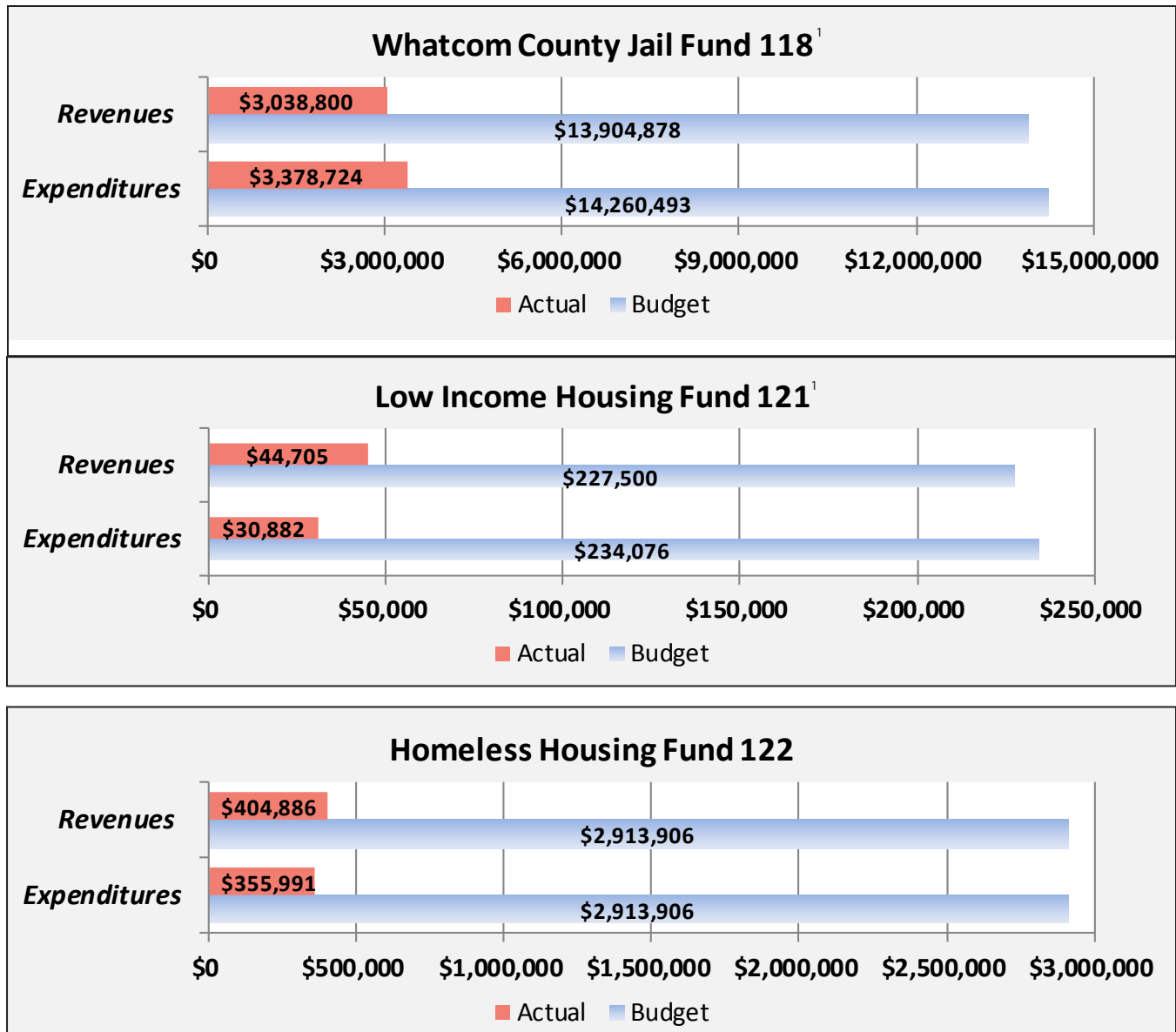
¹ Funds with larger expenditure budgets than revenue budgets anticipate using fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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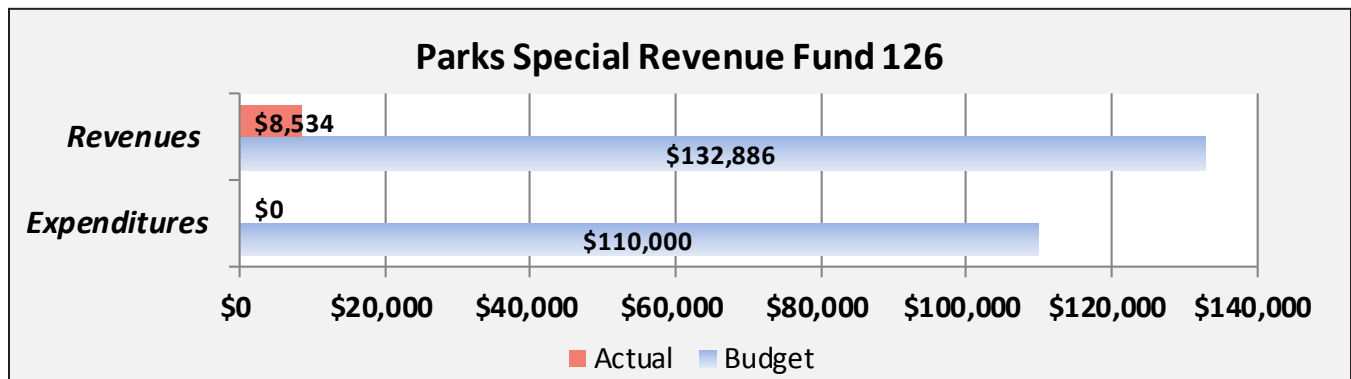
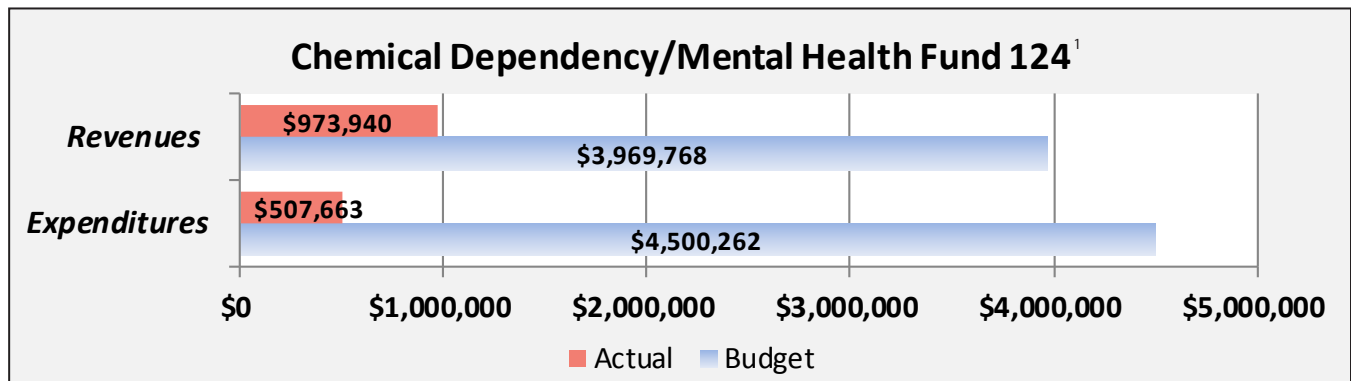
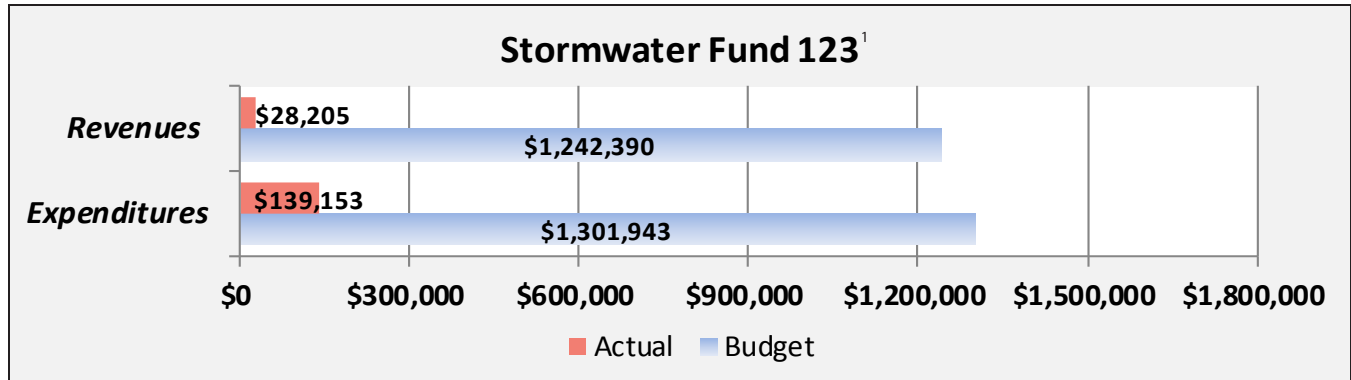
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Special Revenue Funds and Other Funds, continued



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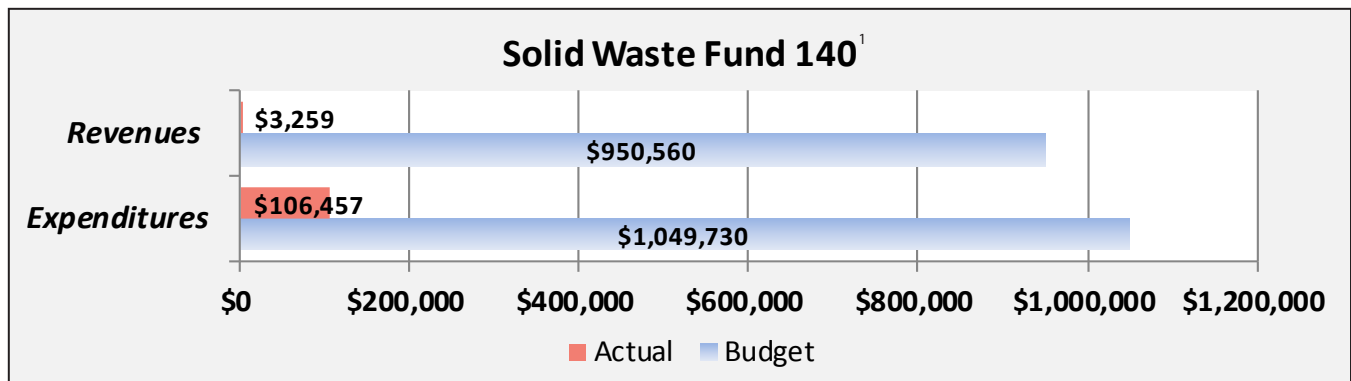
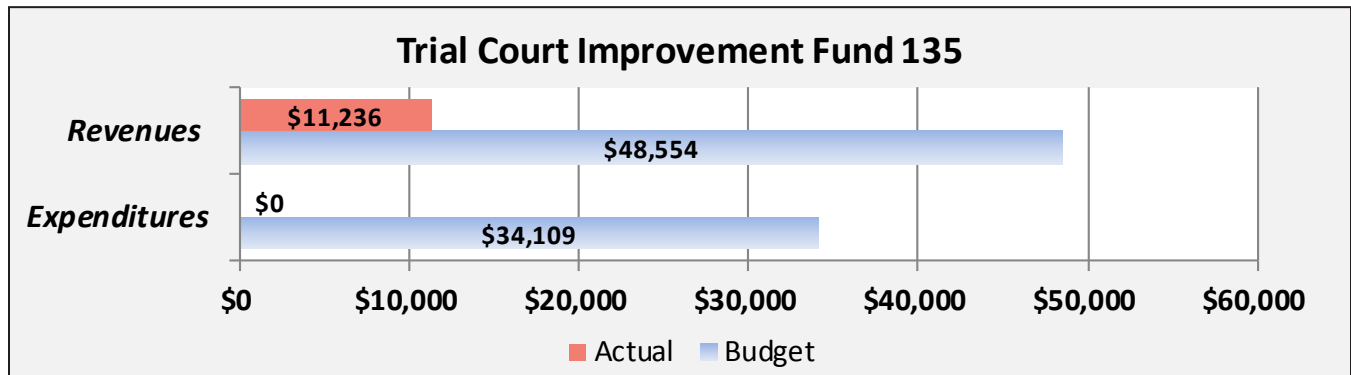
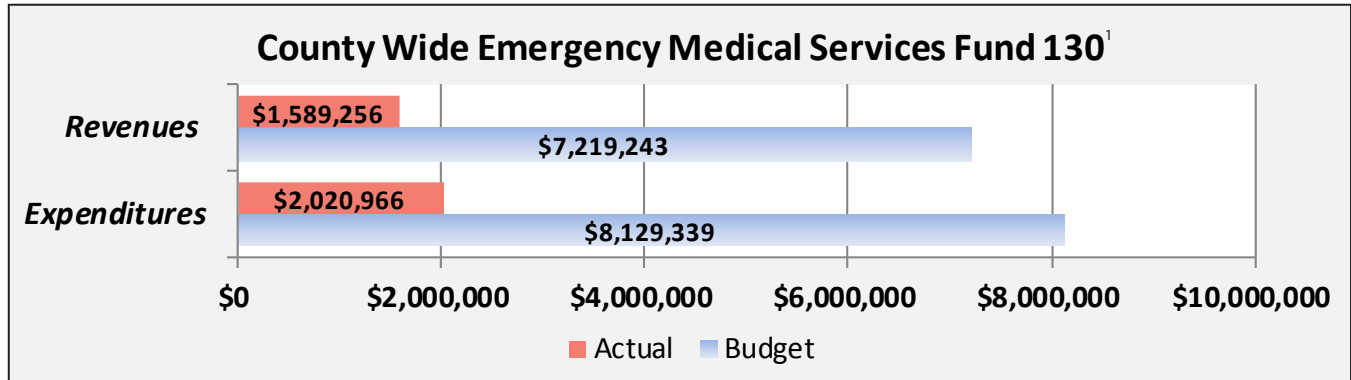
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Special Revenue Funds and Other Funds, continued



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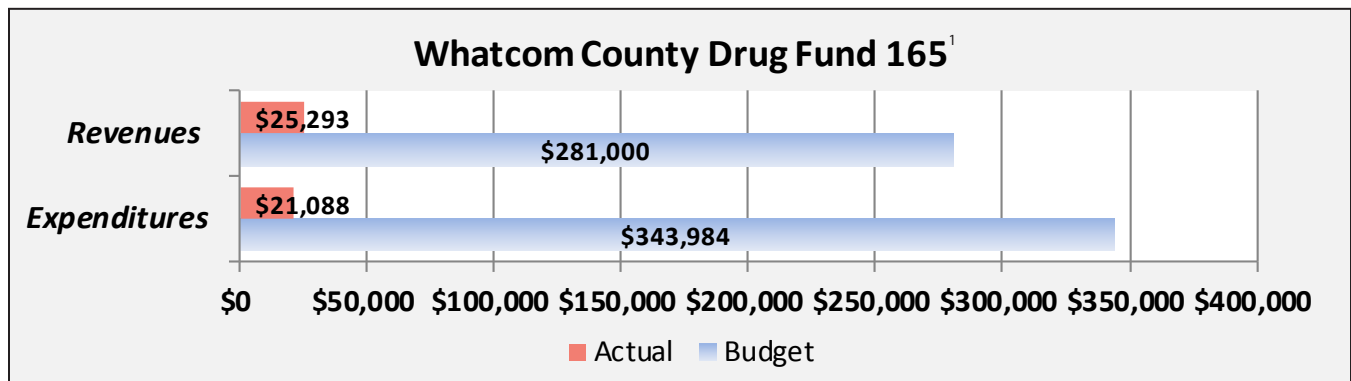
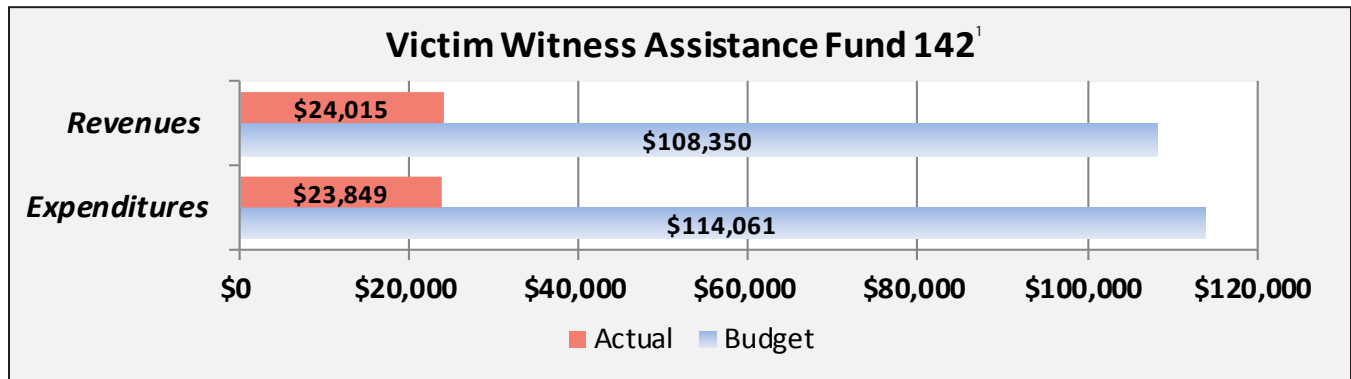
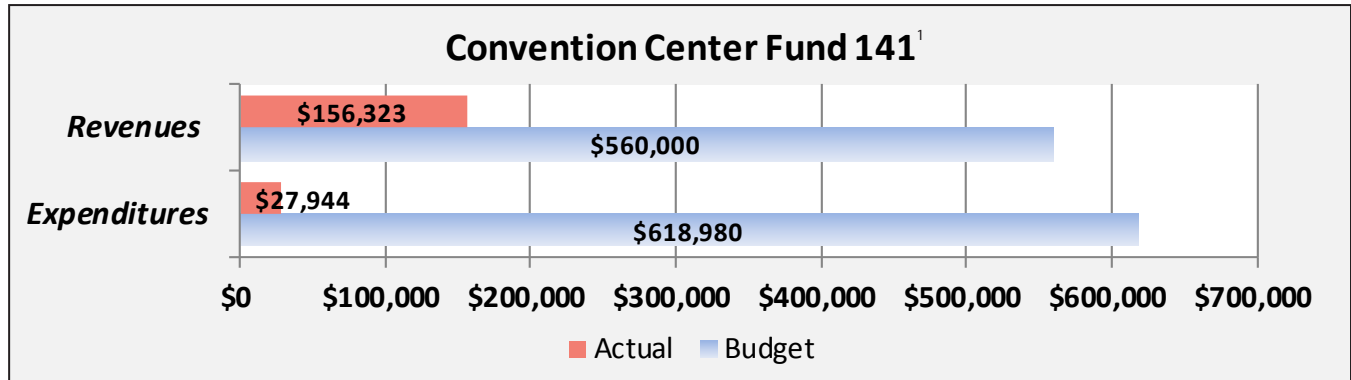
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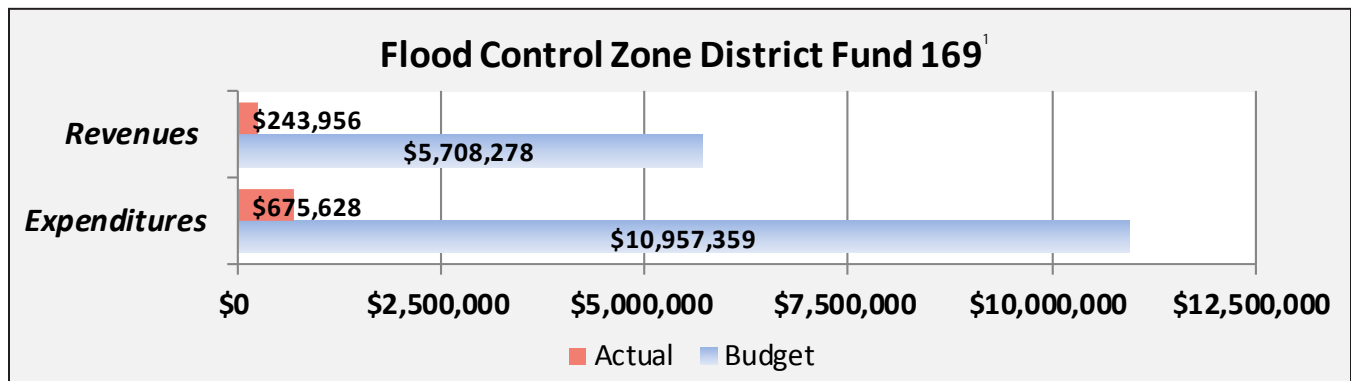
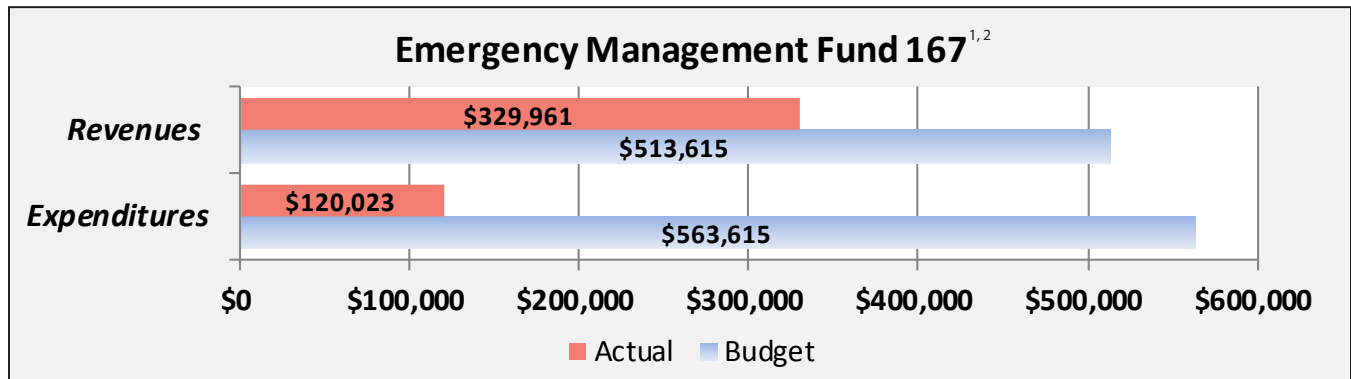
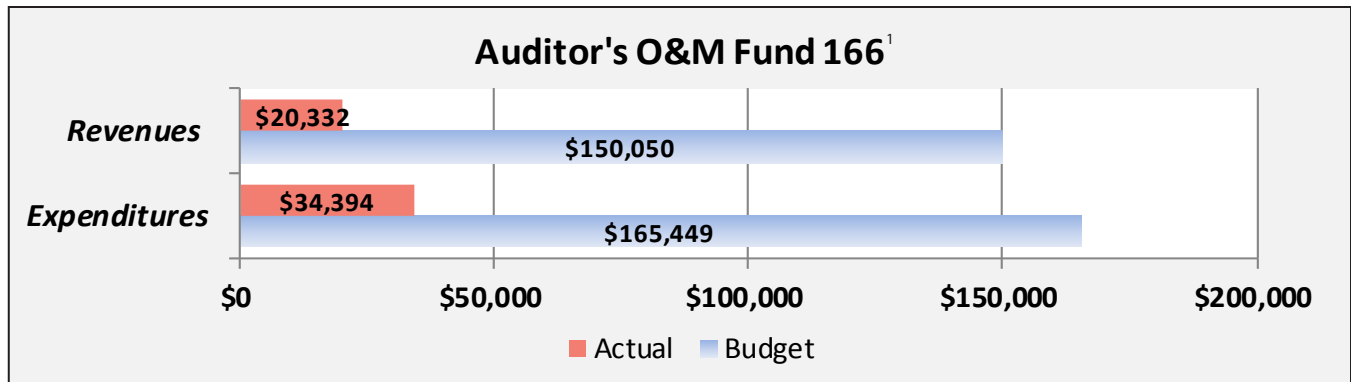
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Special Revenue Funds and Other Funds, continued



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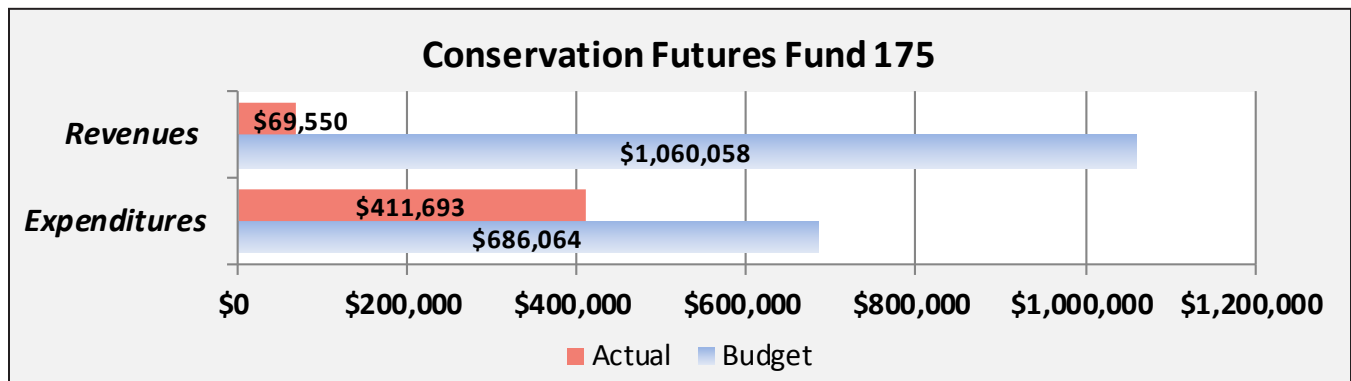
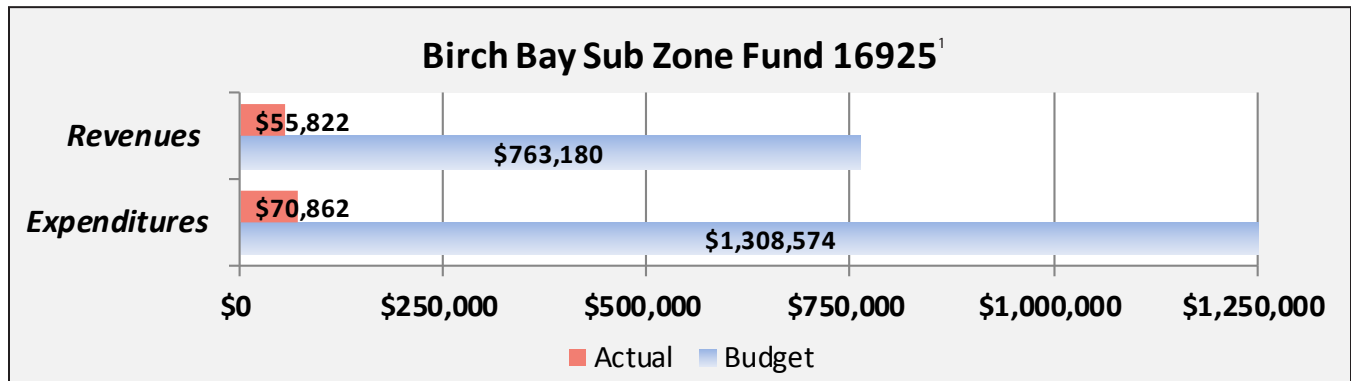
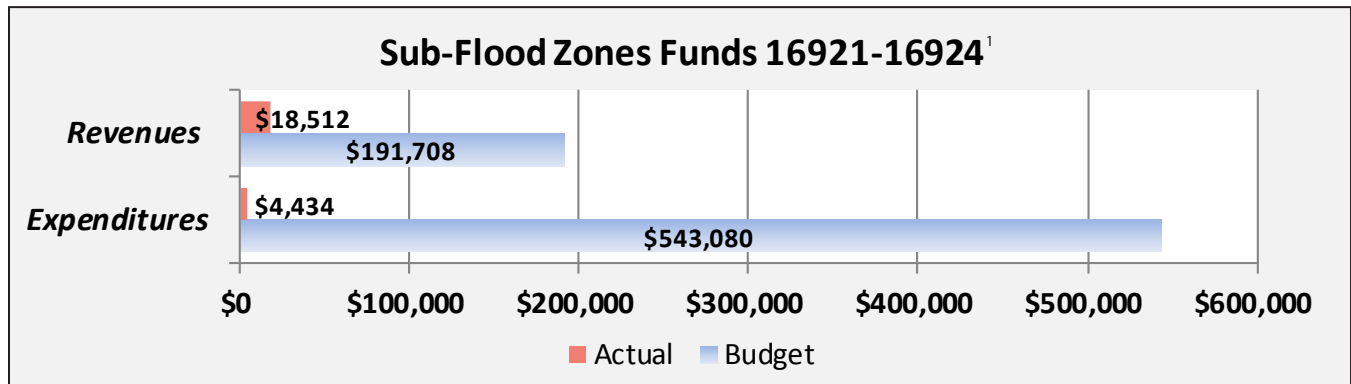
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate using fund equity reserves.
- ² 64% of Emergency Management budgeted revenues are annual County, Port, and small cities intergovernmental Subsidies. These amounts are billed and received the first quarter of each year. Remaining revenue budgets are from grants that will be received throughout the year.

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Special Revenue Funds and Other Funds, continued



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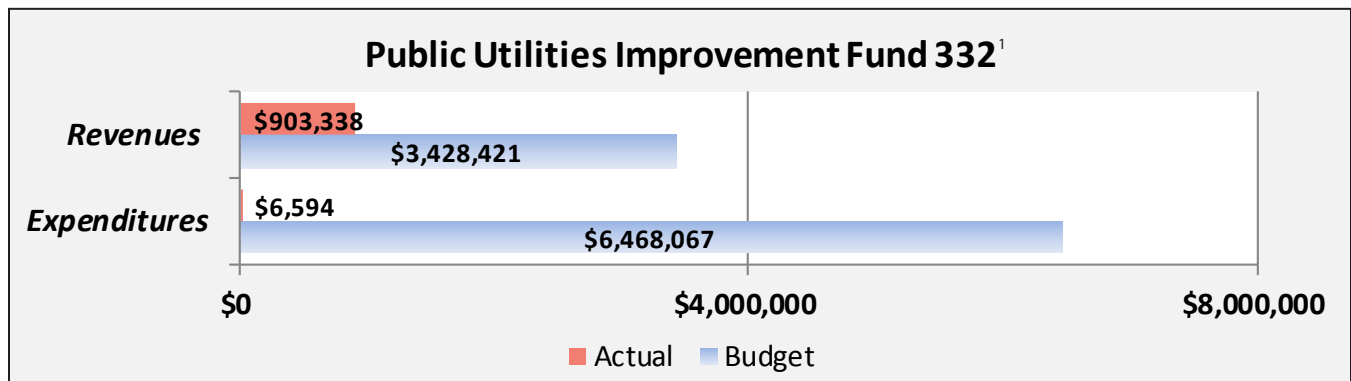
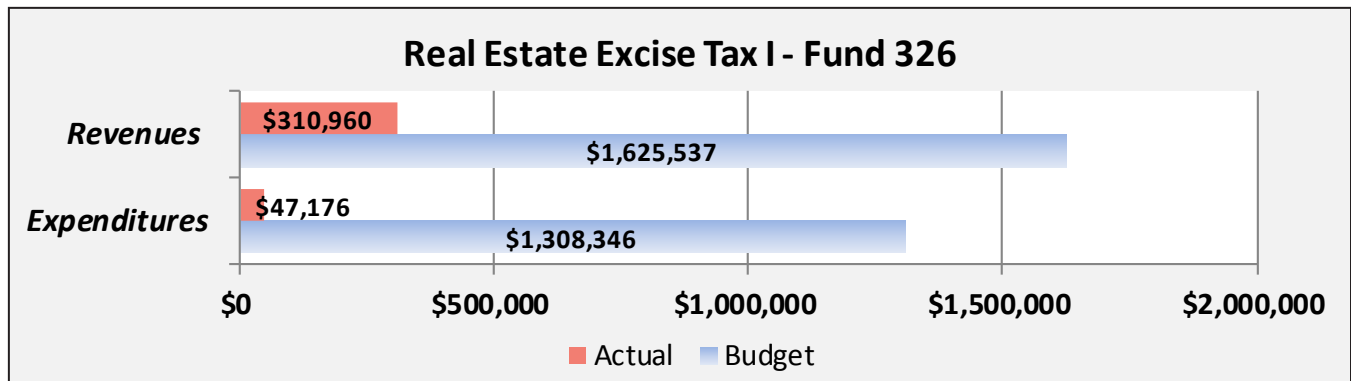
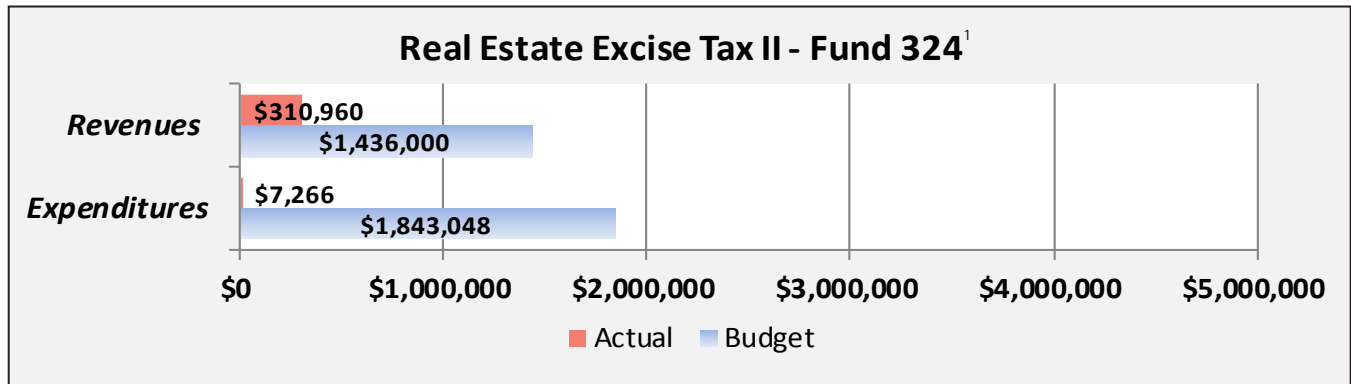
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Special Revenue Funds and Other Funds, continued



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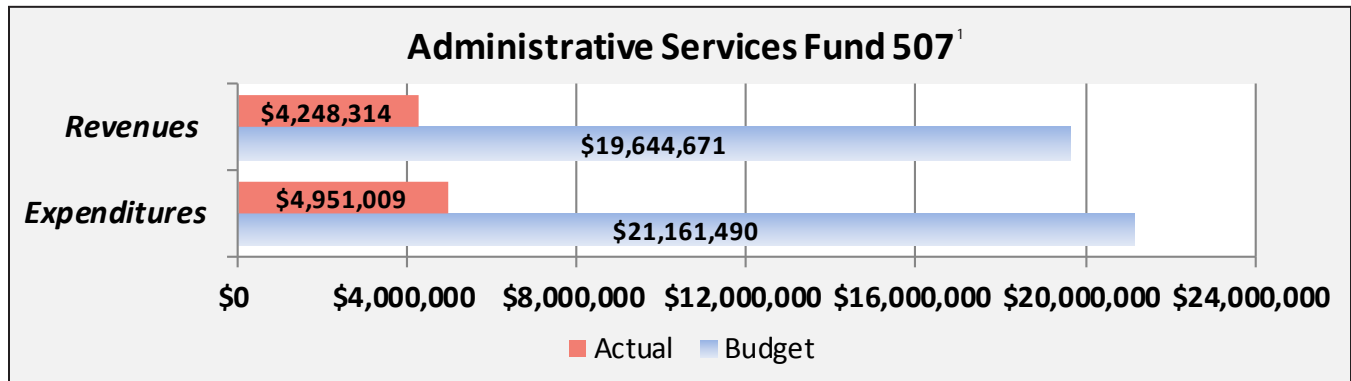
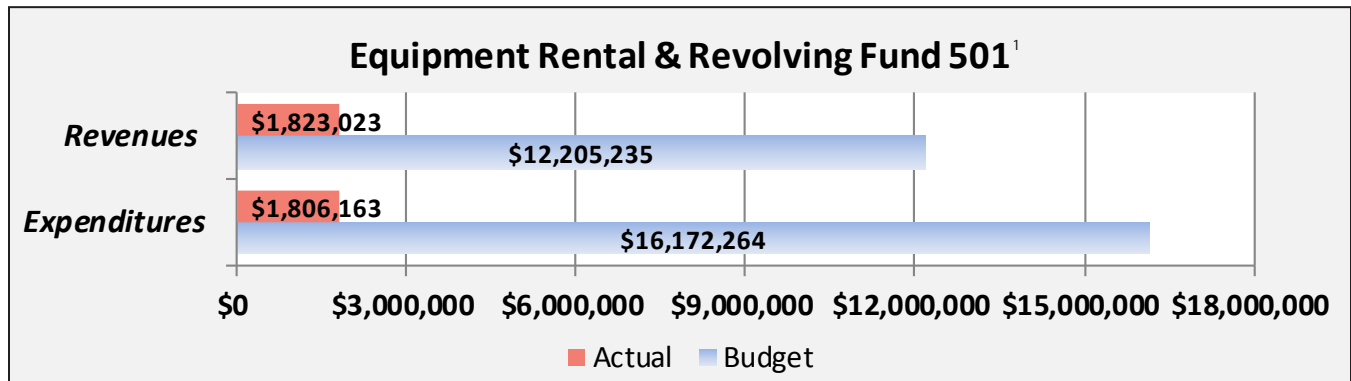
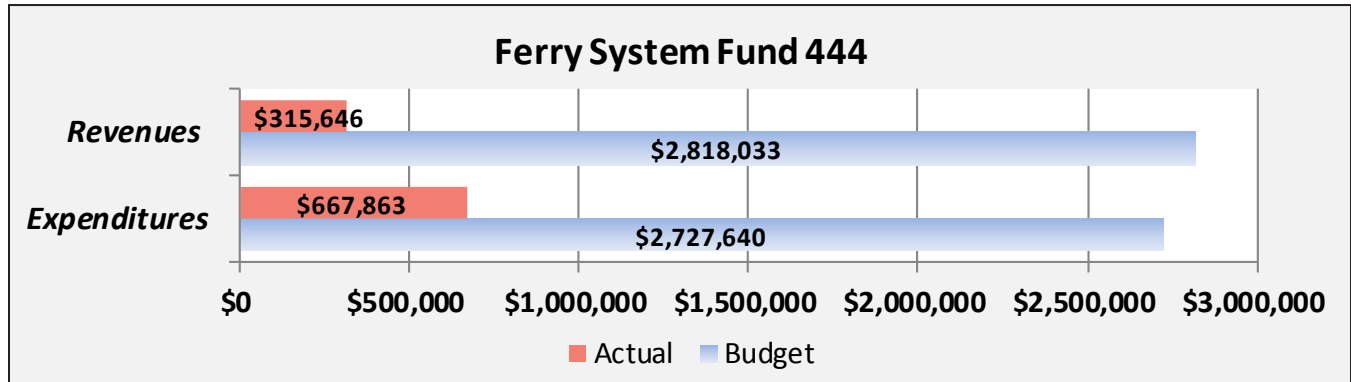
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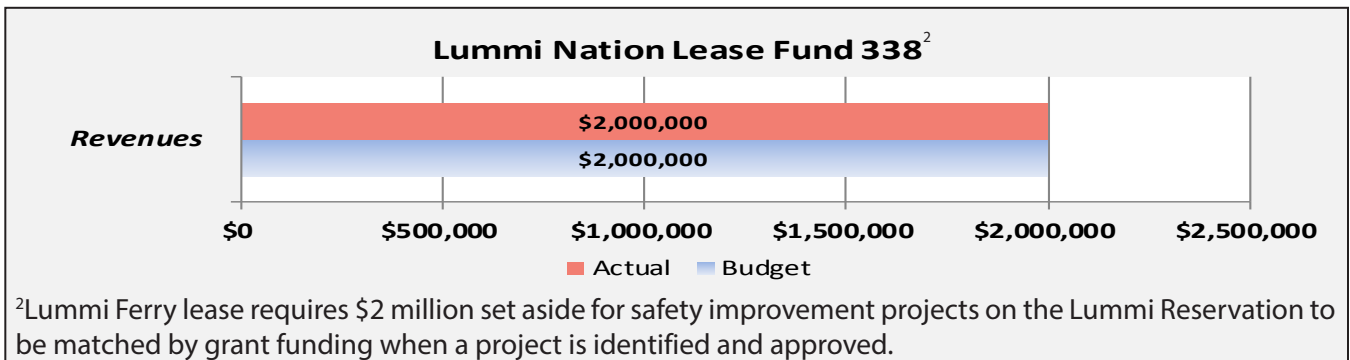
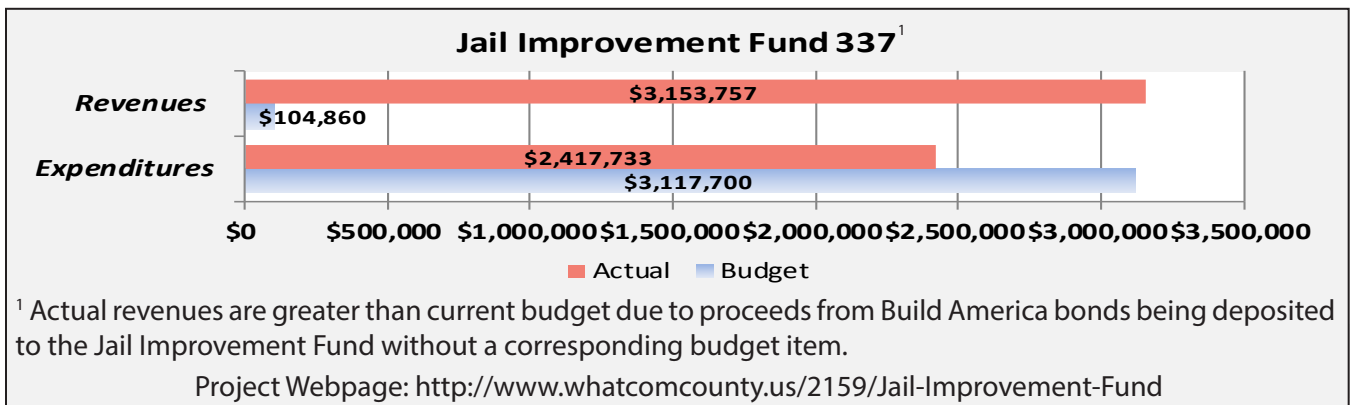
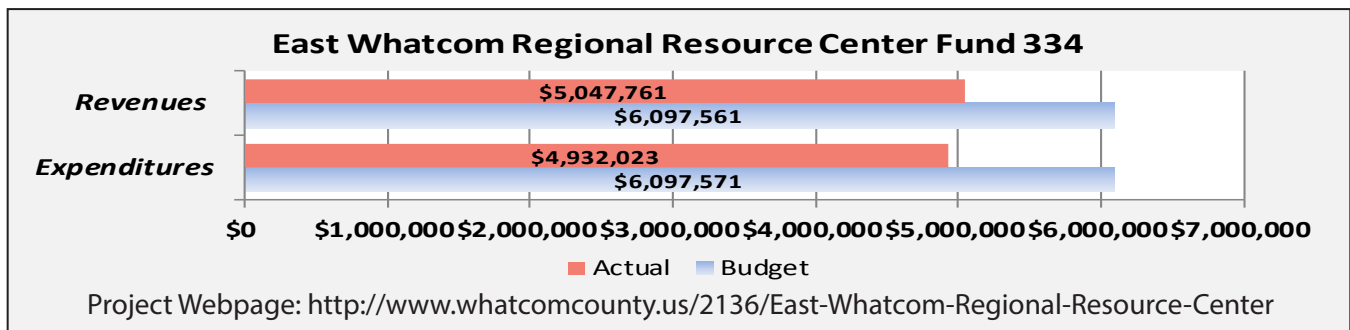
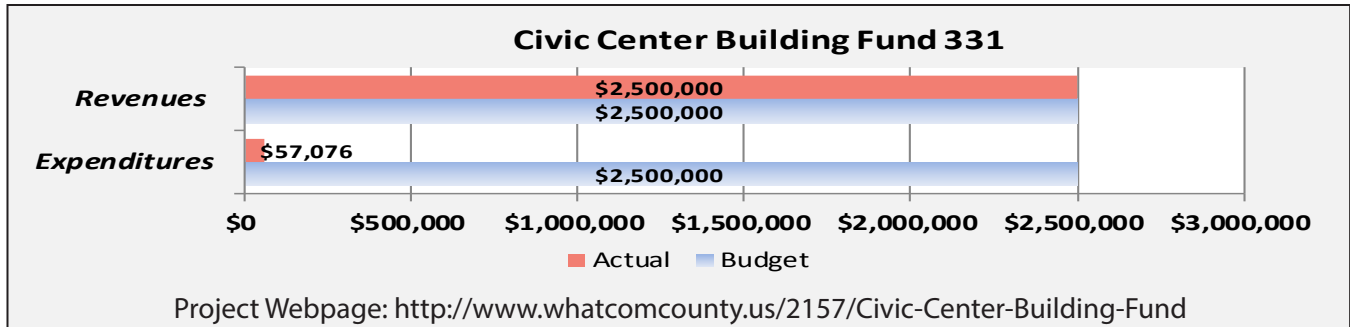
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Project Budget Report

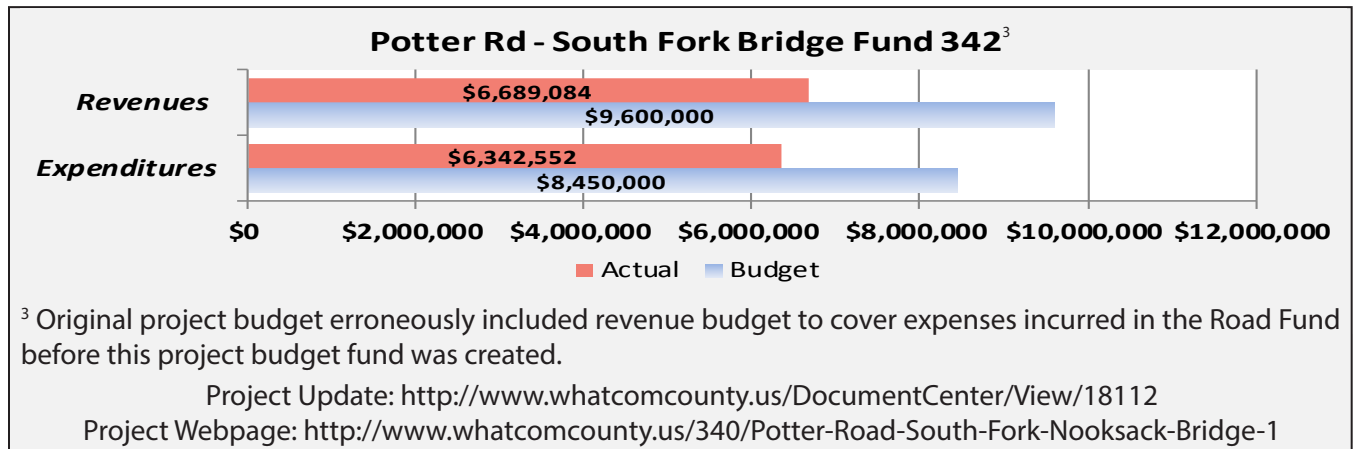
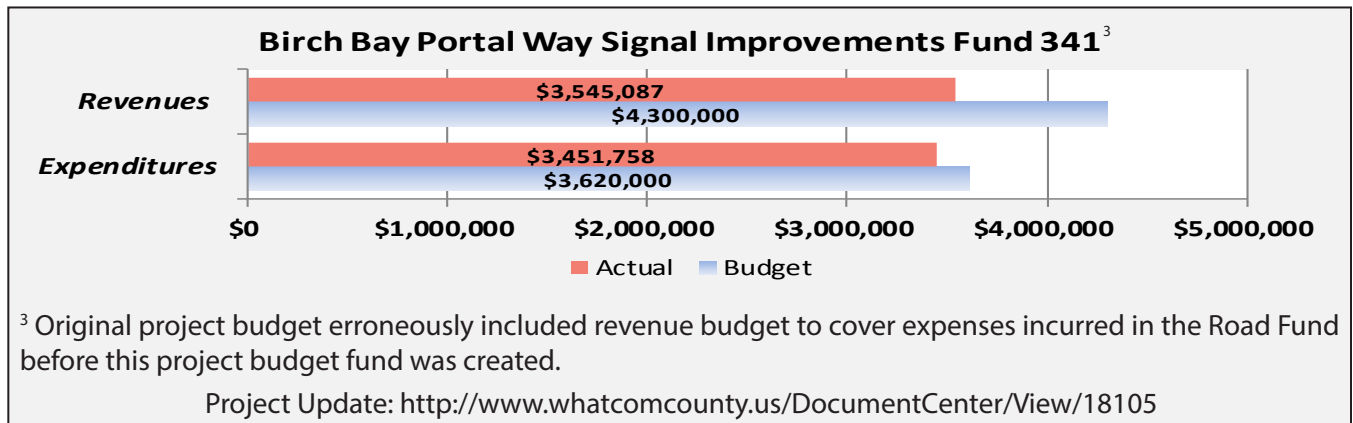
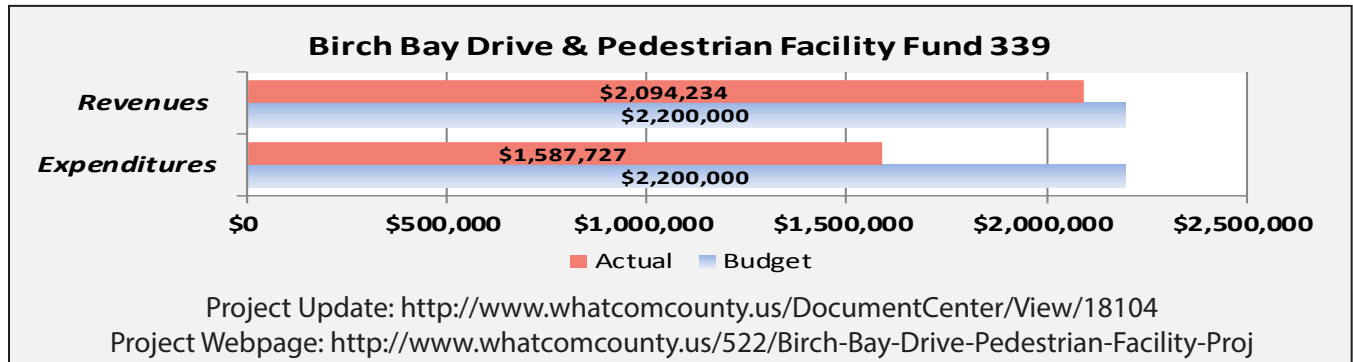


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Project Budget Report, continued

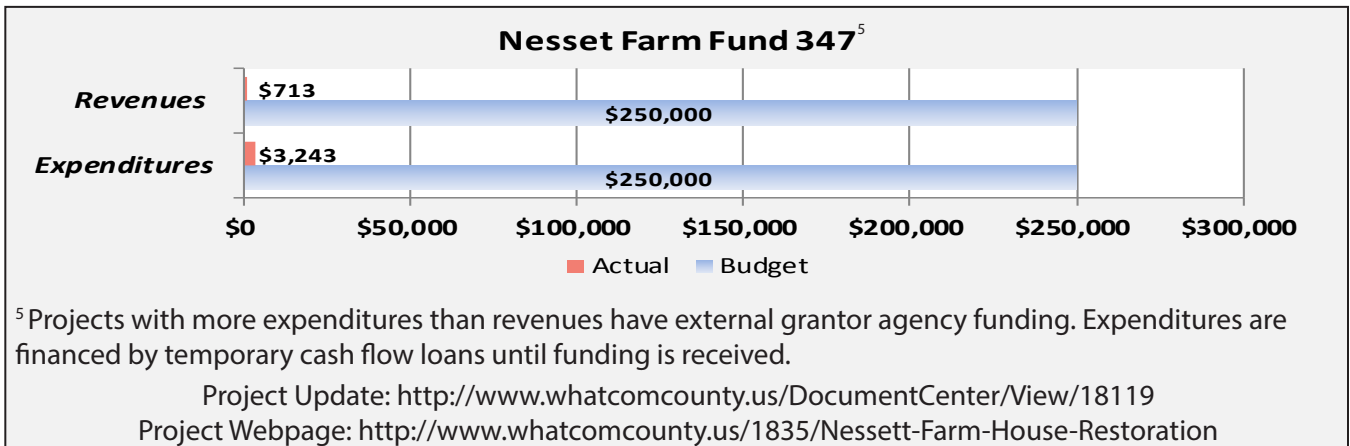
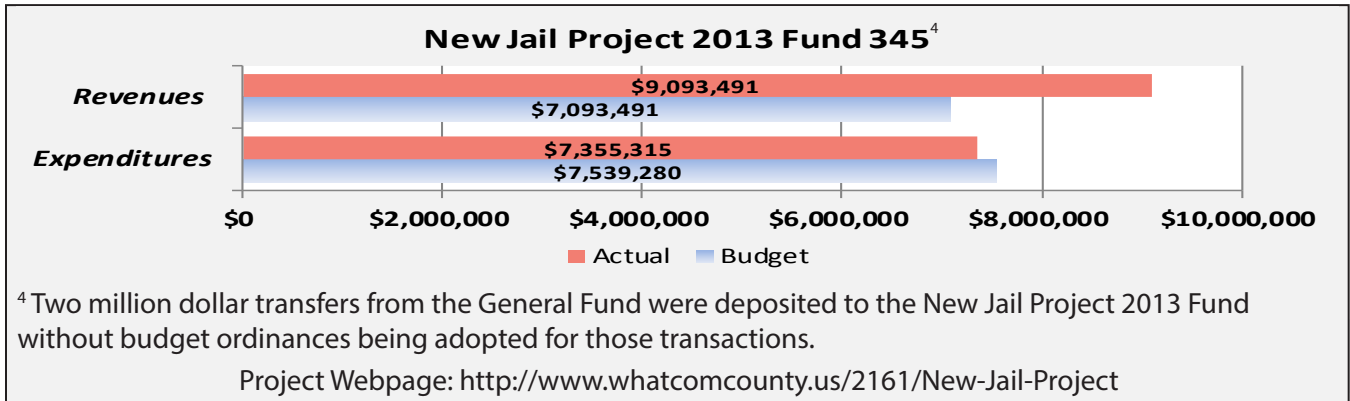
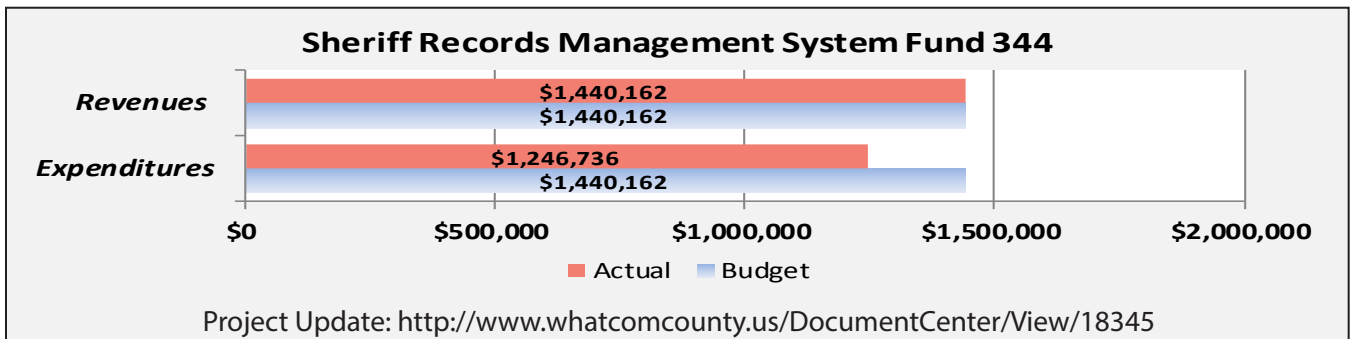
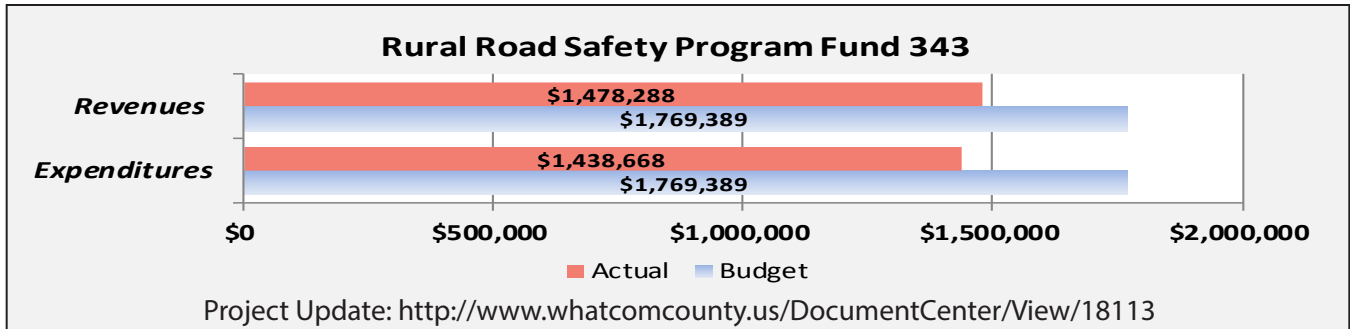


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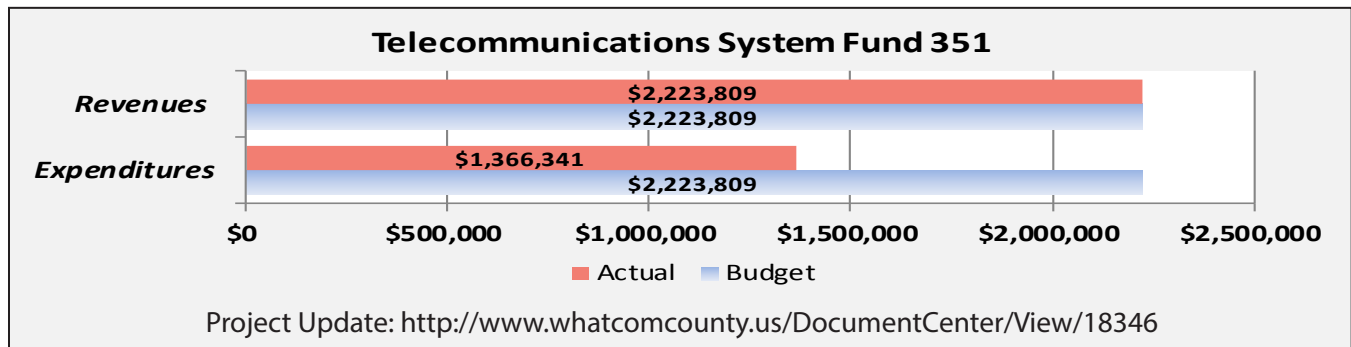
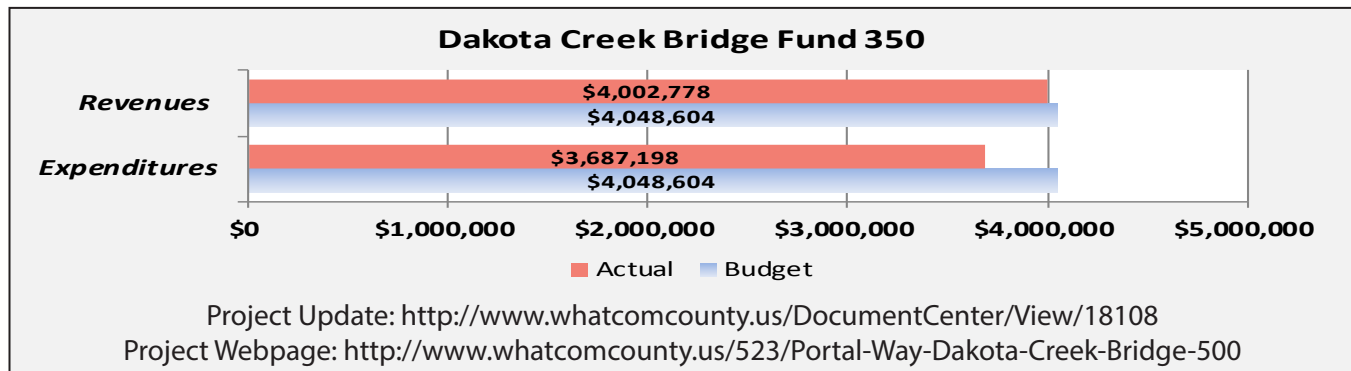
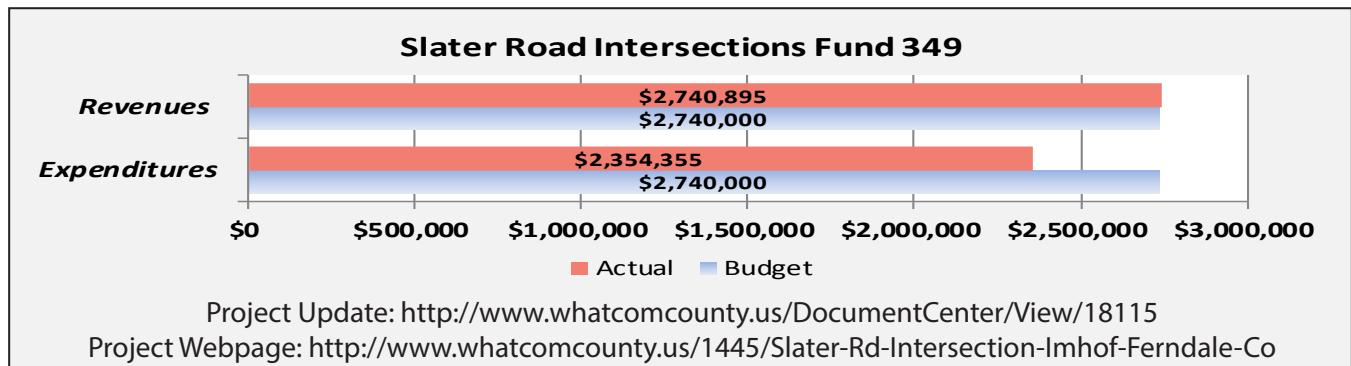
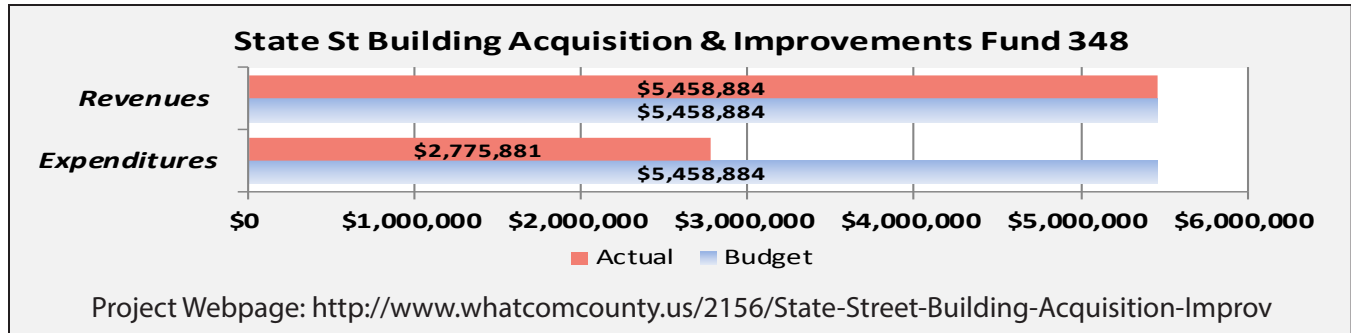


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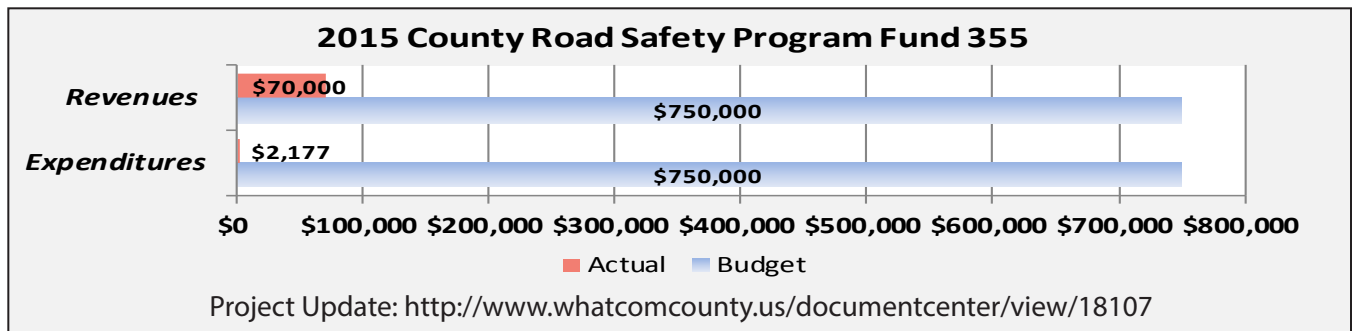
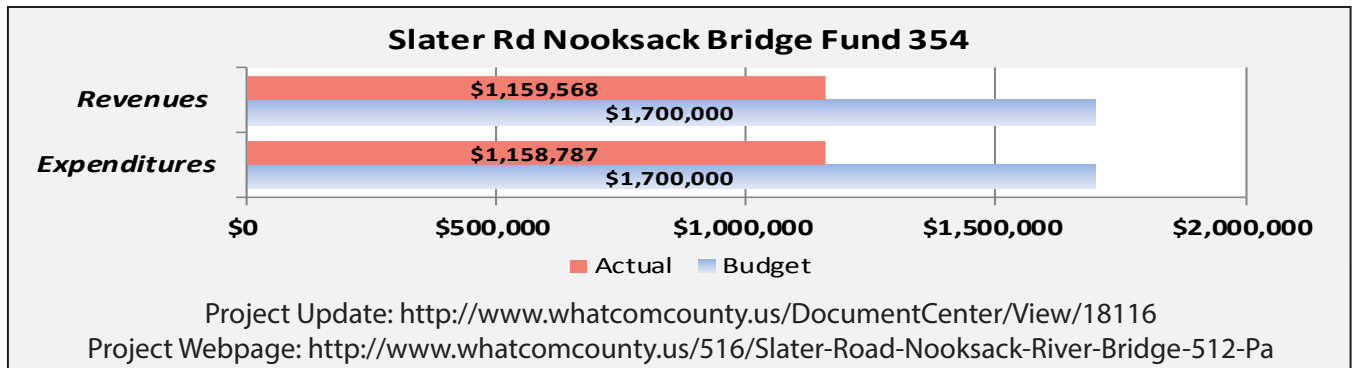
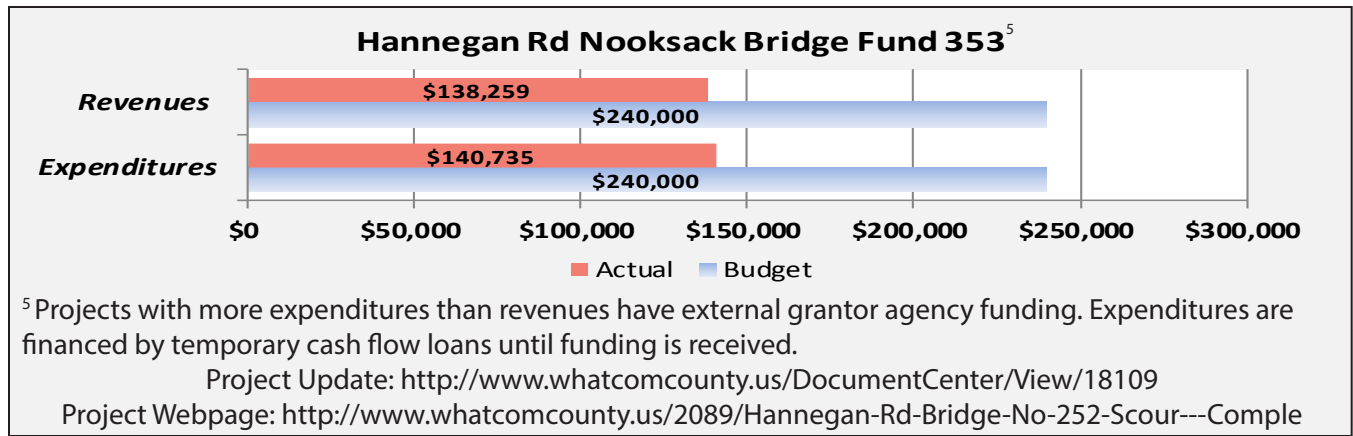
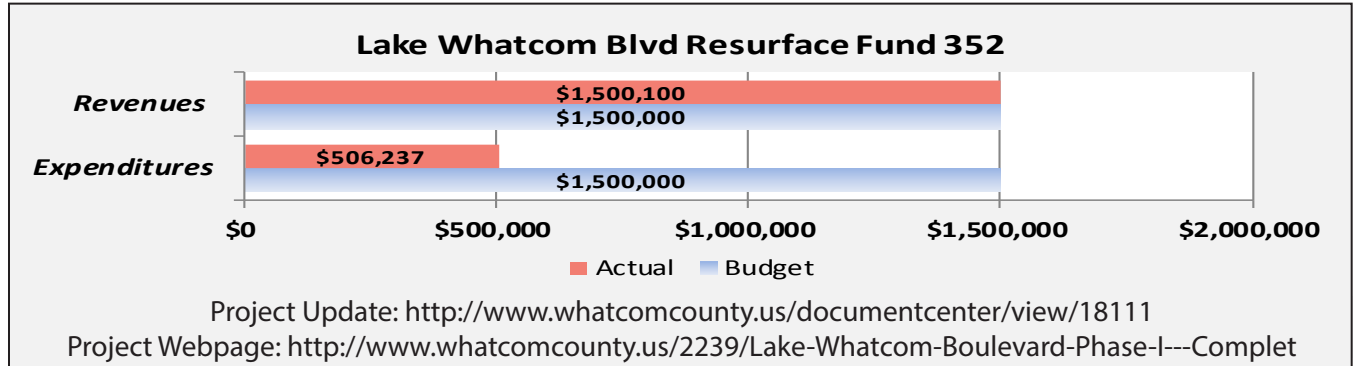


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For the Quarter Ended March 31, 2016



Project Budget Report, continued

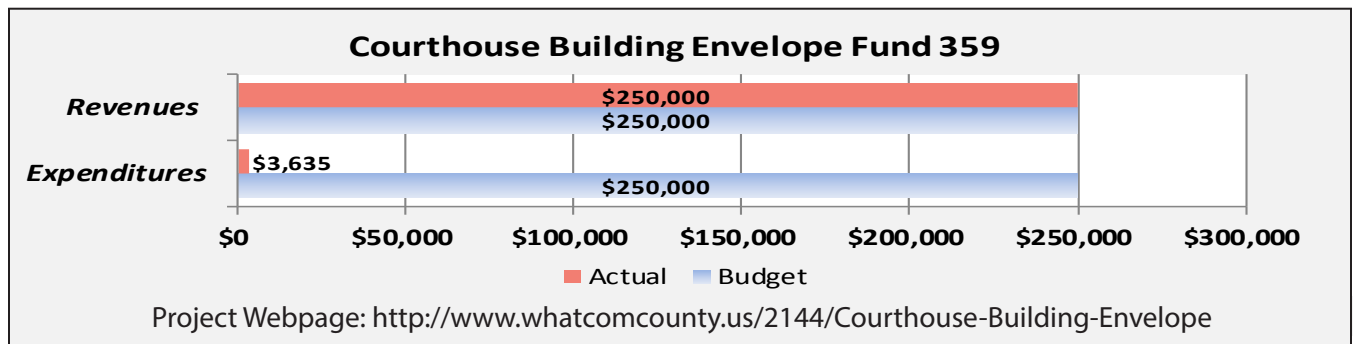
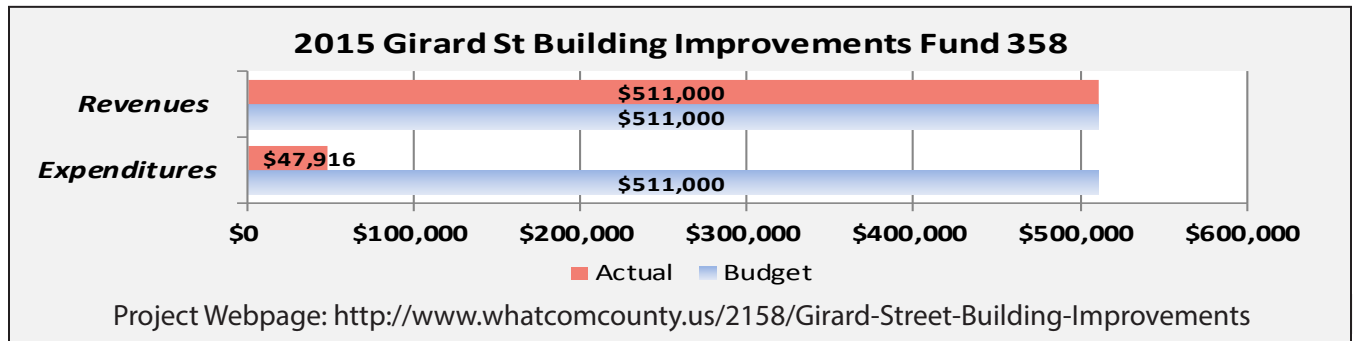
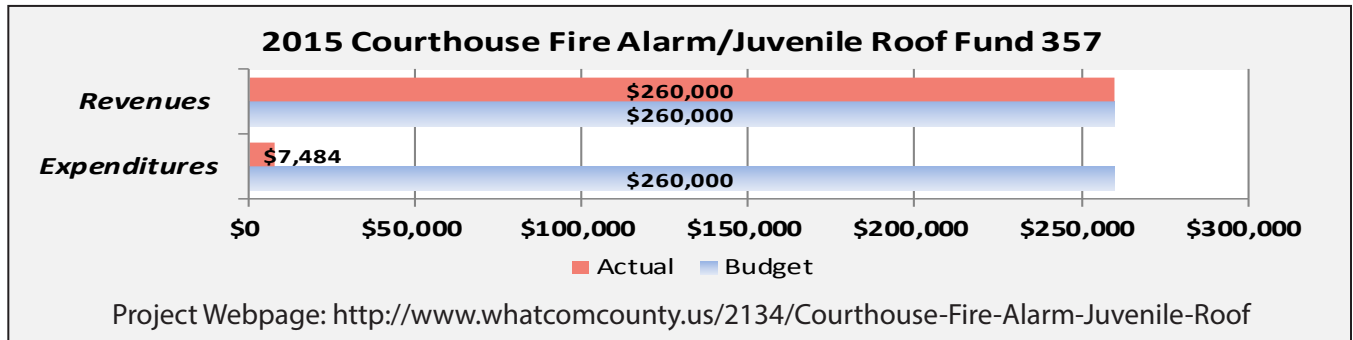
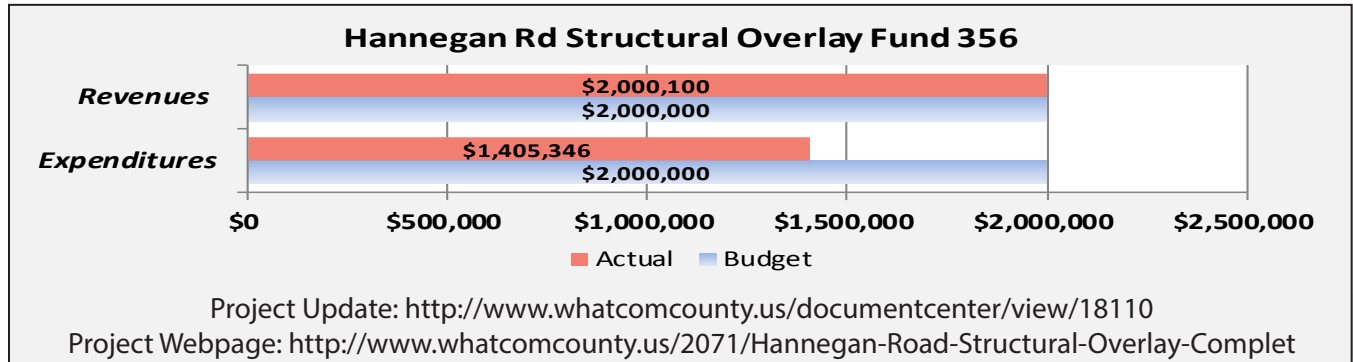


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Project Budget Report, continued

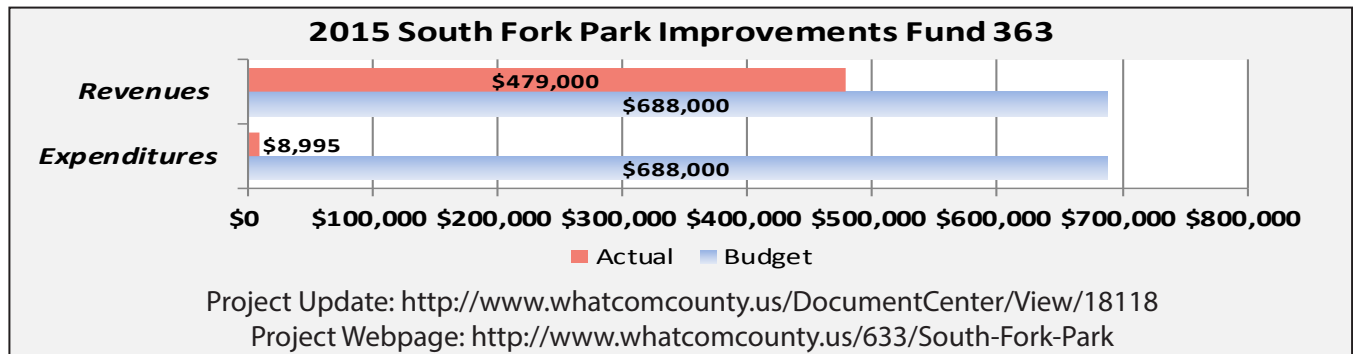
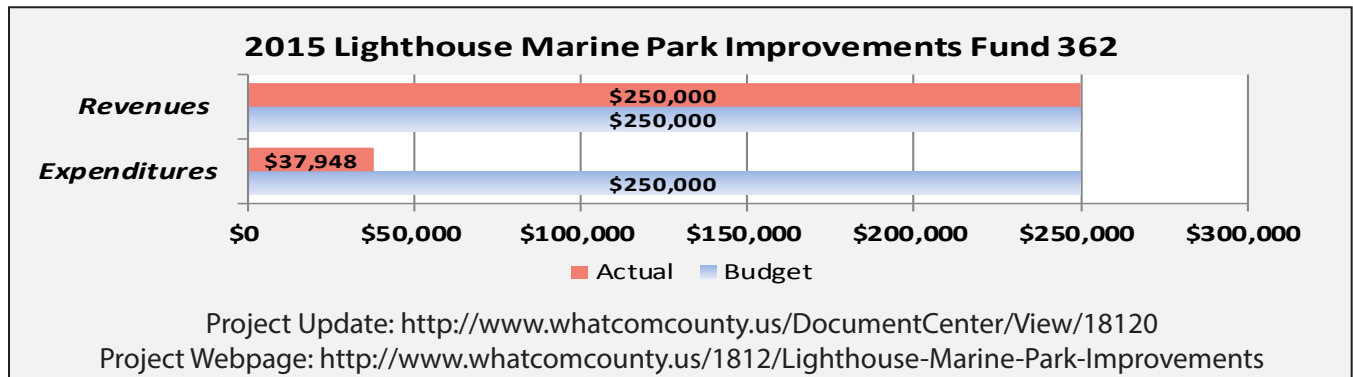
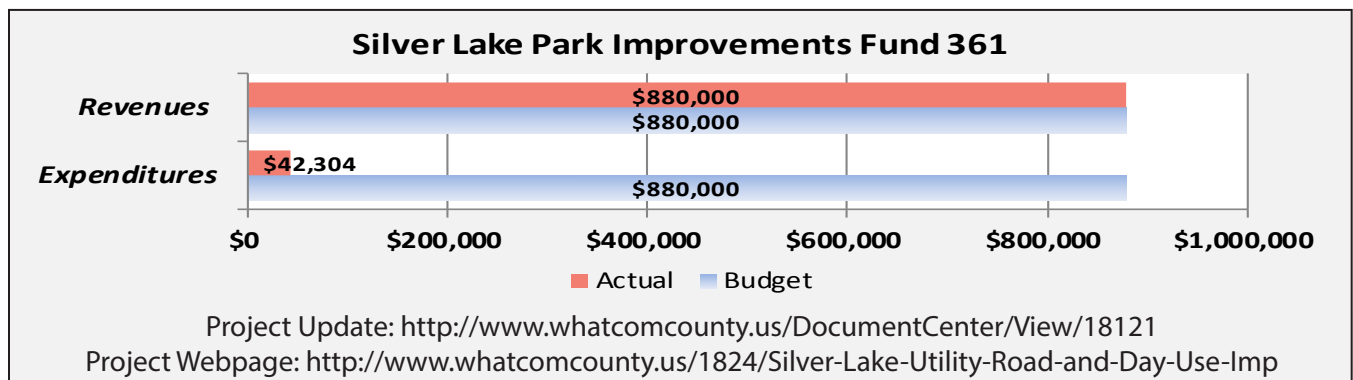
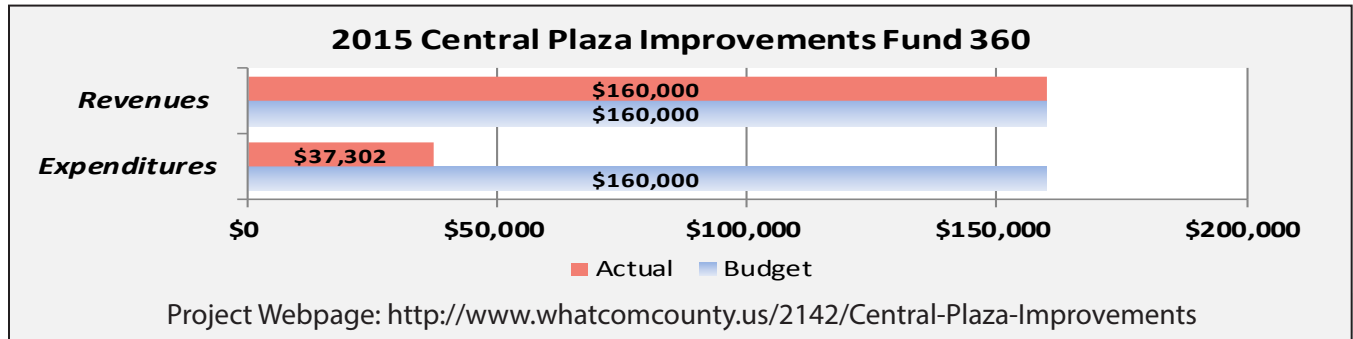


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Project Budget Report, continued

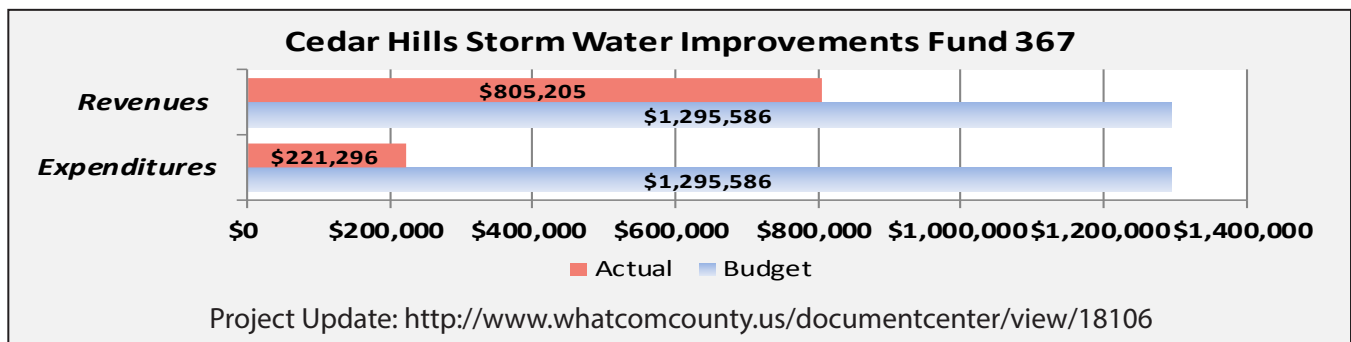
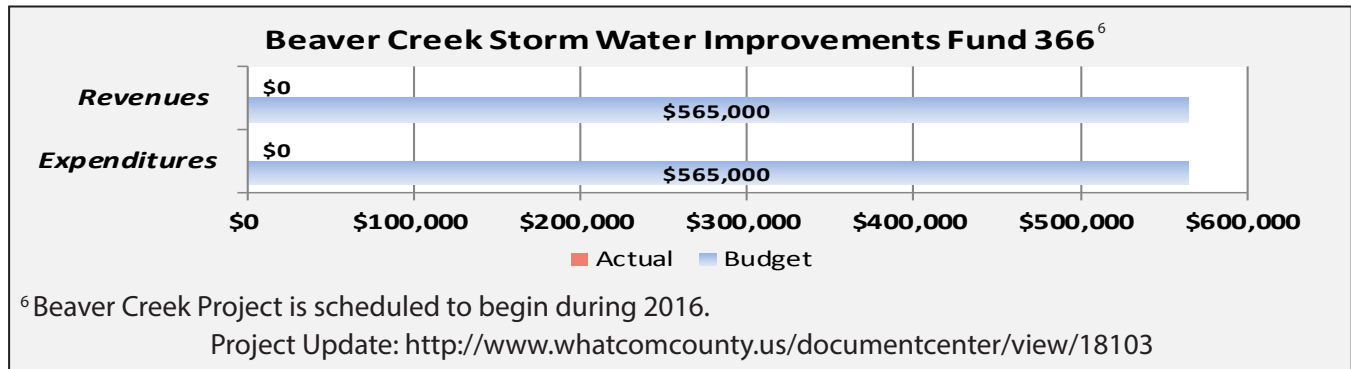
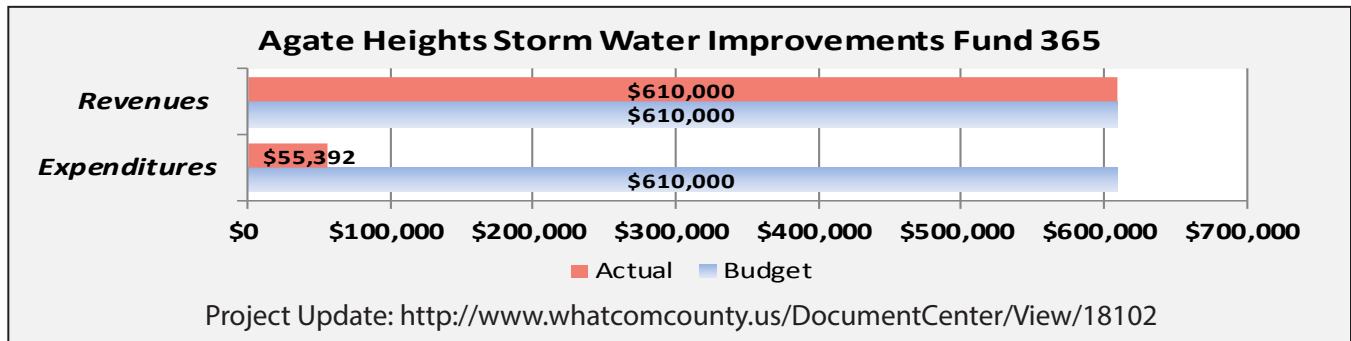
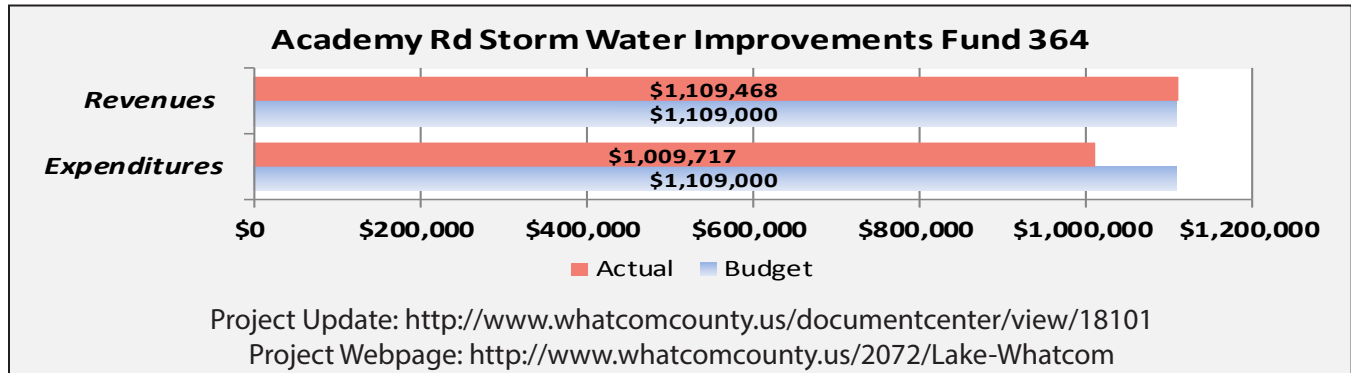


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Project Budget Report, continued



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Project Budget Report, continued

