



**2016
Second
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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October 21, 2016

Whatcom County Second Quarter 2016 Financial Report

For the Quarter Ended June 30, 2016



Executive Summary

The following information presents Whatcom County's second quarter 2016 financial report. At the end of the second quarter of 2016 General Fund collected 49.61% of its budgeted revenues. Whatcom County's General Fund spent 46.44% of its budgeted expenditures. Both amounts are in line with prior year experience and projections.

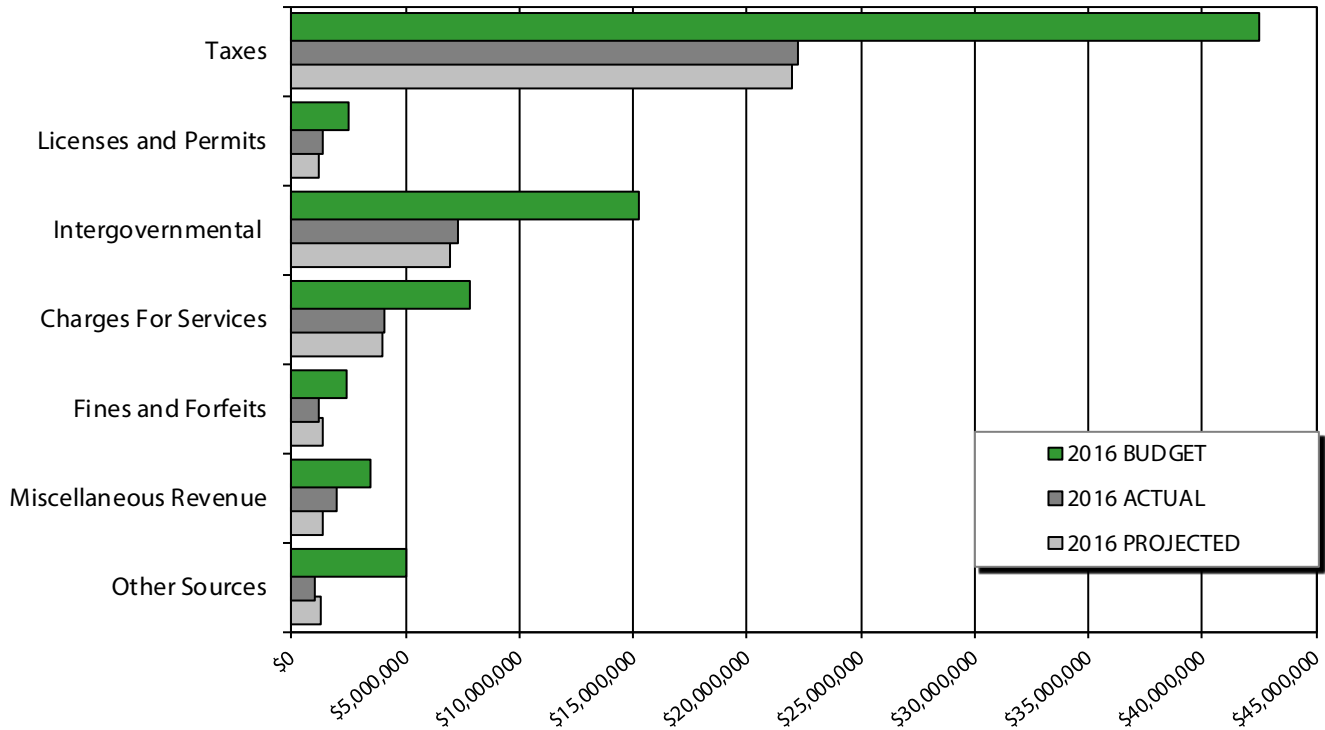
The estimated 2016 General Fund ending fund balance is projected to be approximately \$15.8 million.

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General Fund Revenue - Budget vs. Actual



	2016 Budget Adopted	2016 Budget Suppl's	2016 Budget Amended	Actual as of 6/30/2016	% Collected To Date	Projected as of 6/30/2016
Taxes	41,873,536	625,000	42,498,536	22,231,517	52.31%	21,928,891
Licenses and Permits	2,506,844		2,506,844	1,395,468	55.67%	1,218,503
Intergovernmental	13,518,121	1,709,500	15,227,621	7,329,980	48.14%	6,912,632
Charges For Services	9,463,143	(1,631,424)	7,831,719	4,030,263	51.46%	3,969,365
Fines and Forfeits	2,420,700		2,420,700	1,223,244	50.53%	1,323,941
Miscellaneous Revenue	3,446,965	(13,400)	3,433,565	1,956,760	56.99%	1,375,465
Other Sources	3,272,874	1,721,146	4,994,020	983,487	19.69%	1,266,673
Total Revenue	76,502,183	2,410,822	78,913,005	39,150,719	49.61%	37,995,470

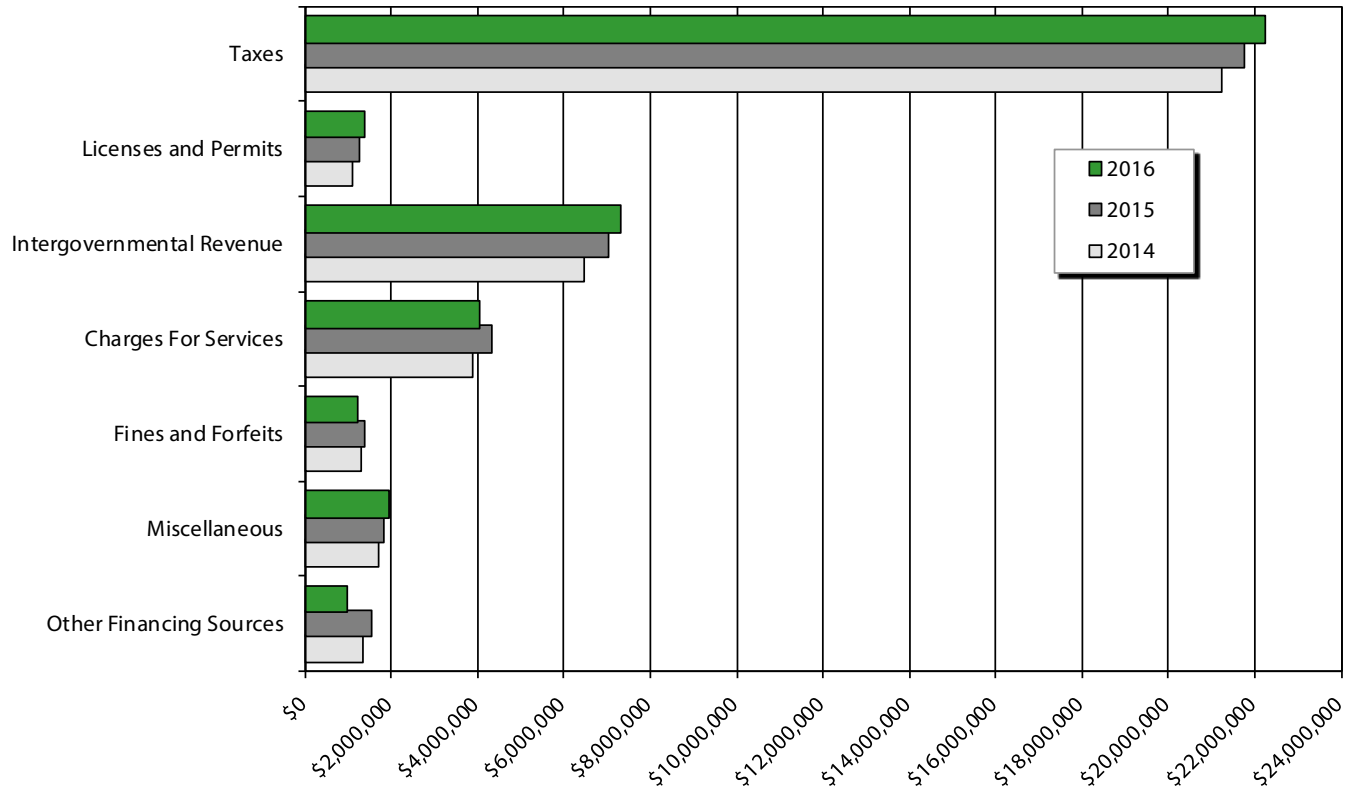
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2014	2015	2016
Taxes	21,245,349	21,752,533	22,231,517
Licenses and Permits	1,094,792	1,249,329	1,395,468
Intergovernmental Revenue	6,446,009	7,046,520	7,329,980
Charges For Services	3,890,553	4,315,127	4,030,263
Fines and Forfeits	1,283,960	1,387,126	1,223,244
Miscellaneous	1,722,467	1,804,855	1,956,760
Other Financing Sources	1,350,551	1,529,757	983,487
Total Revenue	37,033,681	39,085,247	39,150,719

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 \$478,984 more than first half 2015 amounts. Current year sales tax collections are up 4%, or \$252,944, as compared to collections from last year. Property tax collections increased \$268,393 over last year. The increase is due to new construction and a slightly higher than budgeted tax collection rate. Forest excise taxes decreased \$43,800 year-to-date.

Licenses & Permits

Building permits account for 50% of "Licenses & Permits" budgets. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 45.2% of the budgets. Marriage licenses, firearms permits, and fire control permits account for the remaining 4.8%.

License and Permit Fees are \$146,139, or 11.7%, more than amounts collected during the first half of 2015. Building permit fees are \$12,100 more than 2015 levels, restaurant/food handling permits are up \$47,338, and onsite sewage applications are up \$58,880.

Intergovernmental Revenue

Intergovernmental Revenues are mainly federal and state grants, entitlements, and shared revenues.

The revenues collected as of June 30th were up 4%, or \$283,460, more than first half 2015. Most of the increase is due to grant reimbursements received in the Health Department.

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 \$284,864, or 6.6%. This is primarily due to a change in the state prescribed revenue accounts. Revenue from other funds for their share of the allocated cost of the Executive's Office and the Council Office (\$367,971) was moved from Charges for Services to Operating Transfer revenue.

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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 \$163,882, or 11.8%, over first half 2015 amounts. Traffic infractions revenue decreased \$121,026, or 20.5%, and civil penalties for code enforcement violations decreased \$15,087. Other fines and penalties, such as penalties on delinquent property taxes and felony penalties are down by modest amounts.

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 revenue is up \$151,905, or 8.4%, from the first half 2015. This is chiefly due to increases in investment earnings and recreational rentals in the Parks Department.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (11%) and transfers from other Whatcom County funds (89%).

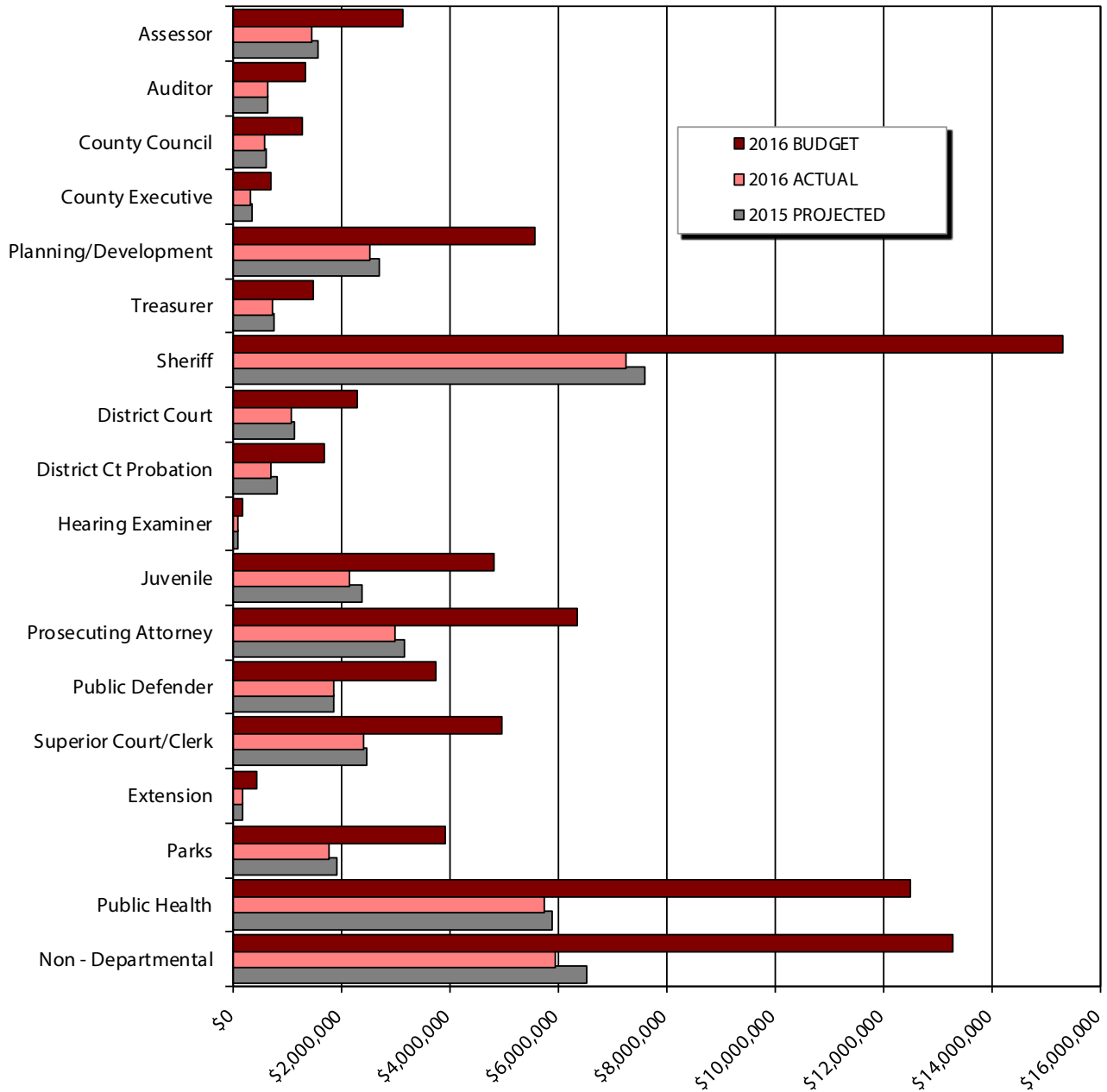
Other Financing Sources are \$546,270 lower than second quarter 2015. This difference is attributable to the timing of a transfer from REET II to fund the Parks Department. Timber sales revenue increased \$29,625 over 2015 amounts. Timber revenues fluctuate based on harvest plans and market conditions.

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General Fund Expenditures - Budget vs. Actual



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

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General Fund Expenditures - Budget vs. Actual

	Adopted 2016 Budget	Budget Suppl's	Amended Budget	Actual as of 6/30/16	% Expended To Date	Projected as of 6/30/16
Assessor	2,920,622	225,423	3,146,045	1,450,030	46.09%	1,568,954
Auditor	1,312,399	27,110	1,339,509	641,517	47.89%	664,252
County Council	1,139,265	136,539	1,275,804	591,458	46.36%	625,843
County Executive	706,898	12,856	719,754	332,629	46.21%	359,686
Planning & Development	5,203,234	363,198	5,566,432	2,540,150	45.63%	2,701,370
Treasurer	1,439,383	48,377	1,487,760	751,627	50.52%	771,705
Sheriff	14,242,438	1,076,798	15,319,236	7,257,395	47.37%	7,614,739
District Court	2,179,738	132,413	2,312,151	1,093,948	47.31%	1,140,744
District Court Probation	1,609,756	82,151	1,691,907	719,003	42.50%	838,847
Hearing Examiner	188,958	4,670	193,628	95,610	49.38%	96,511
Juvenile	4,691,221	130,339	4,821,560	2,159,970	44.80%	2,397,398
Prosecuting Attorney	6,025,441	334,904	6,360,345	3,012,506	47.36%	3,170,803
Public Defender	3,654,165	102,922	3,757,087	1,857,177	49.43%	1,871,476
Superior Court/Clerk	4,766,243	209,967	4,976,210	2,421,419	48.66%	2,488,329
Extension	440,203	8,831	449,034	199,392	44.40%	193,167
Park	3,845,152	85,717	3,930,869	1,774,138	45.13%	1,929,187
Public Health	11,596,064	918,545	12,514,609	5,751,256	45.96%	5,900,681
Non - Departmental	13,846,582	(544,331)	13,302,251	5,969,003	44.87%	6,548,622
Total General Fund Exp	79,807,762	3,356,429	83,164,191	38,618,228	46.44%	40,882,314

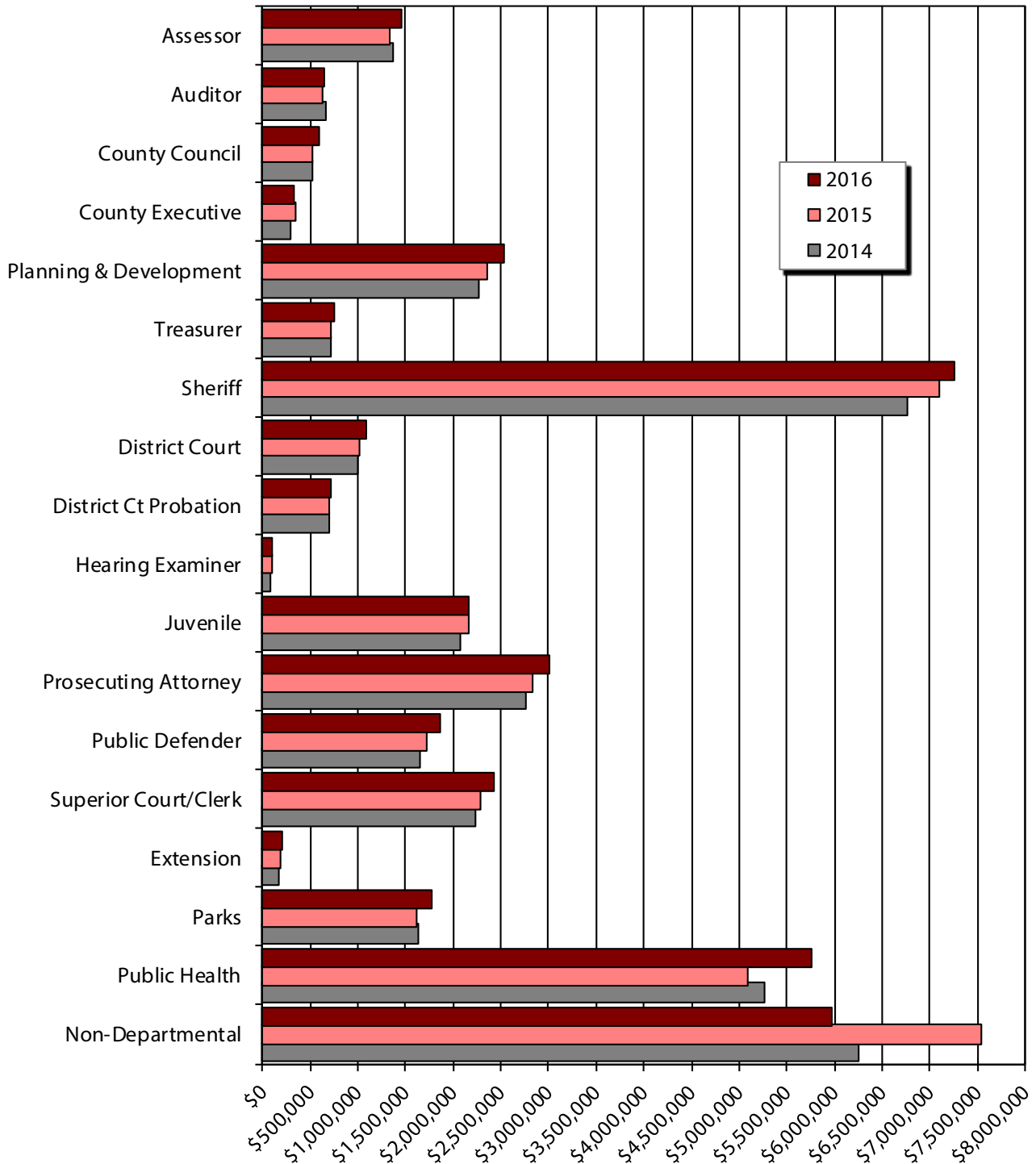
See page 9 for General Fund Expenditure Notes.

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General Fund Expenditures - Compared to Prior Years



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

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General Fund Expenditures - Compared to Prior Years

	2014	2015	2016
Assessor	1,376,665	1,335,196	1,450,030
Auditor	669,718	626,770	641,517
County Council	521,410	516,417	591,458
County Executive	295,405	343,617	332,629
Planning & Development	2,275,582	2,359,320	2,540,150
Treasurer	721,209	722,125	751,627
Sheriff	6,764,971	7,091,545	7,257,395
District Court	1,006,412	1,021,979	1,093,948
District Ct Probation	707,145	695,142	719,003
Hearing Examiner	91,031	93,369	95,610
Juvenile	2,077,634	2,167,024	2,159,970
Prosecuting Attorney	2,766,664	2,840,965	3,012,506
Public Defender	1,657,547	1,720,972	1,857,177
Superior Court /Clerk	2,230,721	2,282,859	2,421,419
Extension	174,083	192,071	199,392
Parks	1,631,590	1,619,018	1,774,138
Public Health	5,258,260	5,088,734	5,751,256
Non-Departmental	6,256,358	7,538,638	5,969,003
TOTAL	36,482,405	38,255,761	38,618,228

General Fund Expenditure Notes

Expenditures for the General Fund, at the end of the second quarter, were at 46.44% of the approved budget. All departmental spending was within budget expectations with the exception of the Treasurer's Office. The Treasurer's Office was at 50.52% of budget as a result of postage and contracted services for the annual tax statements incurred in the first half of the year.

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General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/16	\$15,333,393
Interfund Loan Adjustment¹	1,437,077
Adjusted Beginning Fund Balance	<u>16,770,470</u>
Revenues	
Budgeted Revenues 2016	76,502,183
Continuing Appropriations from 2015	808,687
Supplemental Budgets 2016	1,602,135
Total Revenue	<u>78,913,005</u>
Expenditures	
Budgeted Expenditures 2016	79,807,762
Continuing Appropriations from 2015	1,118,794
Supplemental Budgets 2016	2,237,635
Total Expenditures	<u>83,164,191</u>
Adjusted Surplus (Deficit)	(4,251,186)
Other Considerations	
Estimated Budget Lapse (4.00%)	3,326,568
Projected Adjusted Ending Fund Balance 12/31/16	<u>\$15,845,852</u>

Note:

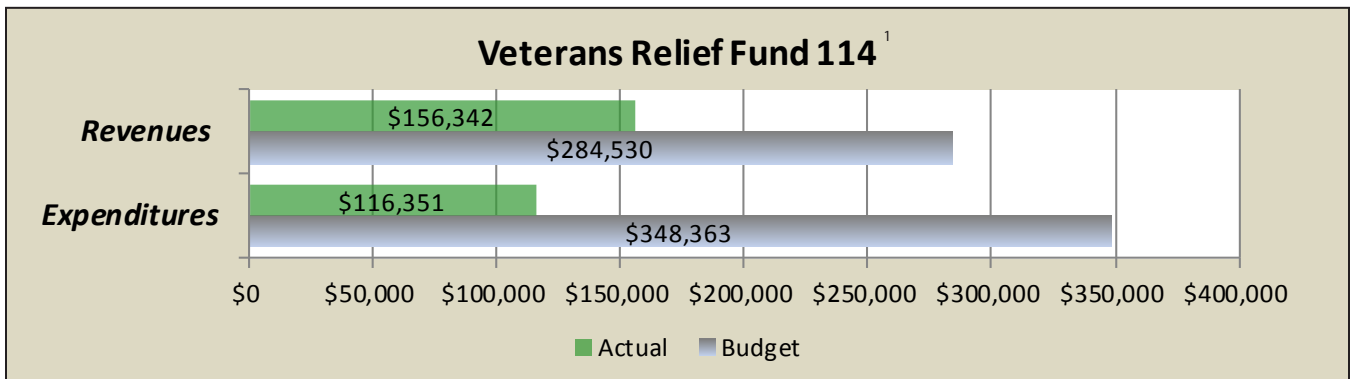
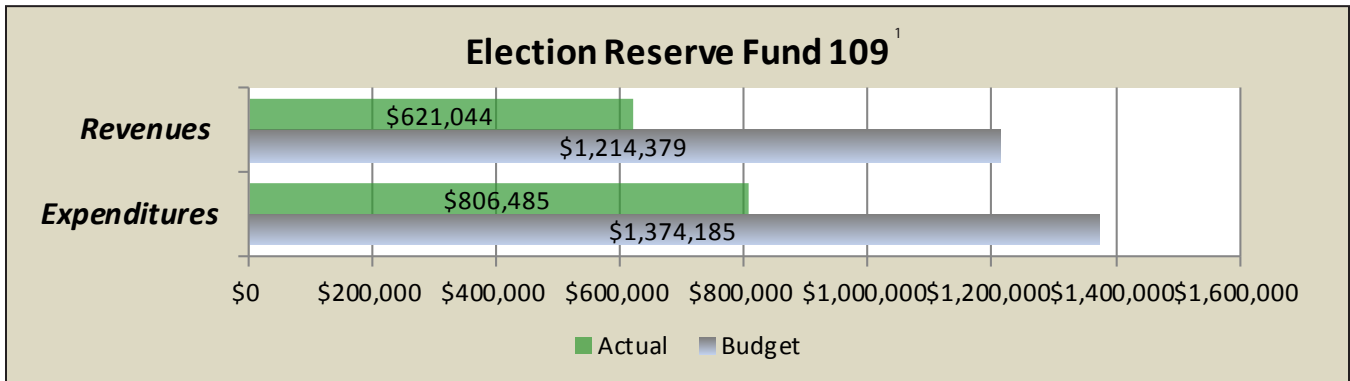
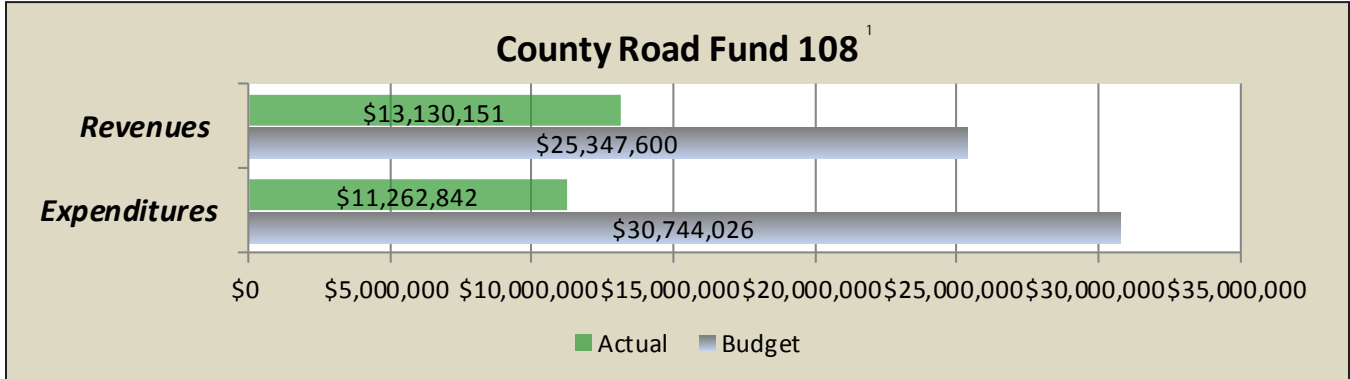
¹ Accounting for interfund loans used to finance the Central Plaza Building purchase and the Assessor-Treasurer System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases are shown as expenditures 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:

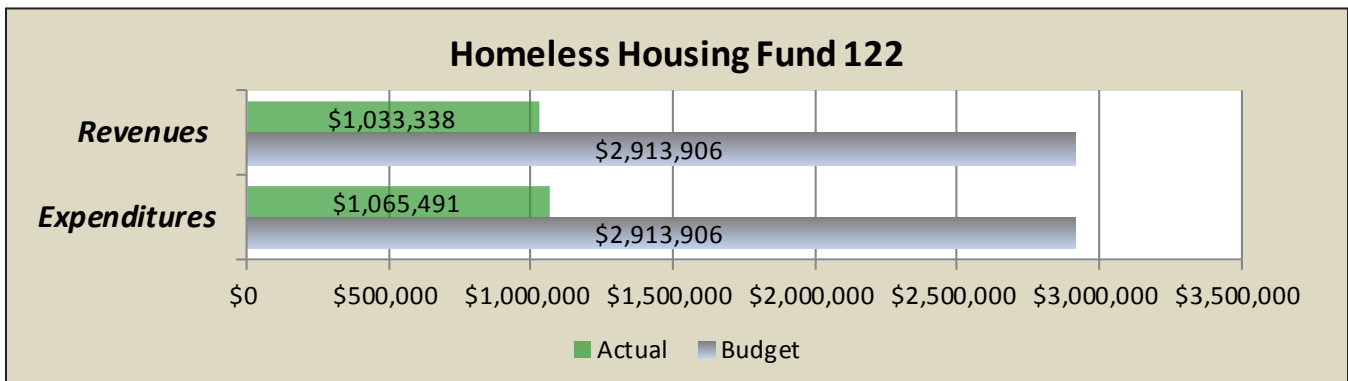
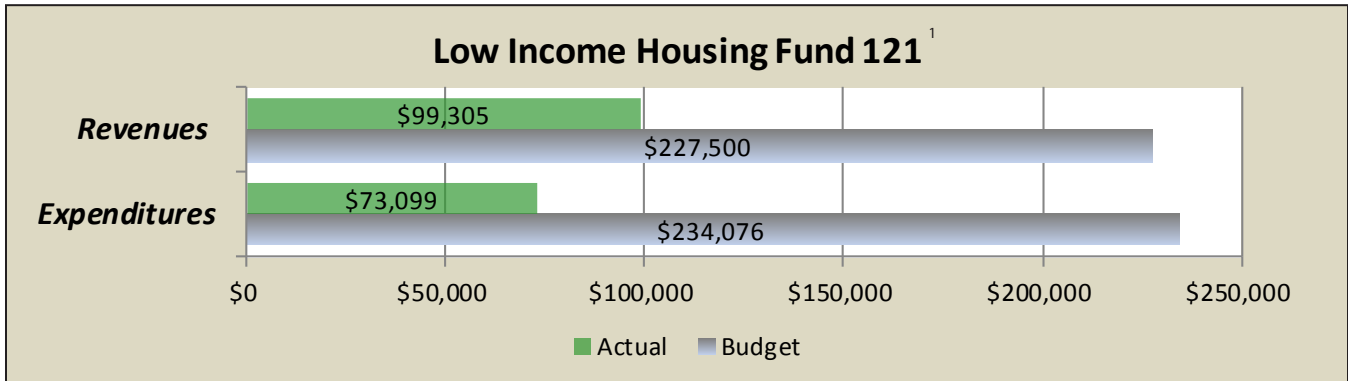
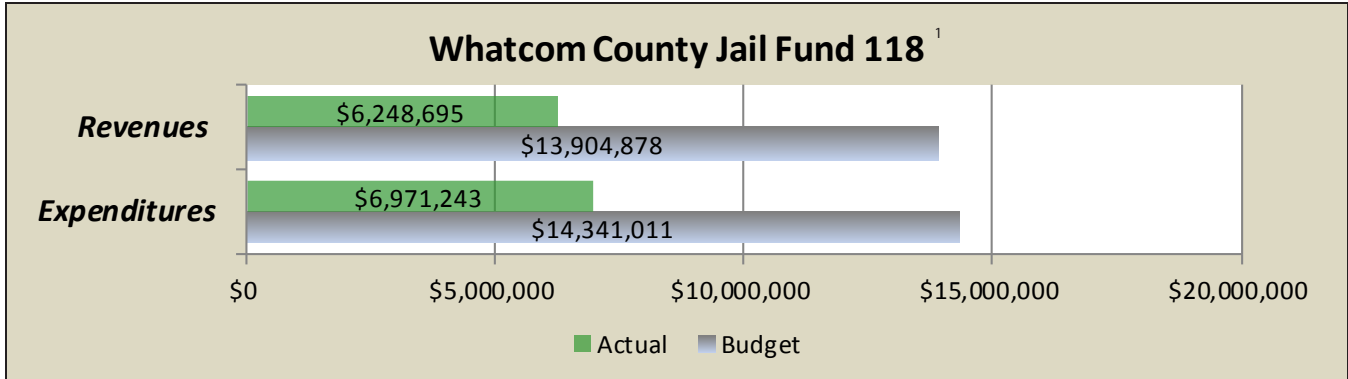
¹ Funds with larger expenditure budgets than revenue budgets anticipate using fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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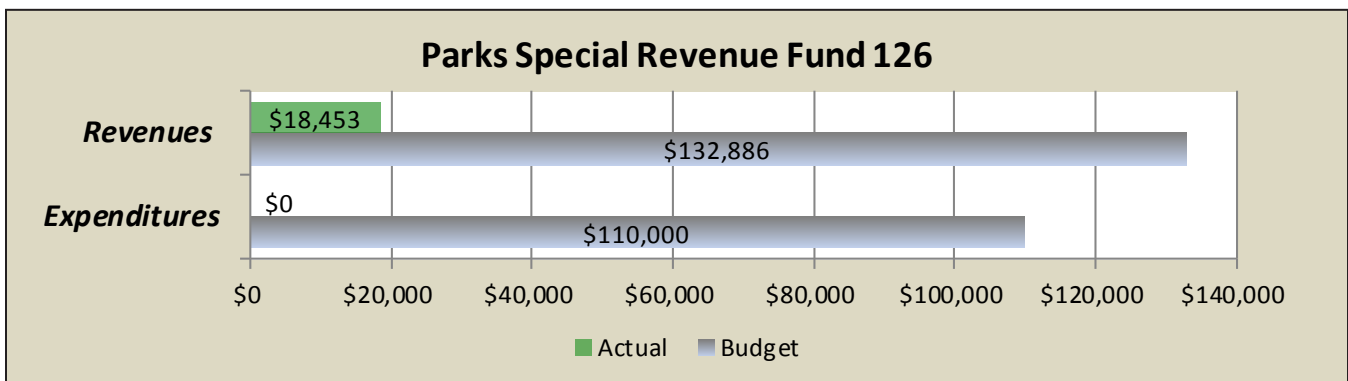
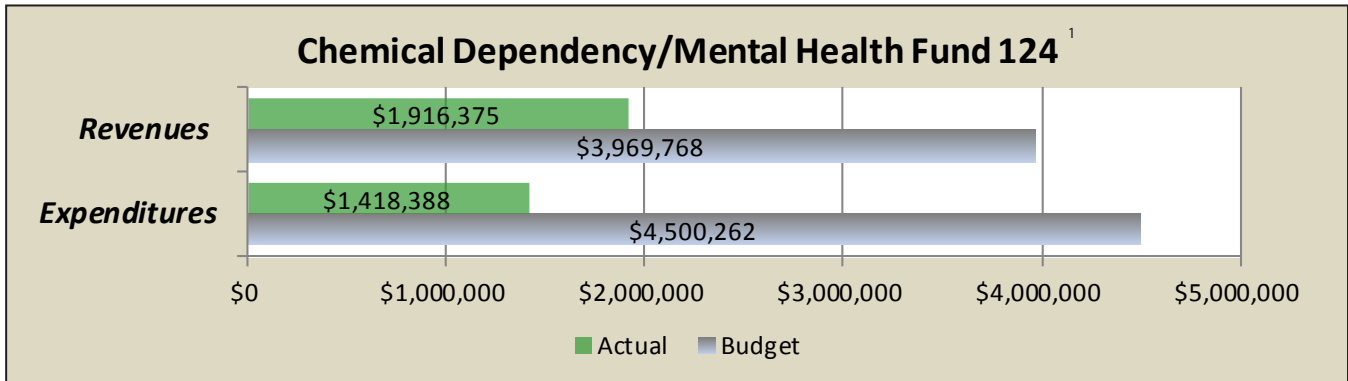
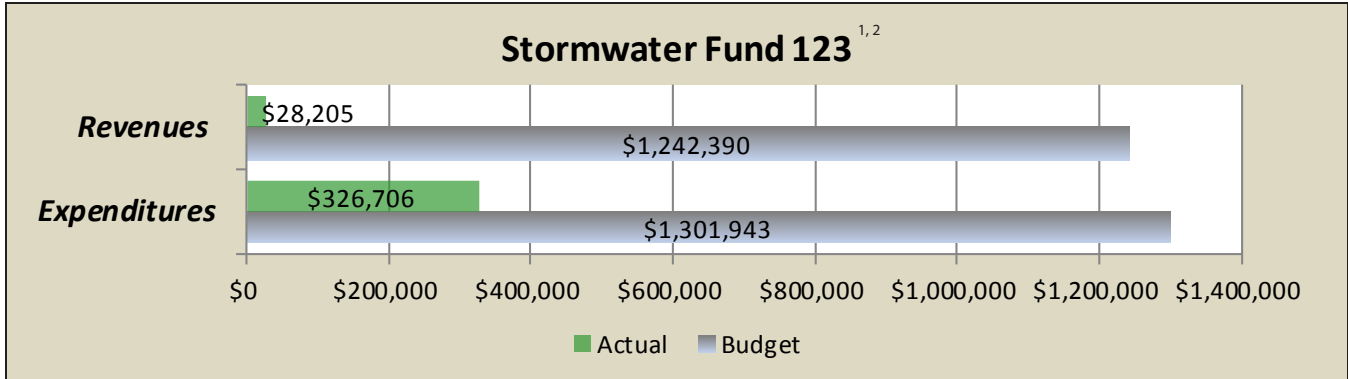
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Special Revenue Funds and Other Funds, continued



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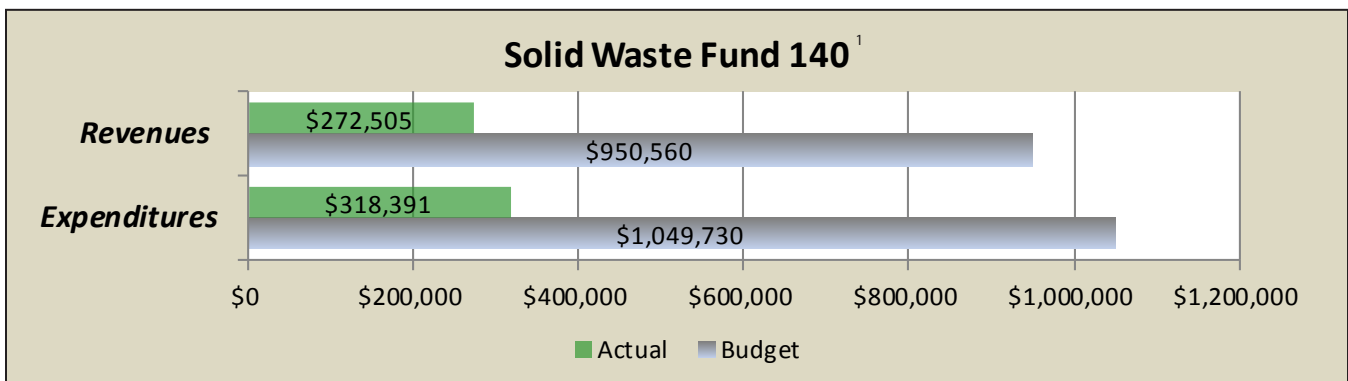
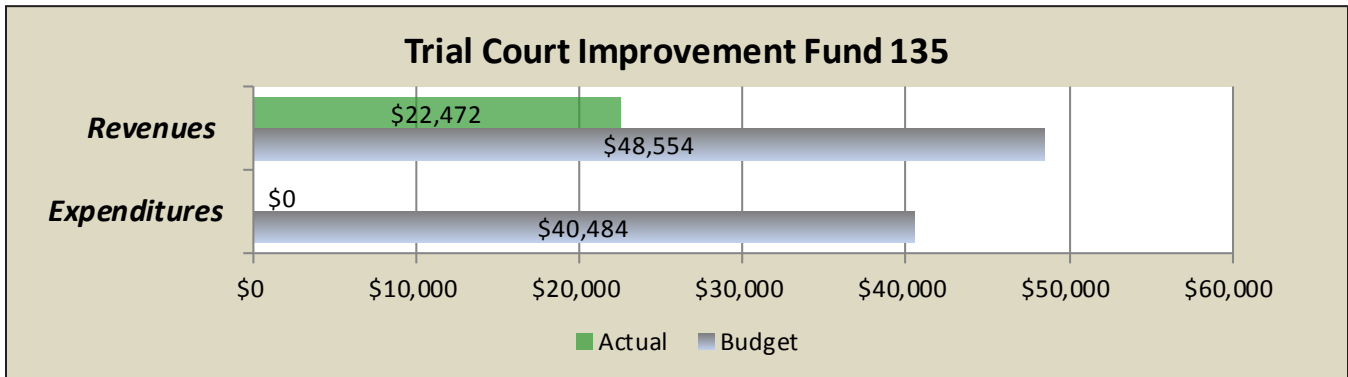
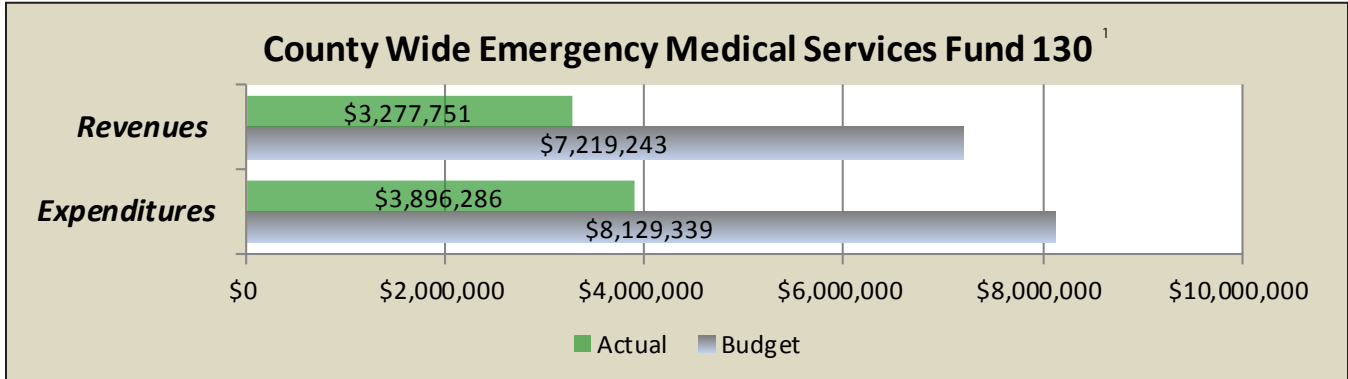
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate using fund equity reserves.
- ² Budgeted transfers from the Flood Fund which support stormwater operations were not made in the 1st half of 2016.

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Special Revenue Funds and Other Funds, continued



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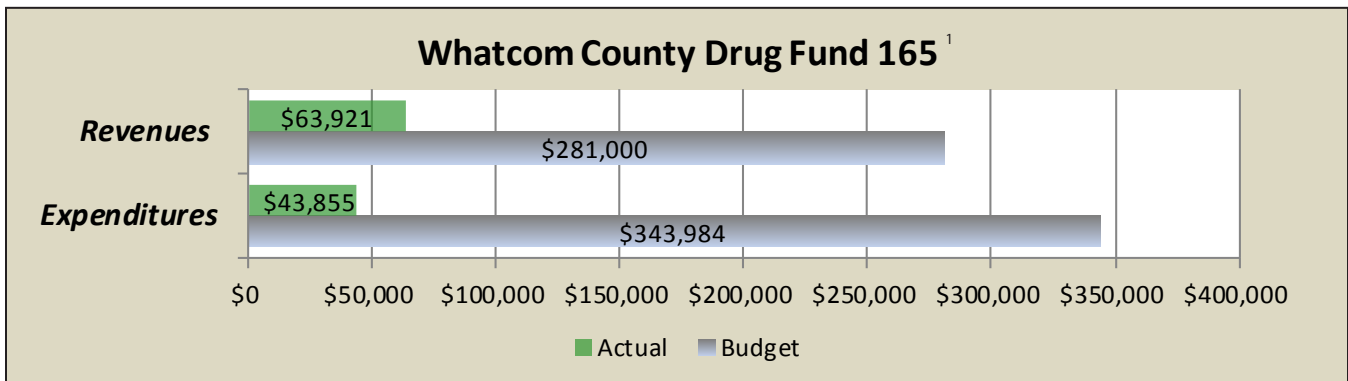
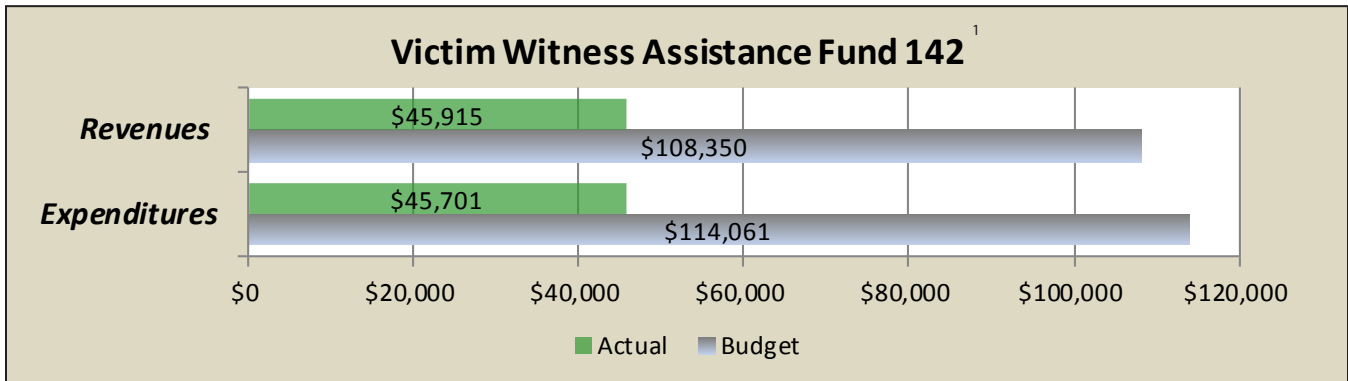
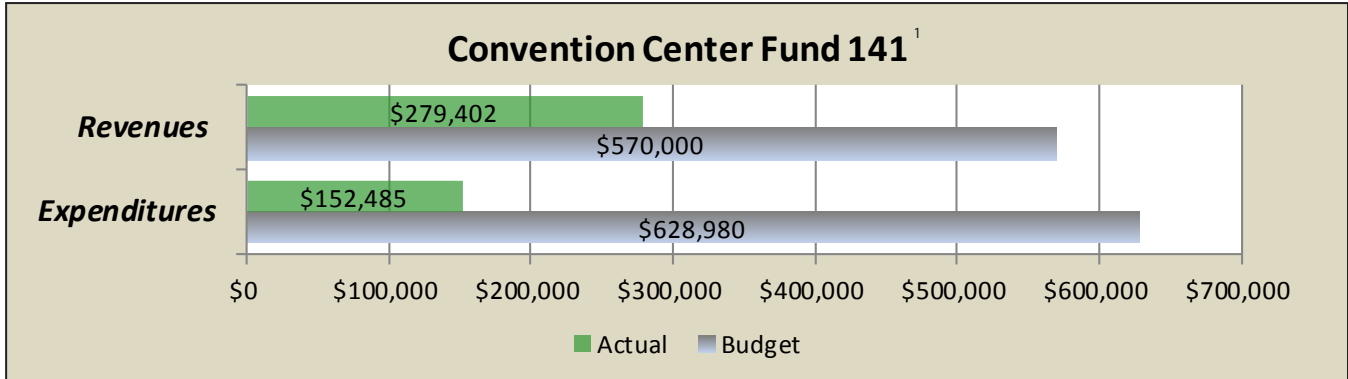
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Special Revenue Funds and Other Funds, continued



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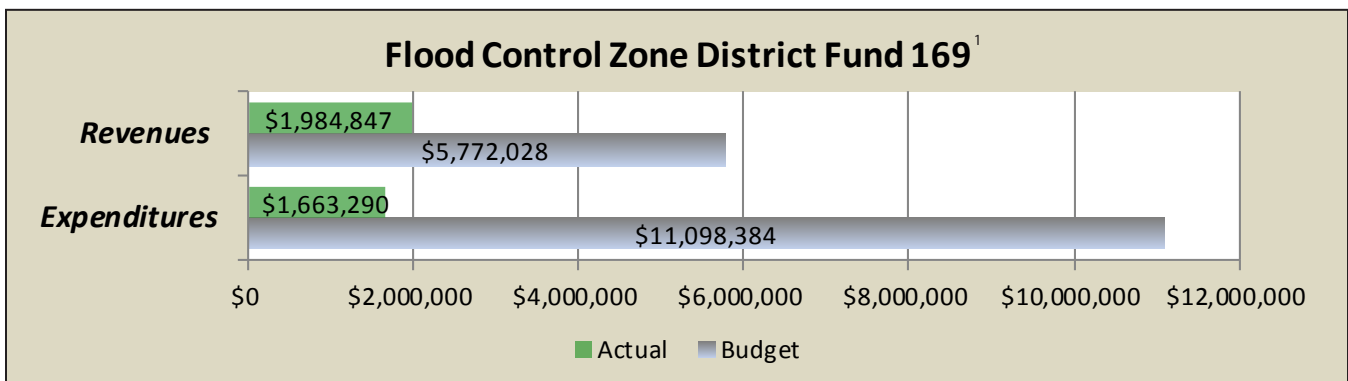
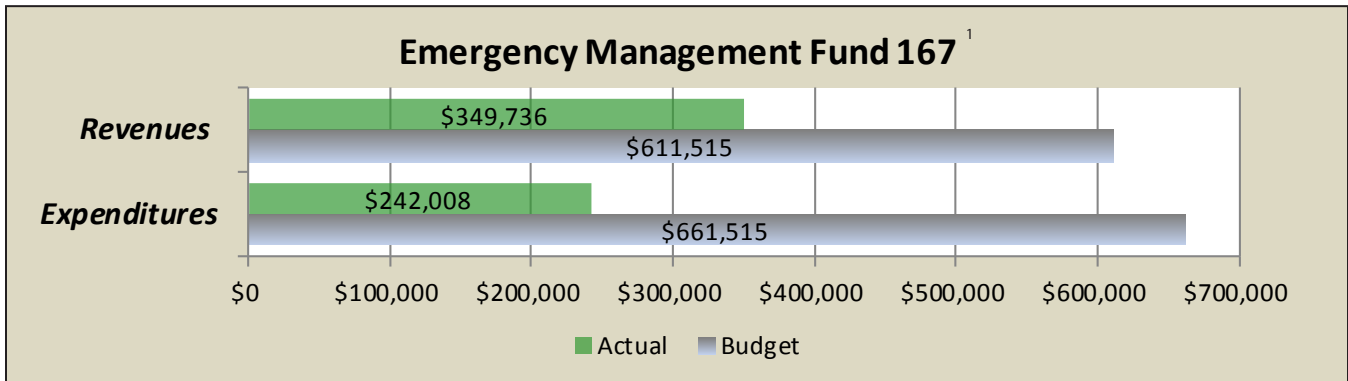
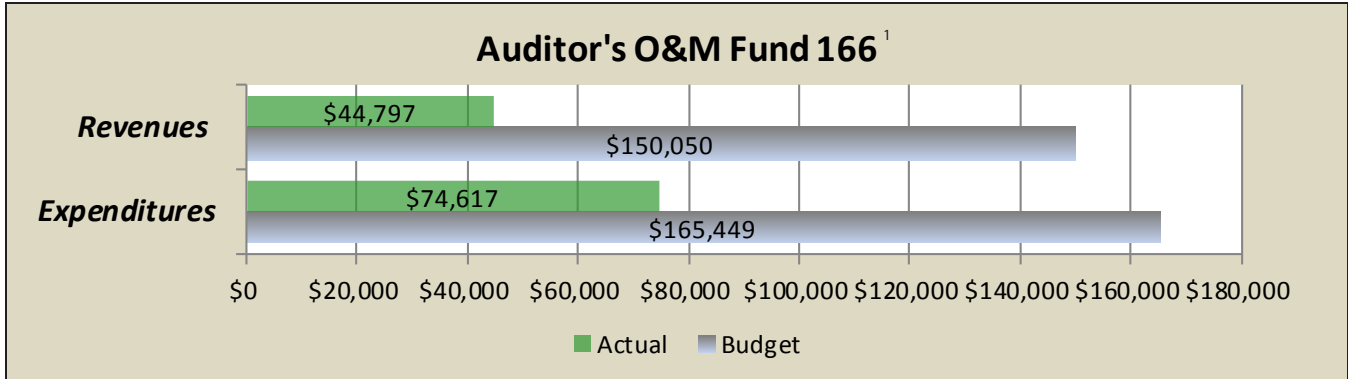
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Special Revenue Funds and Other Funds, continued



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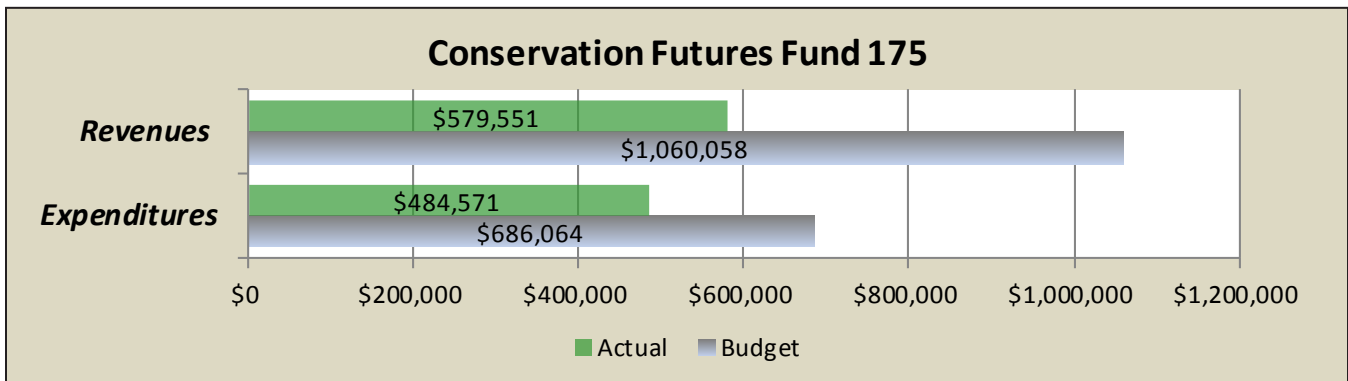
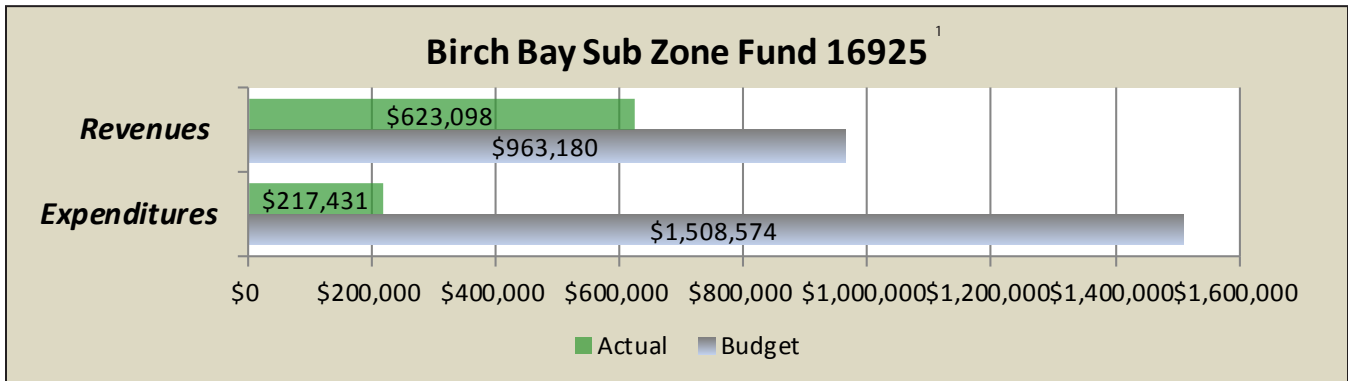
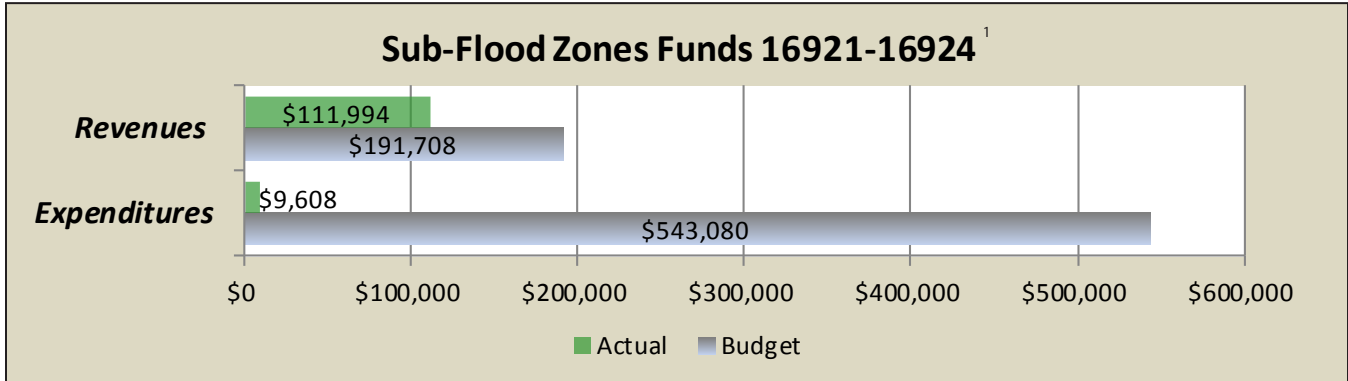
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Special Revenue Funds and Other Funds, continued



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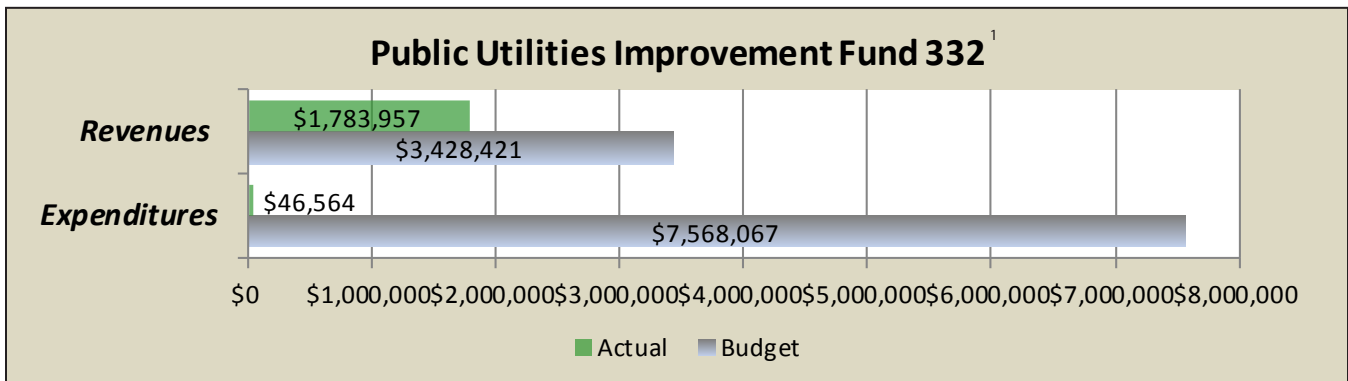
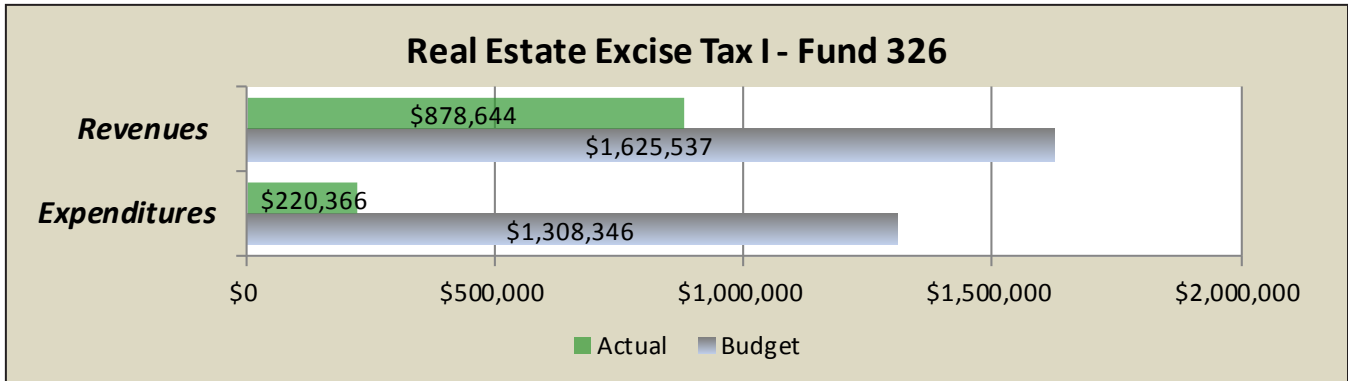
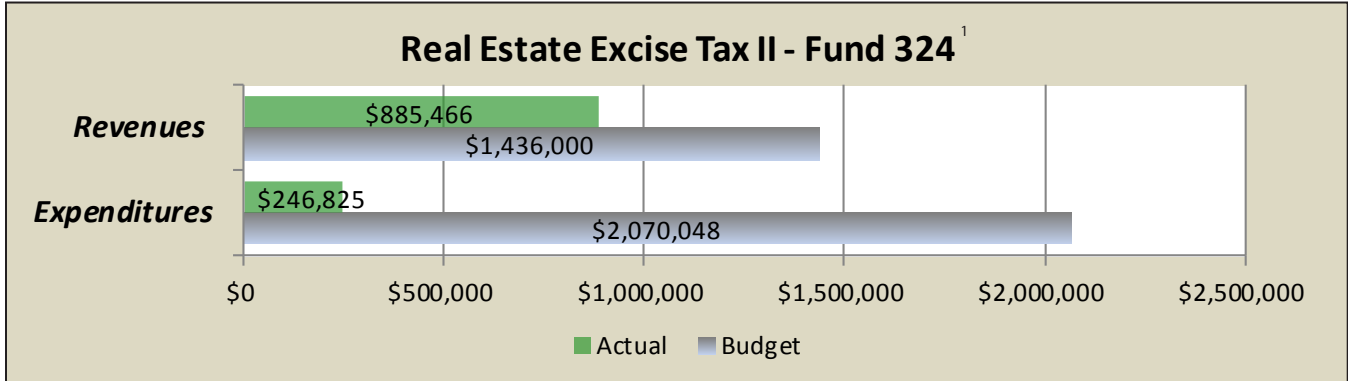
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Capital Project Funds



Note:

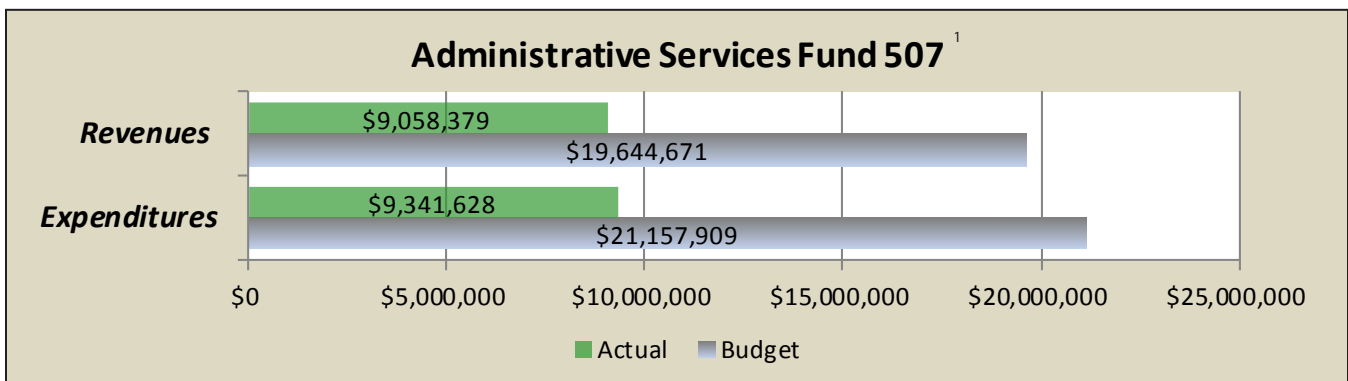
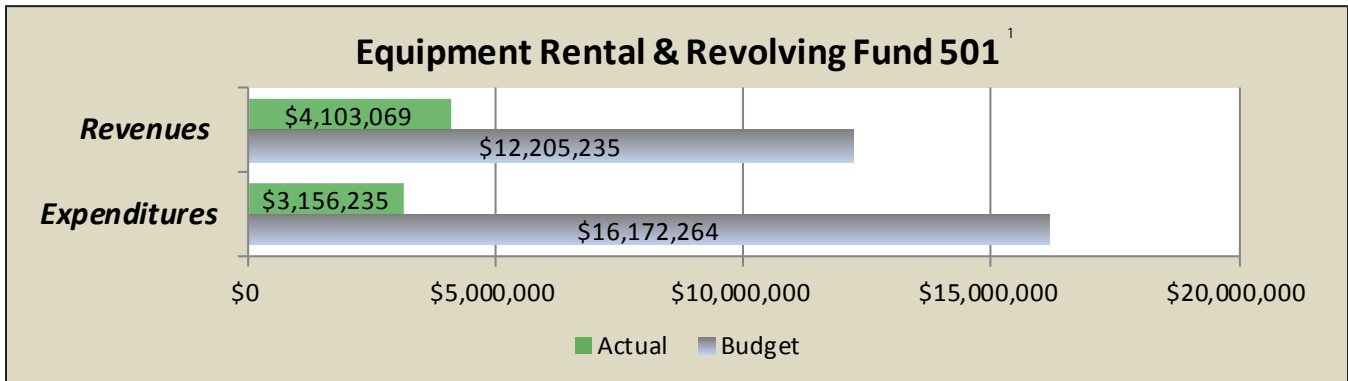
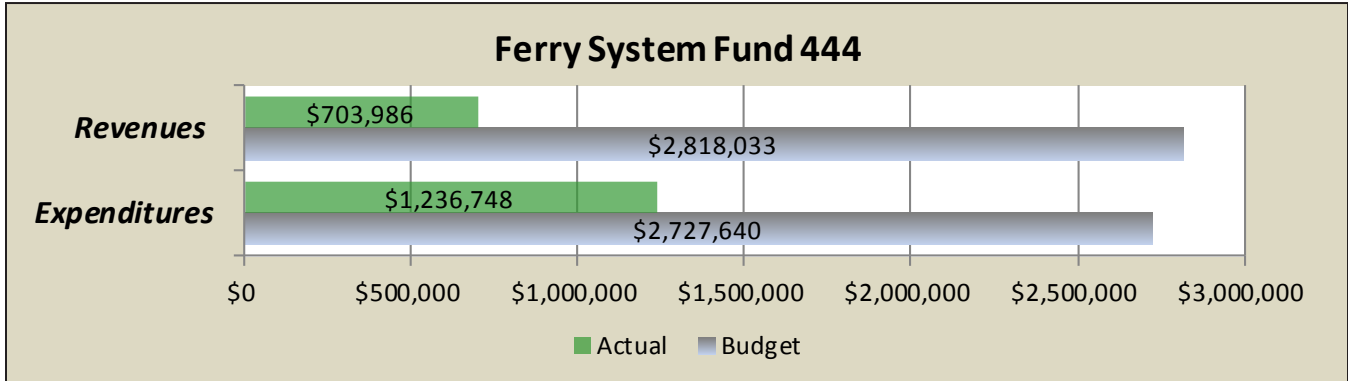
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Enterprise and Internal Service Funds



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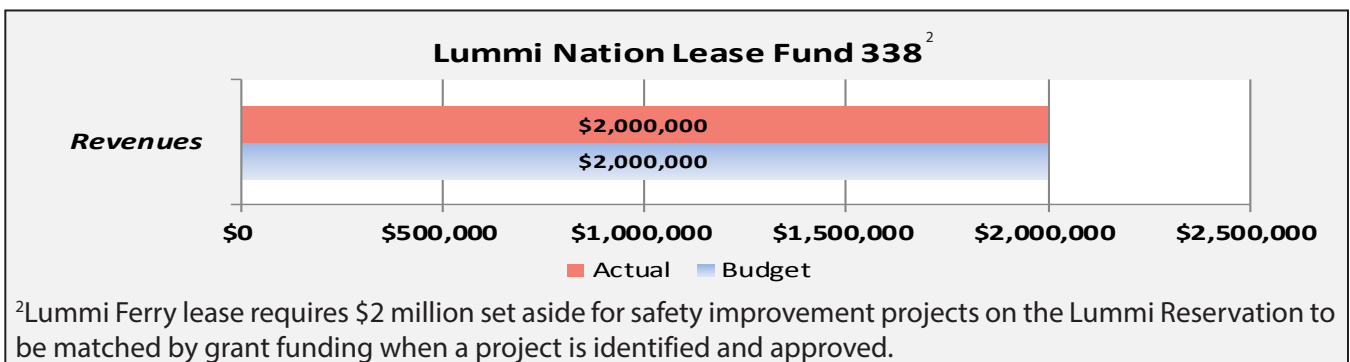
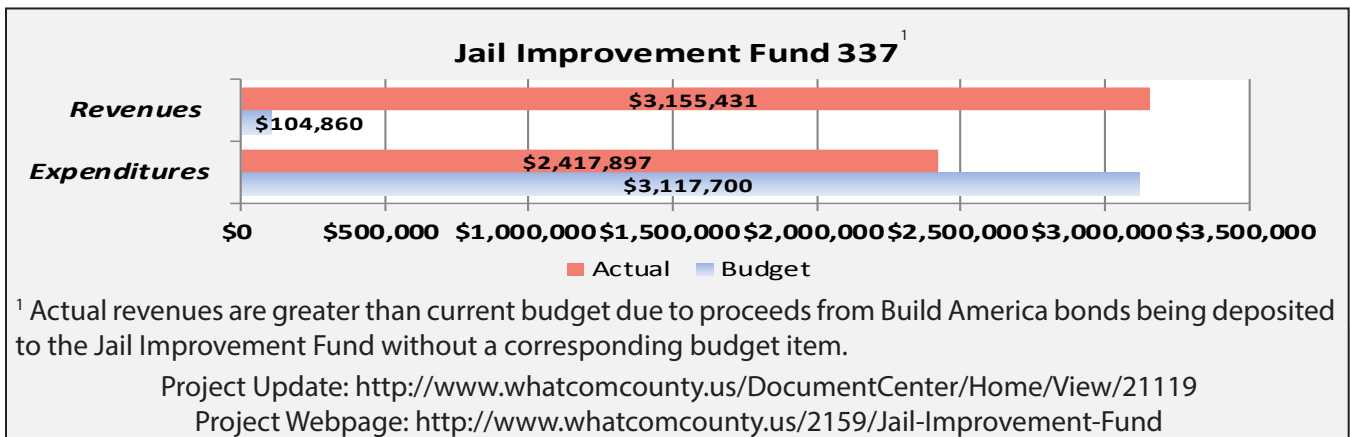
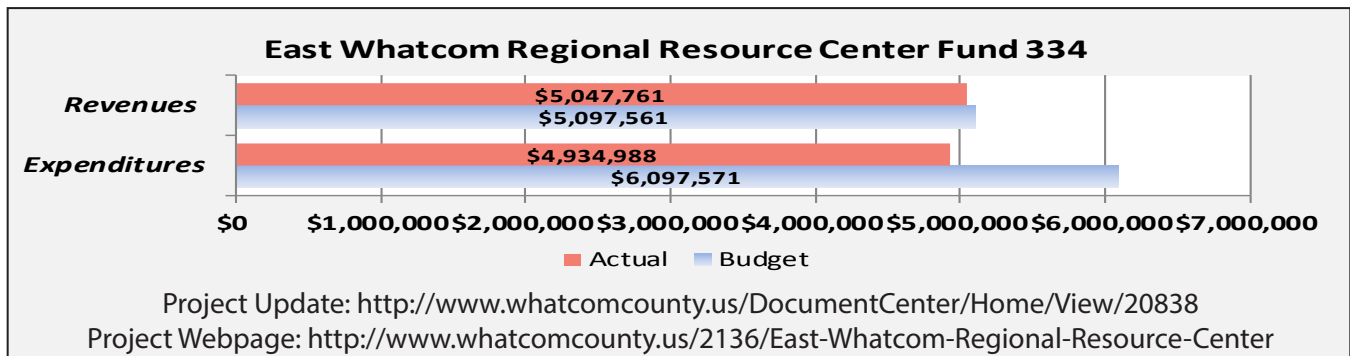
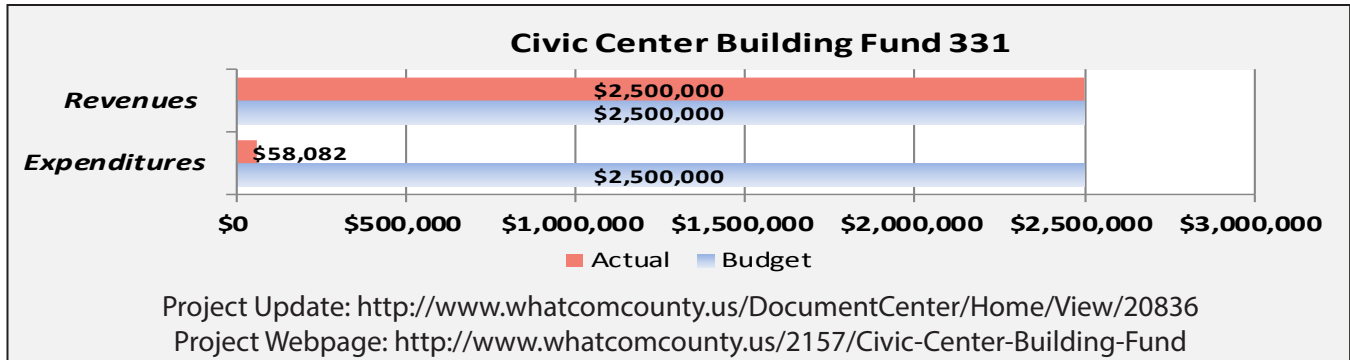
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Project Budget Funds

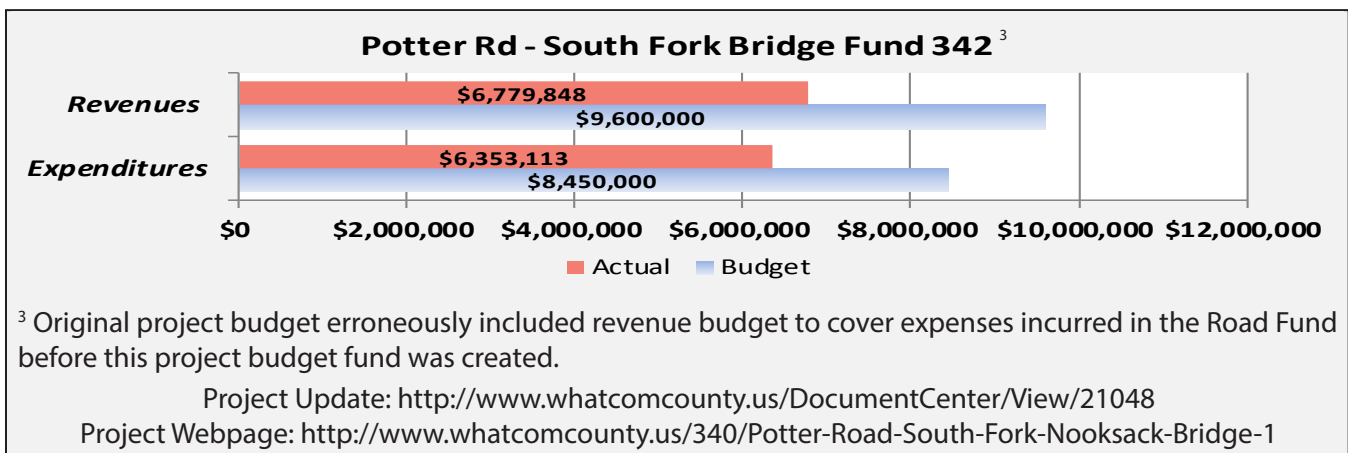
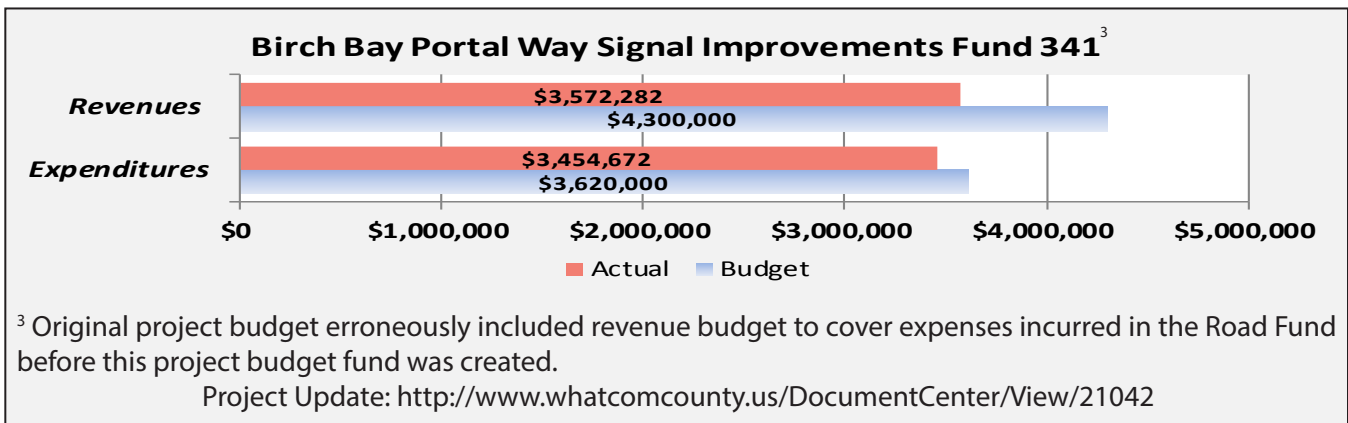
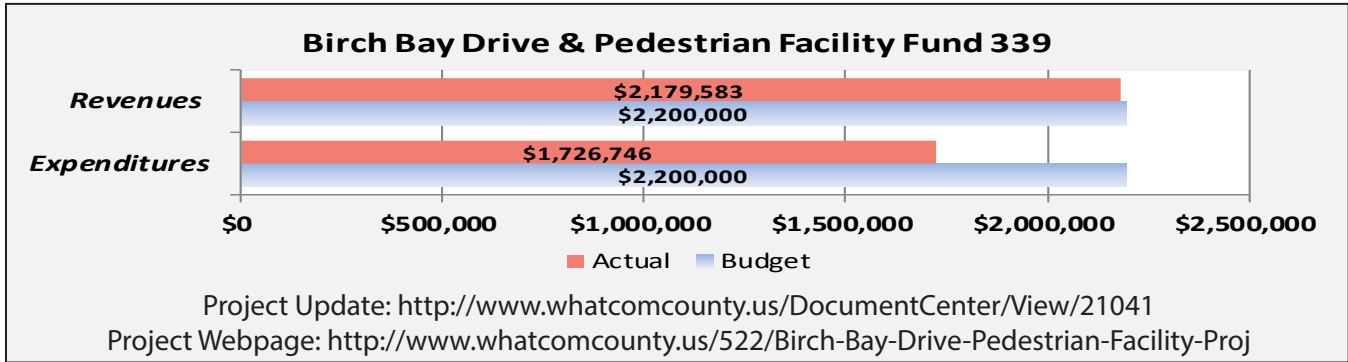


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Project Budget Funds, continued

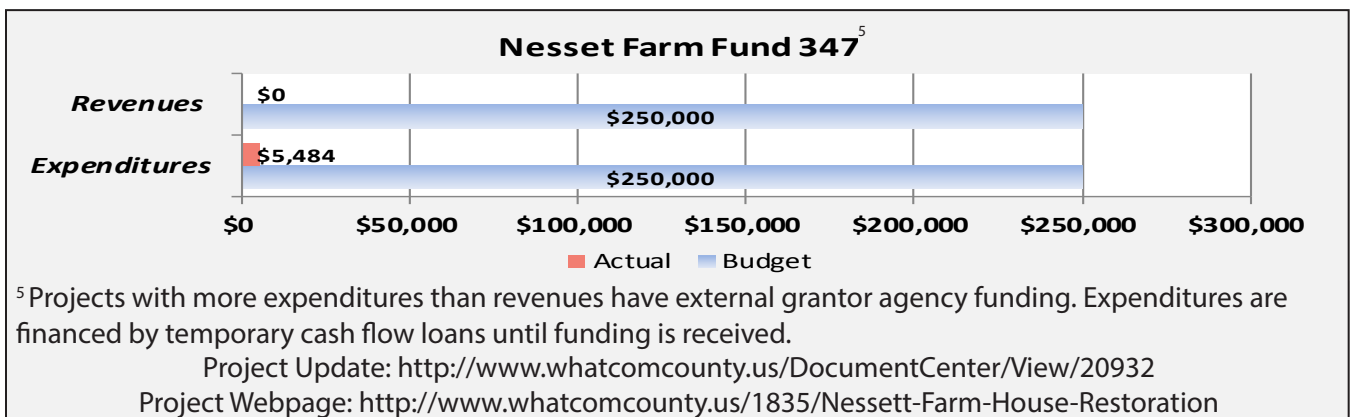
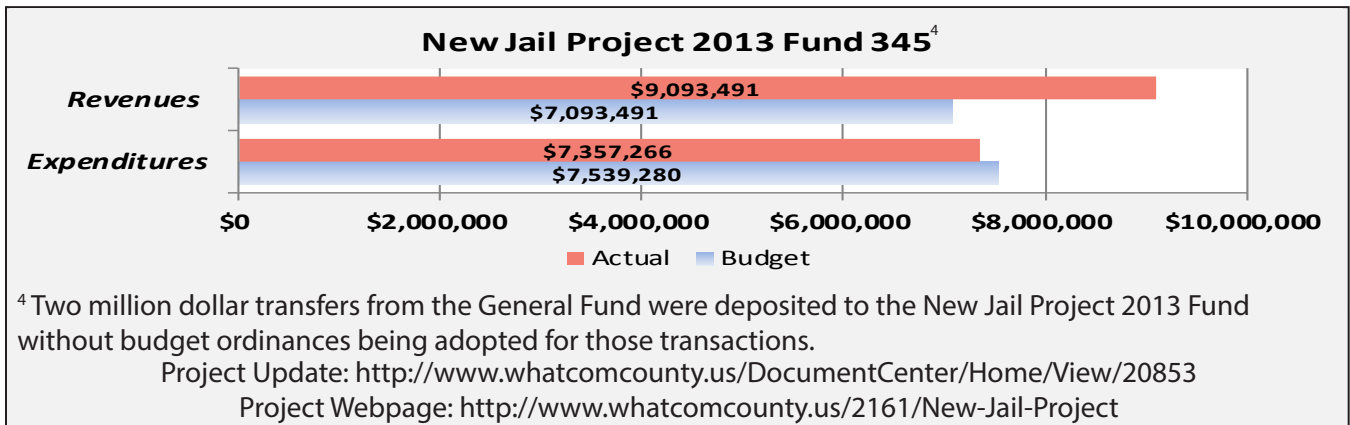
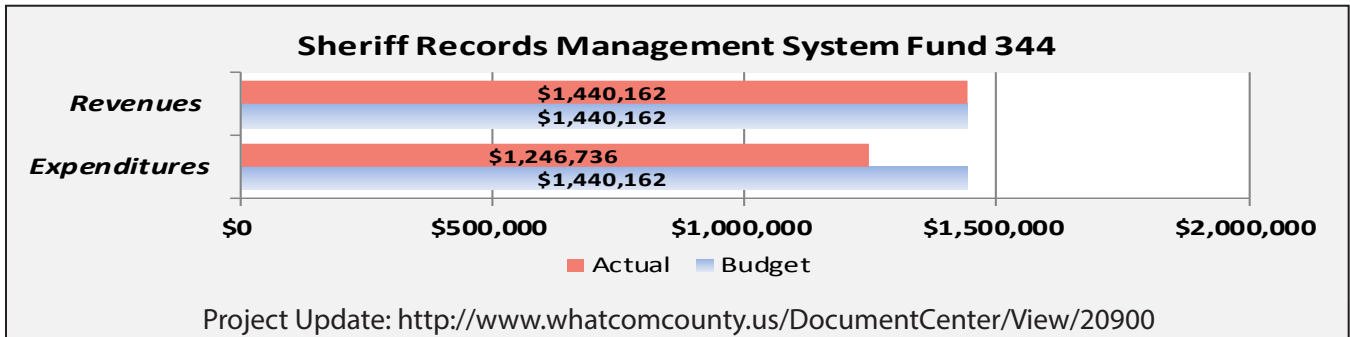
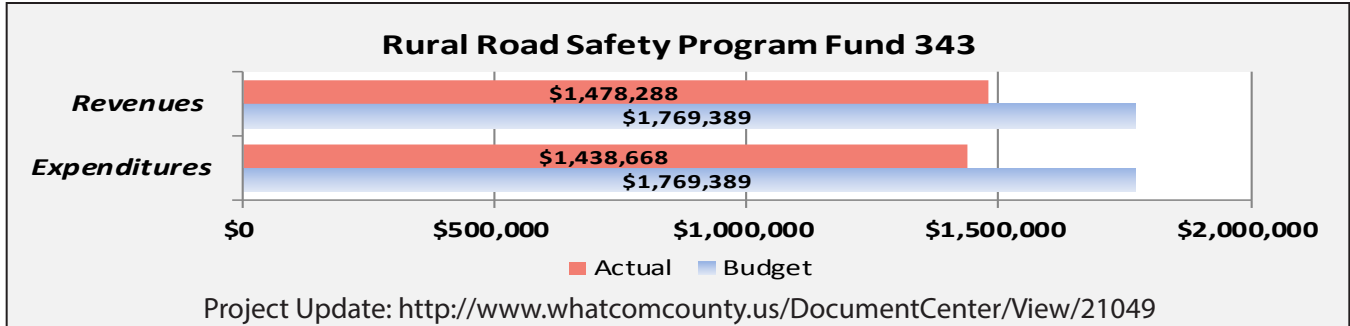


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Project Budget Funds, continued

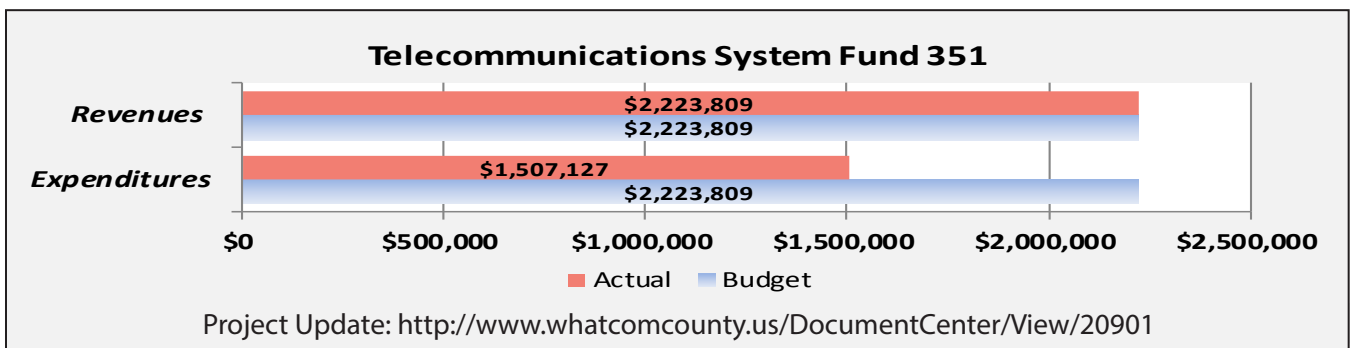
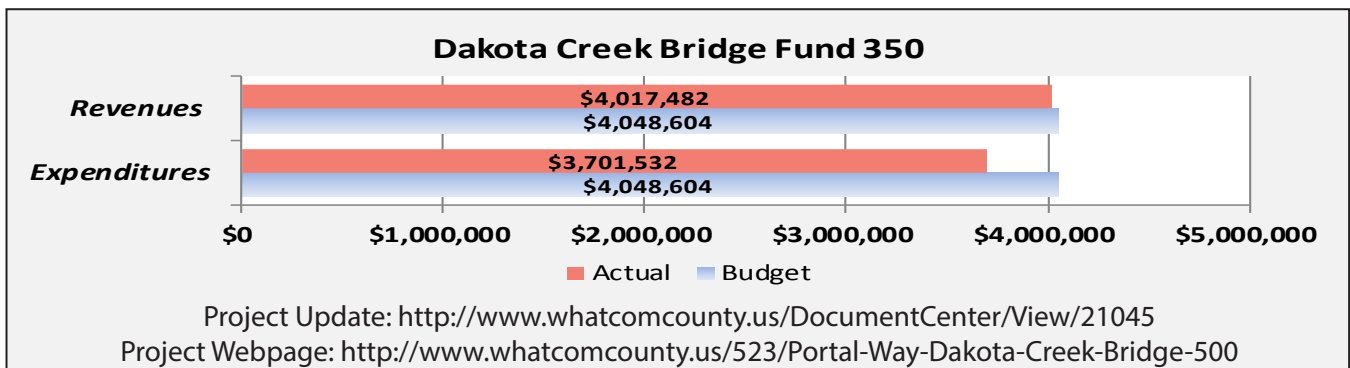
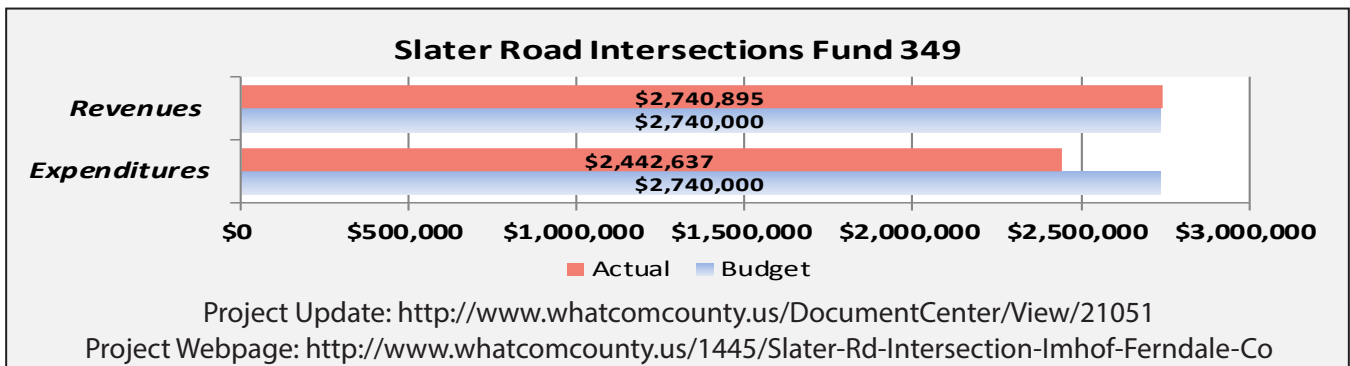
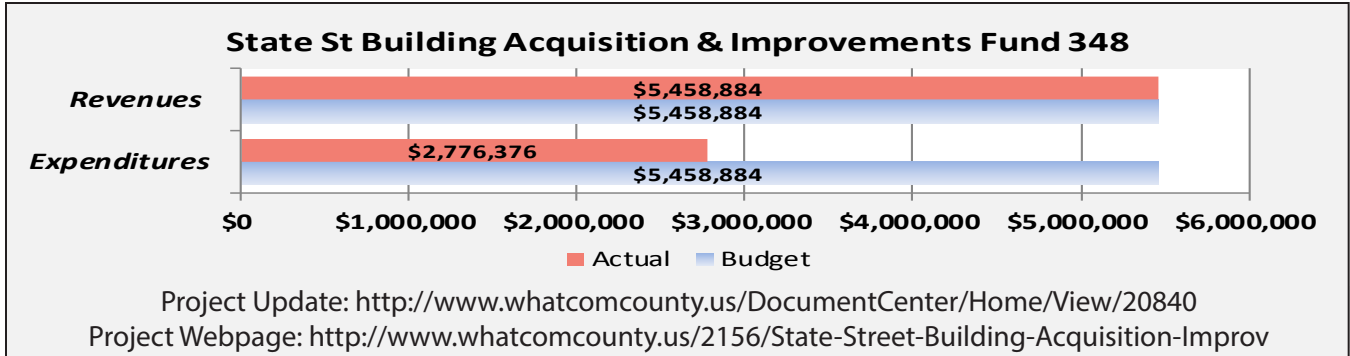


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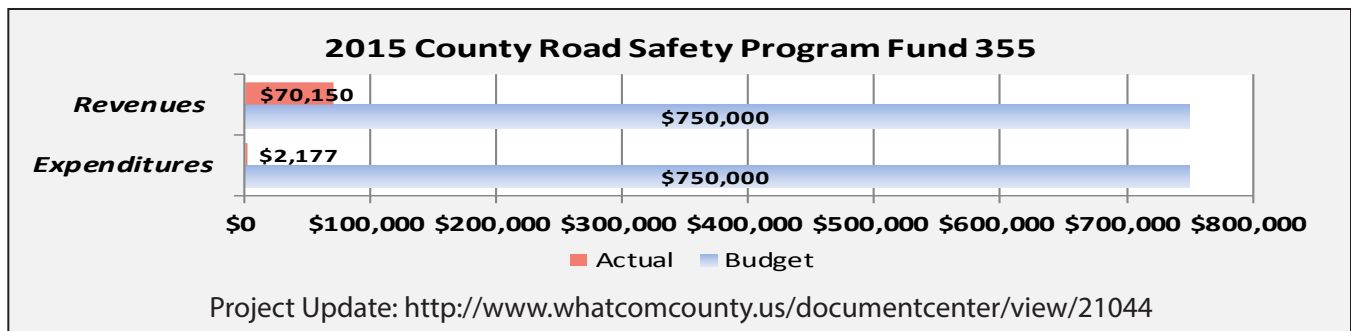
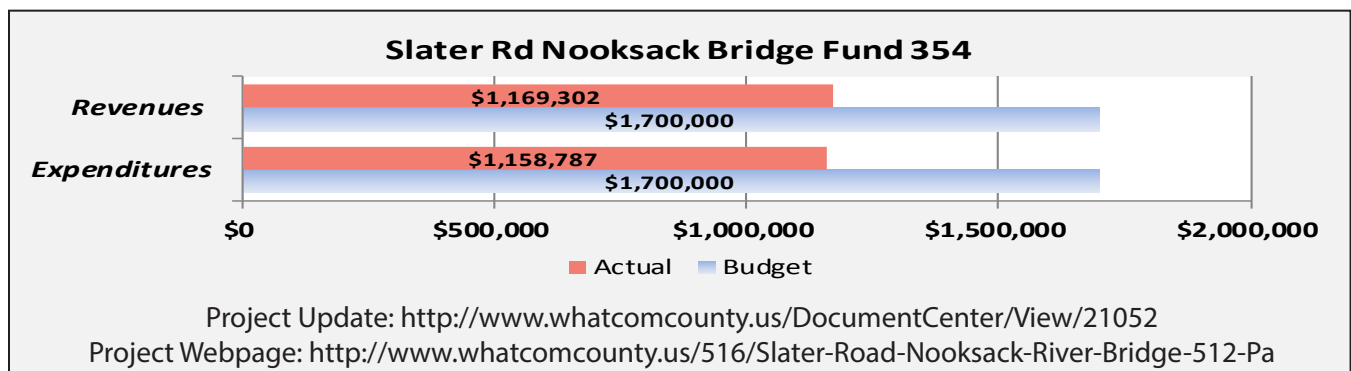
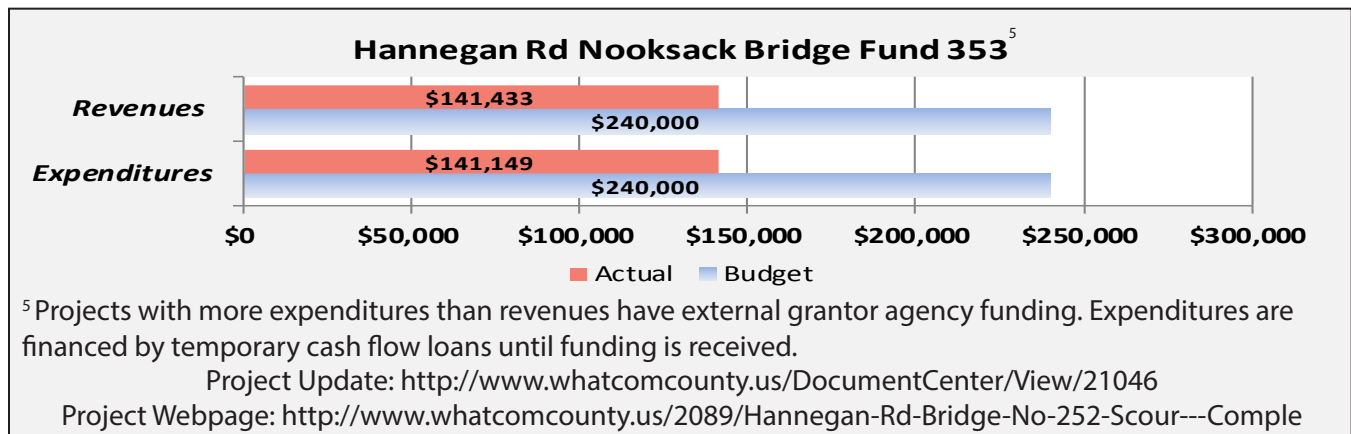
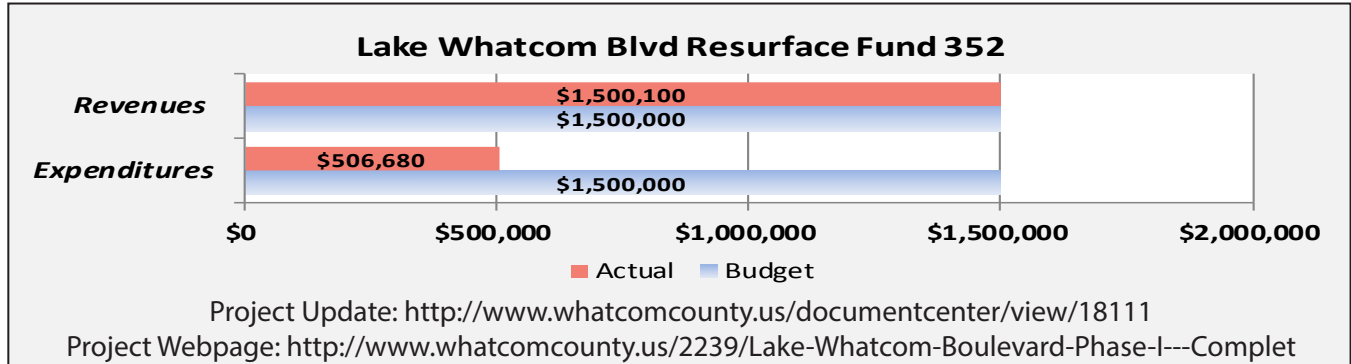


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For the Quarter Ended June 30, 2016



Project Budget Funds, continued

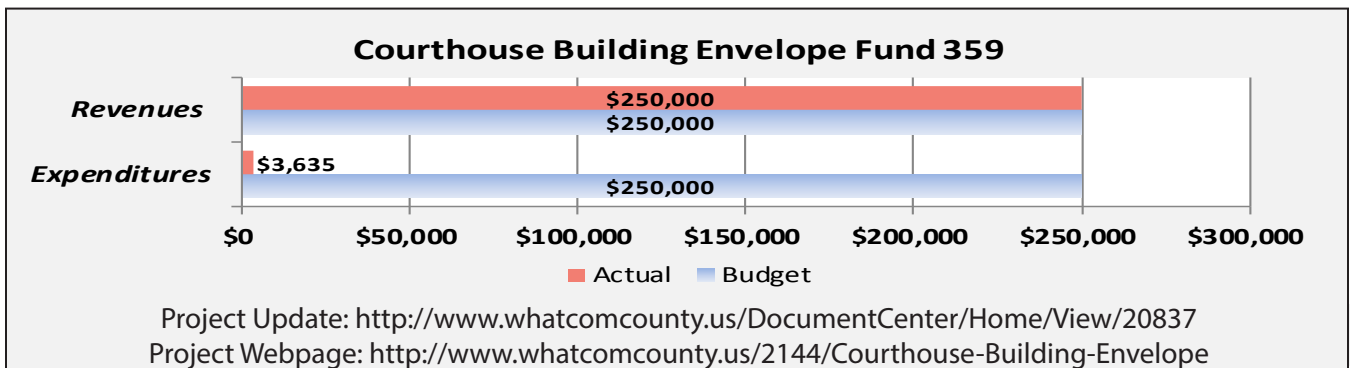
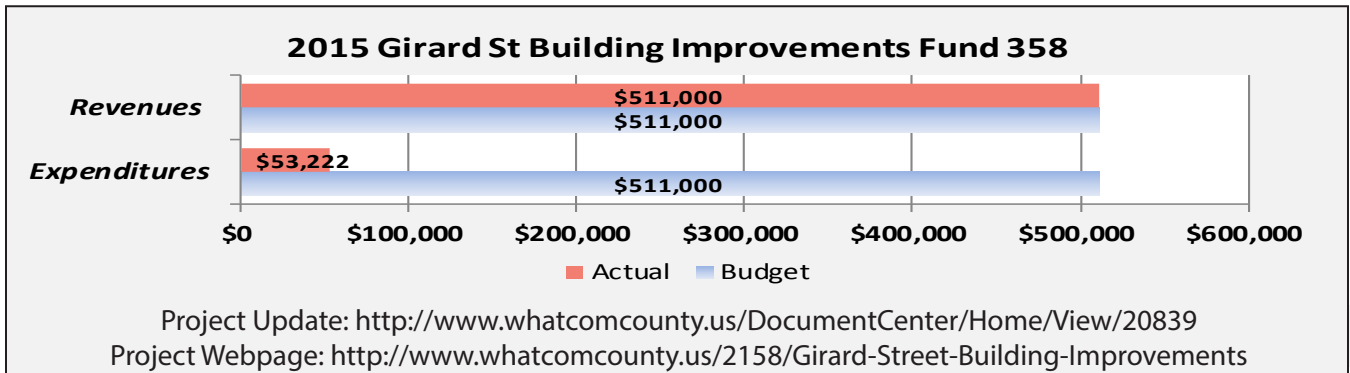
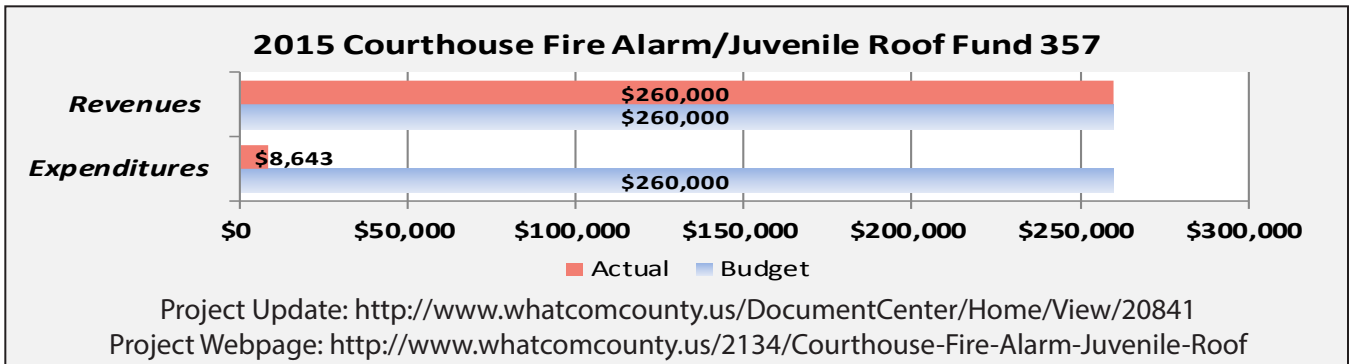
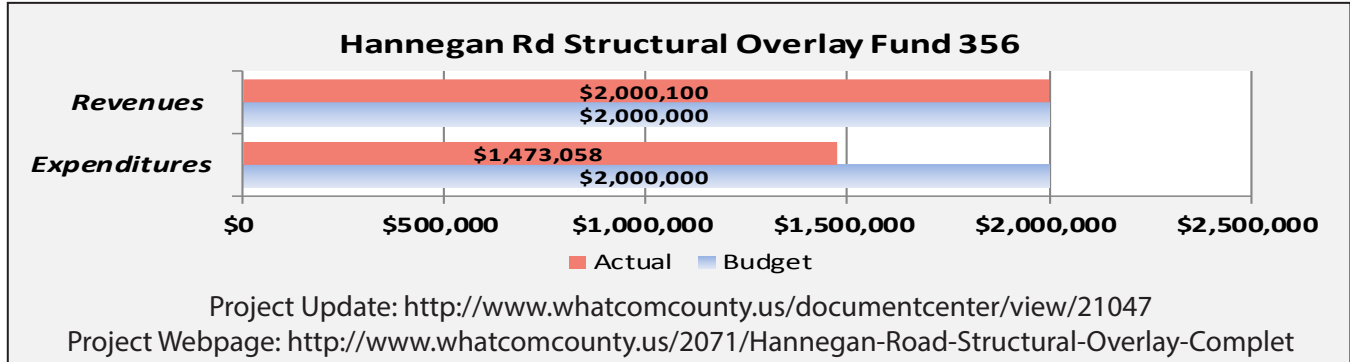


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For the Quarter Ended June 30, 2016



Project Budget Funds, continued

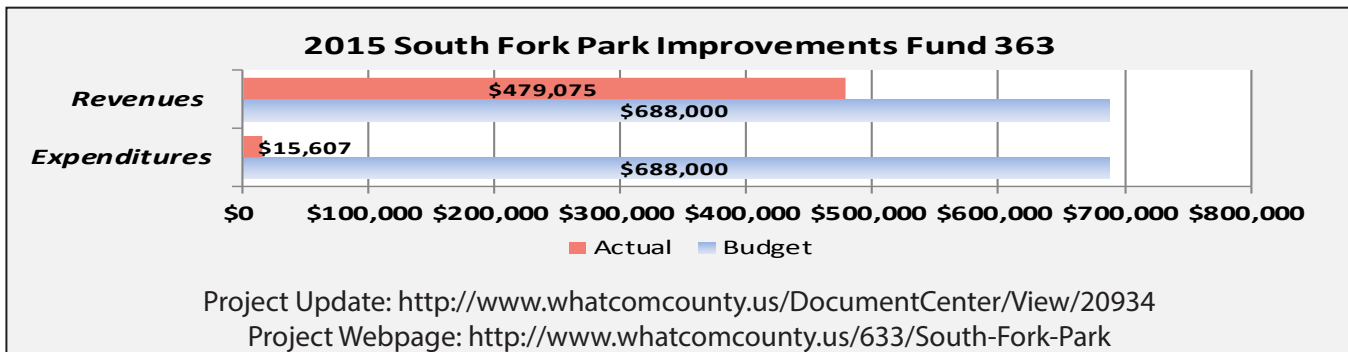
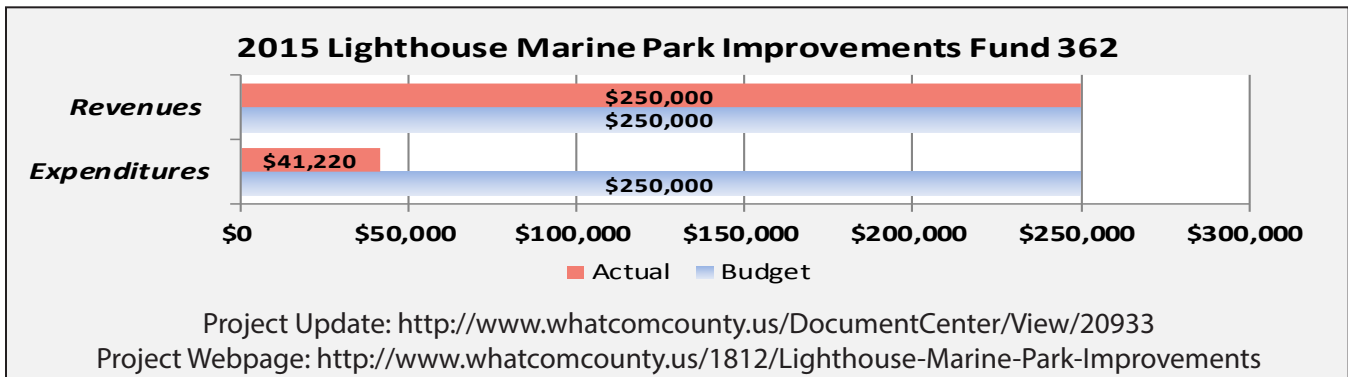
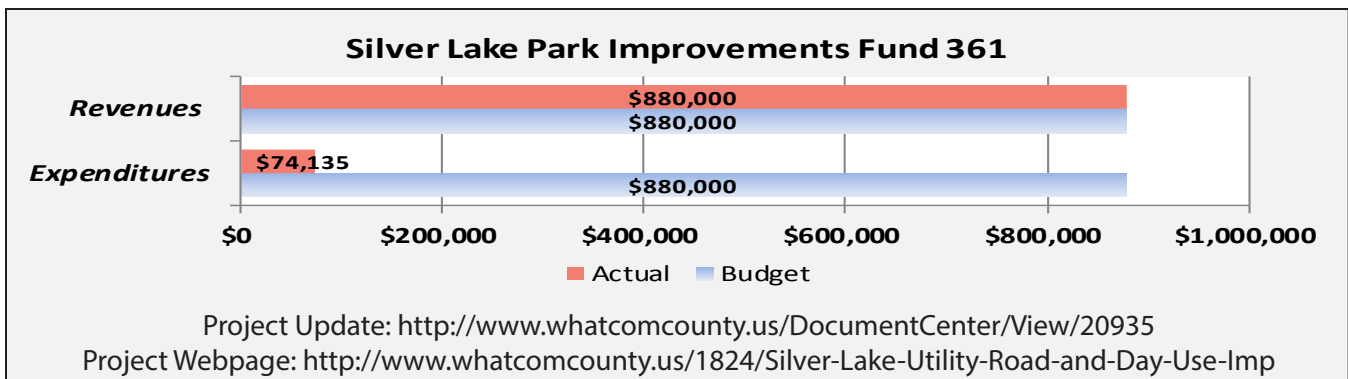
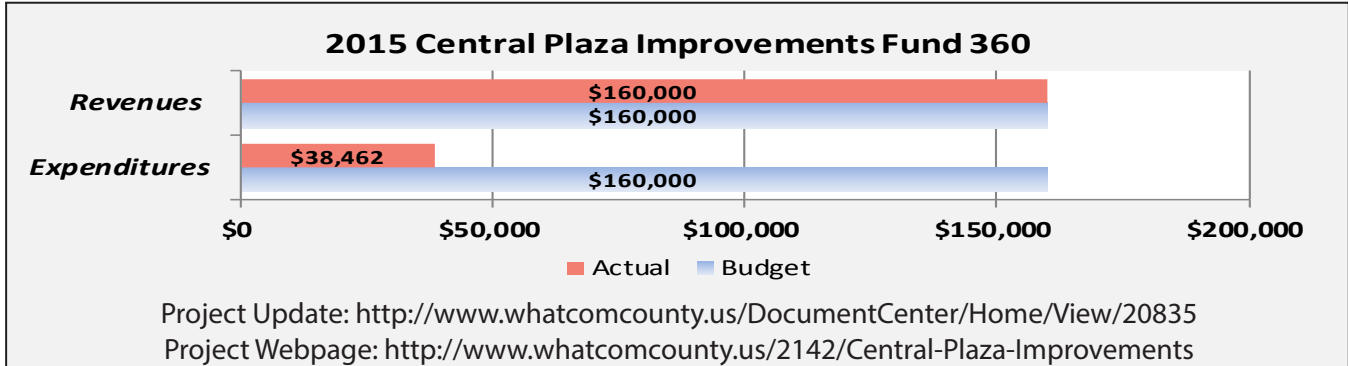


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For the Quarter Ended June 30, 2016



Project Budget Funds, continued

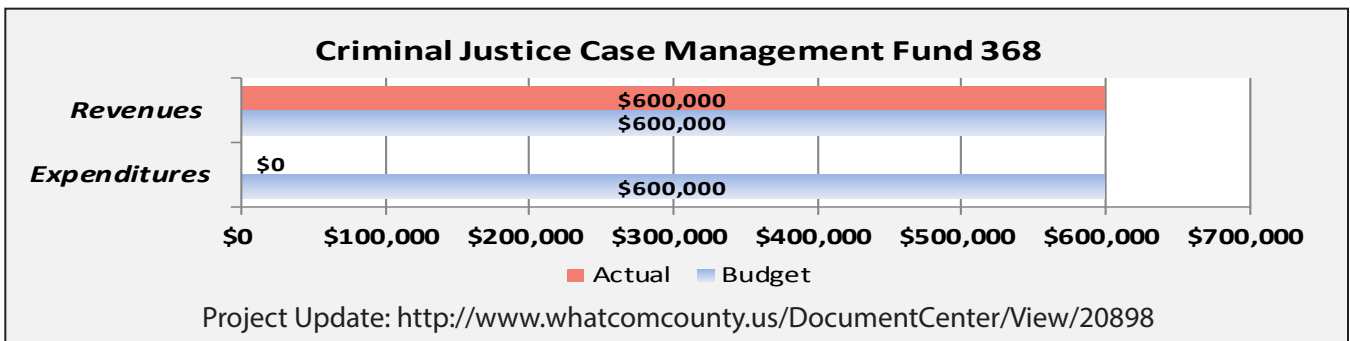
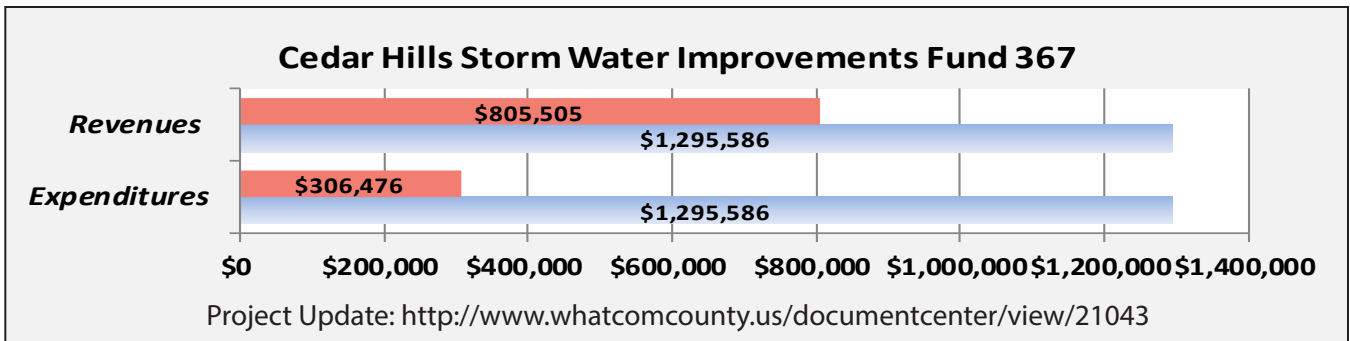
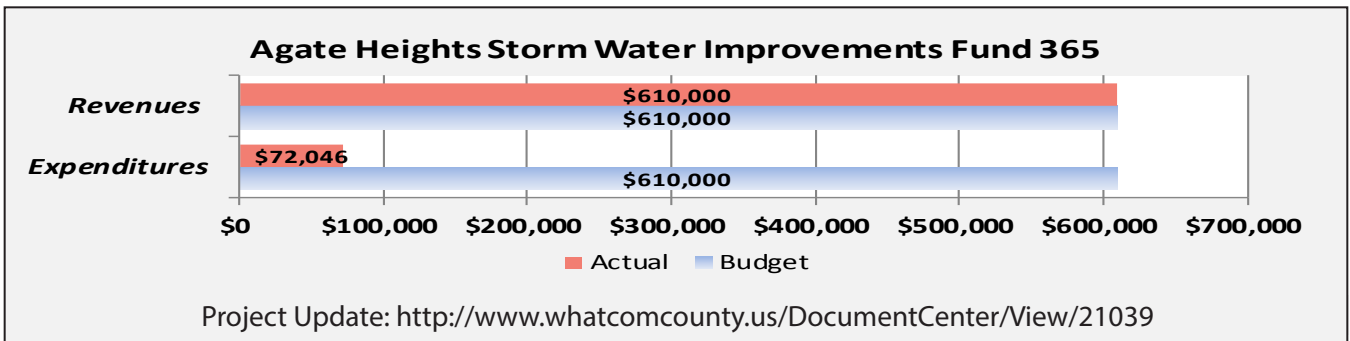
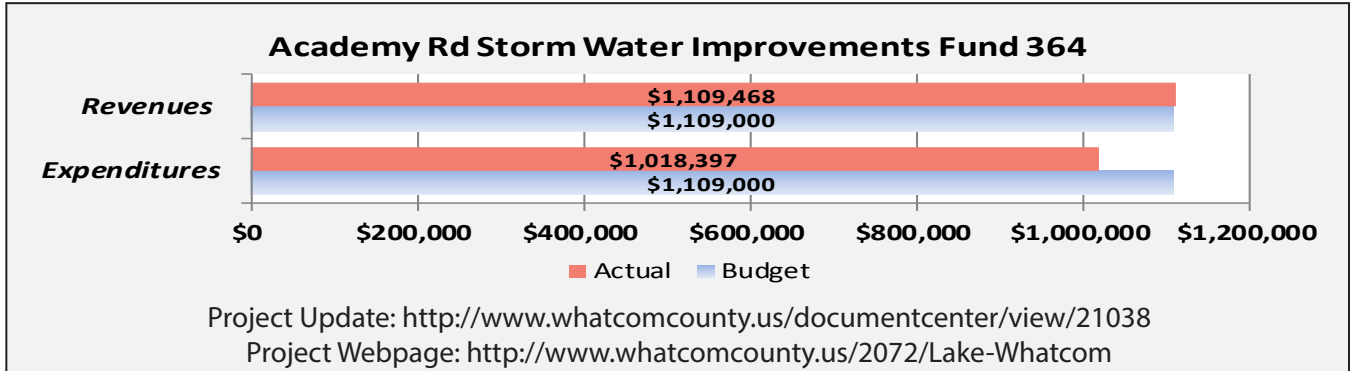


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Project Budget Funds, continued



Whatcom County Second Quarter 2016 Financial Report

For the Quarter Ended June 30, 2016



Project Budget Funds, continued

