



**2018
First
Quarter
Financial
Report**

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

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May 16, 2018

Whatcom County First Quarter 2018 Financial Report

For the Quarter Ended March 31, 2018



Executive Summary

The following information presents Whatcom County's first quarter 2018 financial report. At the end of the first quarter the General Fund collected 15.44% of its budgeted revenues. Whatcom County's General Fund spent 20.73% of its budgeted expenditures. Revenues are in line with prior year experience. The percentage of expenditures is lower than normal because large capital project transfers budgeted in 2018 were not made in the first quarter.

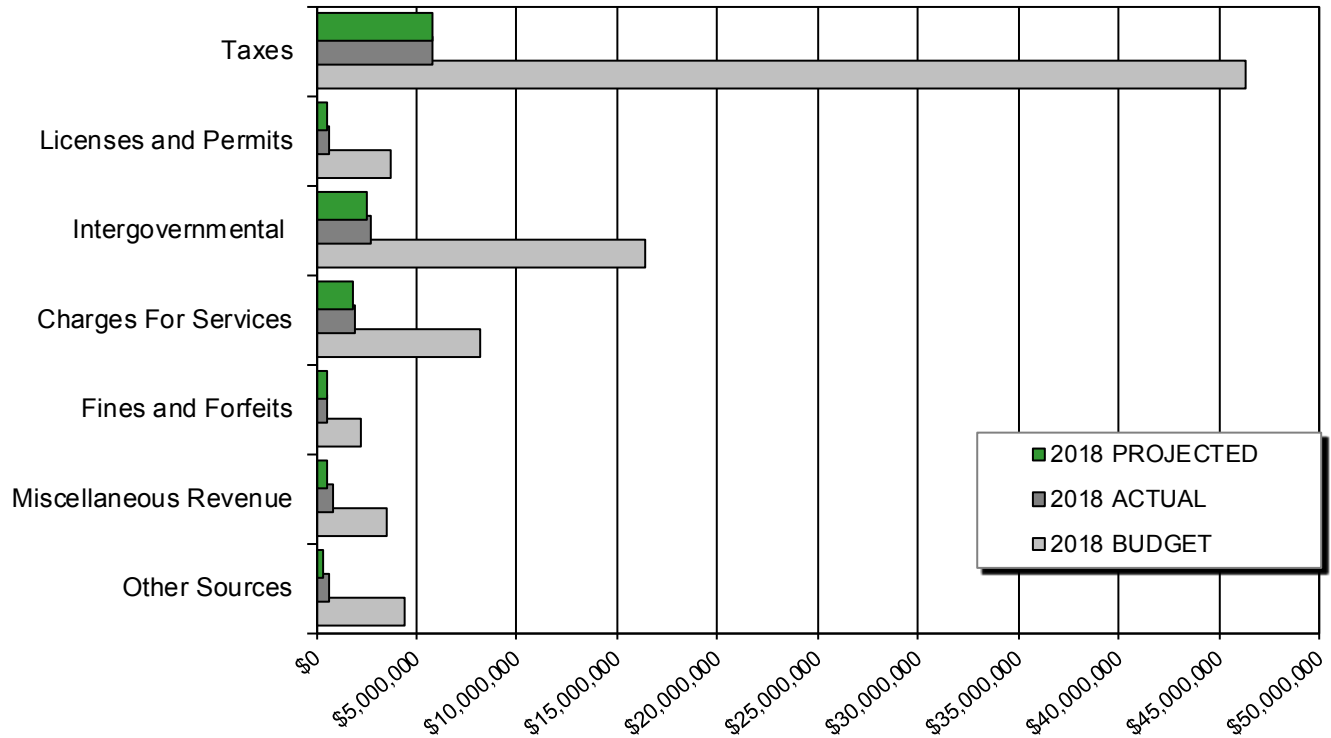
The estimated 2018 General Fund ending fund balance is projected to be approximately \$12.4 million.

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General Fund Revenue - Budget vs. Actual



	2018 Budget Adopted	2018 Budget Supp'ls	2018 Budget Amended	Actual as of 3/31/2018	% Collected To Date	Projected as of 3/31/2018
Taxes	45,244,980	1,030,000	46,274,980	5,808,781	12.55%	5,749,738
Licenses and Permits	3,459,894	252,000	3,711,894	656,550	17.69%	580,638
Intergovernmental	14,510,133	1,928,158	16,438,291	2,693,992	16.39%	2,568,324
Charges For Services	8,208,045	(78,000)	8,130,045	1,883,518	23.17%	1,841,684
Fines and Forfeits	2,239,750	(25,000)	2,214,750	576,328	26.02%	553,054
Miscellaneous Revenue	3,466,361	0	3,466,361	837,779	24.17%	523,959
Other Sources	4,499,213	(52,027)	4,447,186	615,013	13.83%	390,810
Total Revenue	81,628,376	3,055,131	84,683,507	13,071,961	15.44%	12,208,207

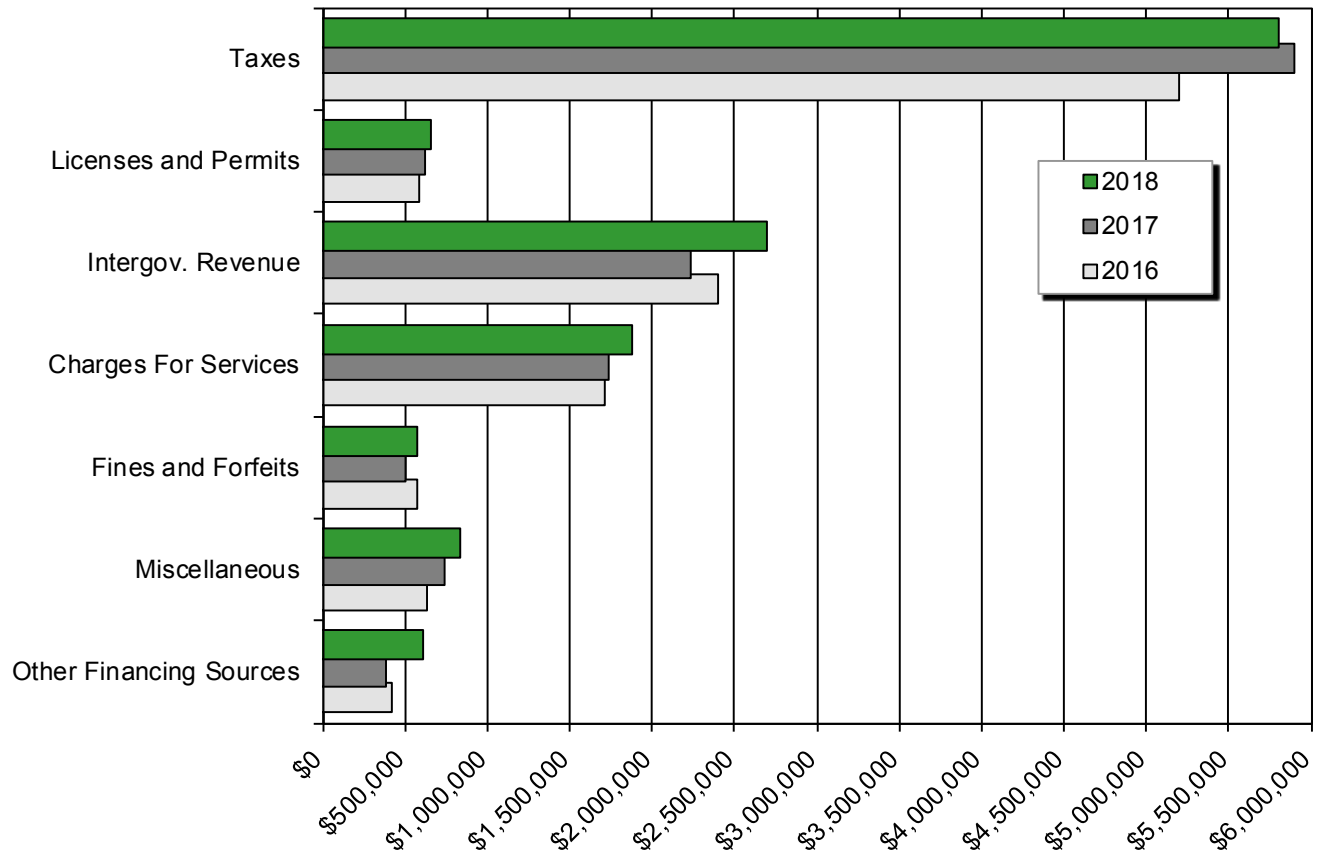
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2016	2017	2018
Taxes	5,203,294	5,895,293	5,808,781
Licenses and Permits	586,489	619,680	656,550
Intergov. Revenue	2,398,413	2,240,586	2,693,992
Charges For Services	1,717,932	1,738,455	1,883,518
Fines and Forfeits	570,628	508,285	576,328
Miscellaneous	635,219	740,679	837,779
Other Financing Sources	426,740	390,809	615,013
Total Revenue	11,538,715	12,133,787	13,071,961

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 \$86,511, or 1.5%, less than first quarter 2017 amounts. Prior year property tax revenues were higher than normal due to a single payment from BP refinery in January to settle a property tax appeal. Current year sales tax collections are up 12.6%, or \$450,000, over last year's first quarter collections. Approximately half of this sales tax increase is the result of a Department of Revenue audit adjustment. The balance of the increase is the result of a good economy and new remote sellers sales tax provisions.

Licenses & Permits

Building permits account for 40% of "Licenses & Permits" budget. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 35% of the budget. Cable franchise fee revenues are 22% and marriage licenses, firearms permits and fire control permits account for the remaining 3%.

License and Permit Fees are \$36,869, or 5.95%, more than amounts collected during first quarter 2017; mainly due to increases in onsite septic permit applications.

Intergovernmental Revenue

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

Revenues collected as of quarter end are \$453,403, or 20%, higher than first quarter 2017. Grant revenues fluctuate based on timing of program billings and additions/deletions of grant programs. This year's annual public defense support distribution of \$194,550 from the State of Washington was received in January. The County also received a retroactive payment in support of marijuana enforcement activities which was \$108,000 greater than the expected quarterly payment (in accordance with ESSB 6032, section 901).

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 increased \$145,063, or 8.3%, over first quarter 2017. The various groupings in this revenue category have shown fluctuations. General government type fees increased \$96,000; primarily the result of increased vehicle registrations and timely billing of monthly municipal probation contracts. In the Security – Persons & Property grouping, reimbursable sheriff deputy overtime charges are down \$44,000 but adult probation fee collections are up \$25,000. Planning and Development Service fees are down \$52,500. Health related revenues are up \$123,000 due to a change to monthly Medicaid administration billings, instead of quarterly, and renegotiation of a City of Bellingham contract in support of substance abuse prevention activities.

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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 increased \$68,041, or 13.4%, from first quarter 2017 amounts. There is a \$21,000 increase in civil penalties from code enforcement actions in Planning & Development and Health Department – Environmental Health. Traffic infraction revenues in District Court have also increased by \$40,000.

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 \$97,099, or 13.1%, from first quarter 2017. Increases are principally due to improving interest rates on investment income and interest from delinquent tax collections.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (8%) and transfers from other Whatcom County funds (92%).

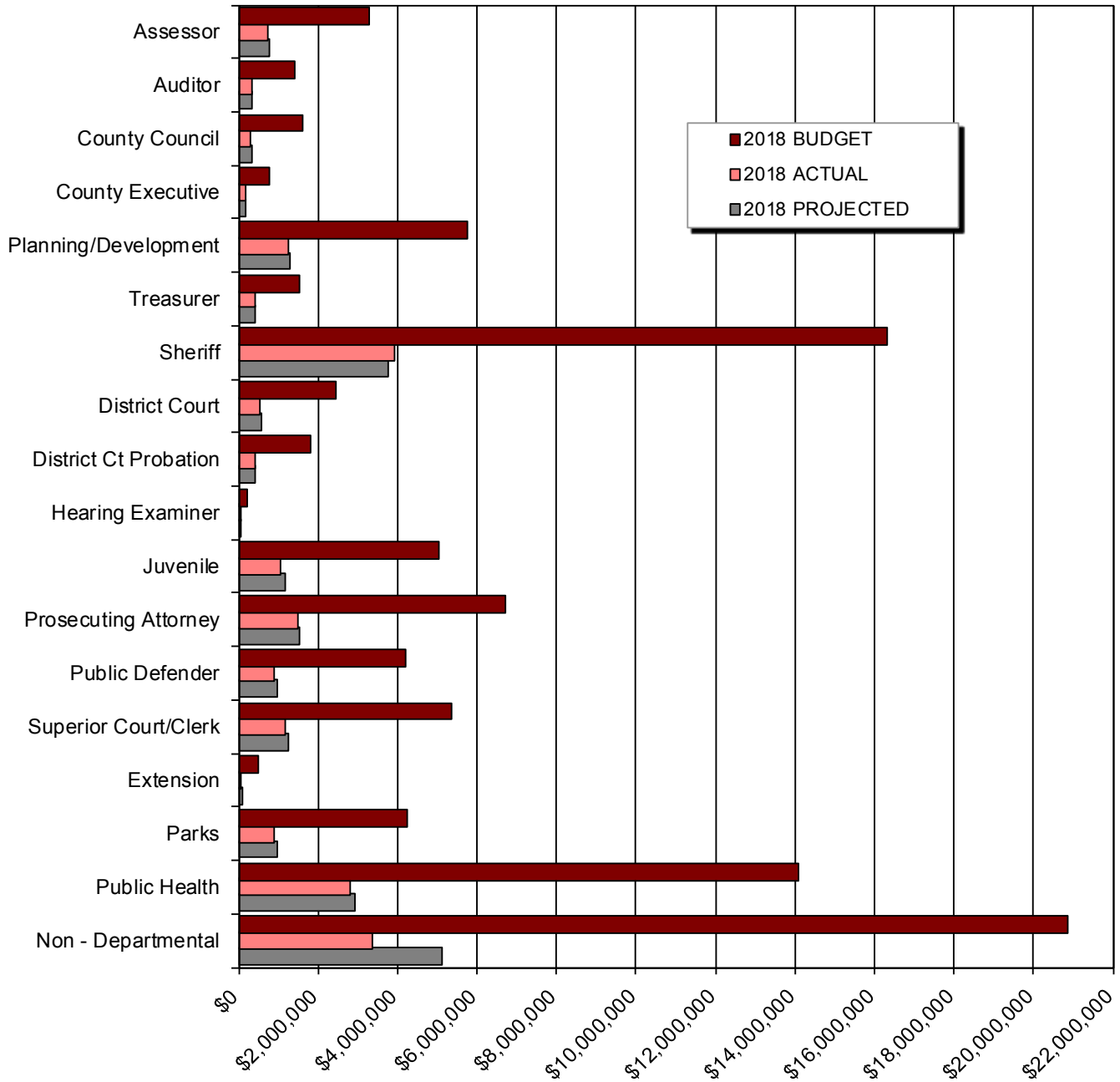
The Other Financing Sources category is \$224,205 more than first quarter 2017 amounts. Timber sales revenue increased \$15,605 and operating transfers increased \$208,600. A \$200,000 criminal justice transfer from the public safety sales tax fund was made in March this year rather than at the end of June in 2017.

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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 2018 Budget	Budget Supplementals	Amended Budget	Actual as of 3/31/18	% Expended To Date	Projected as of 3/31/18
Assessor	3,096,851	198,688	3,295,539	729,877	22.15%	780,438
Auditor	1,367,654	50,609	1,418,263	341,206	24.06%	327,022
County Council	1,288,444	312,369	1,600,813	290,708	18.16%	355,210
County Executive	732,667	44,997	777,664	172,049	22.12%	179,891
Planning & Development	5,470,416	296,038	5,766,454	1,261,252	21.87%	1,303,270
Treasurer	1,500,968	38,234	1,539,202	407,391	26.47%	409,179
Sheriff	14,967,526	1,351,321	16,318,847	3,940,210	24.15%	3,775,999
District Court	2,394,946	66,968	2,461,914	553,089	22.47%	565,419
District Court Probation	1,709,449	94,486	1,803,935	405,388	22.47%	413,474
Hearing Examiner	196,593	4,554	201,147	48,646	24.18%	47,895
Juvenile	4,902,110	152,260	5,054,370	1,056,510	20.90%	1,165,743
Prosecuting Attorney	6,585,840	135,488	6,721,328	1,484,858	22.09%	1,554,341
Public Defender	4,091,868	131,664	4,223,532	913,168	21.62%	975,999
Superior Court/Clerk	5,144,798	221,019	5,365,817	1,194,661	22.26%	1,254,693
Extension	486,554	28,675	515,229	68,628	13.32%	83,162
Park	4,089,396	164,432	4,253,828	877,927	20.64%	976,024
Public Health	12,648,363	1,442,597	14,090,960	2,823,775	20.04%	2,924,995
Non - Departmental	15,975,542	4,878,139	20,853,681	3,382,239	16.22%	5,127,631
Total General Fund Exp	86,649,985	9,612,538	96,262,523	19,951,582	20.73%	22,220,385

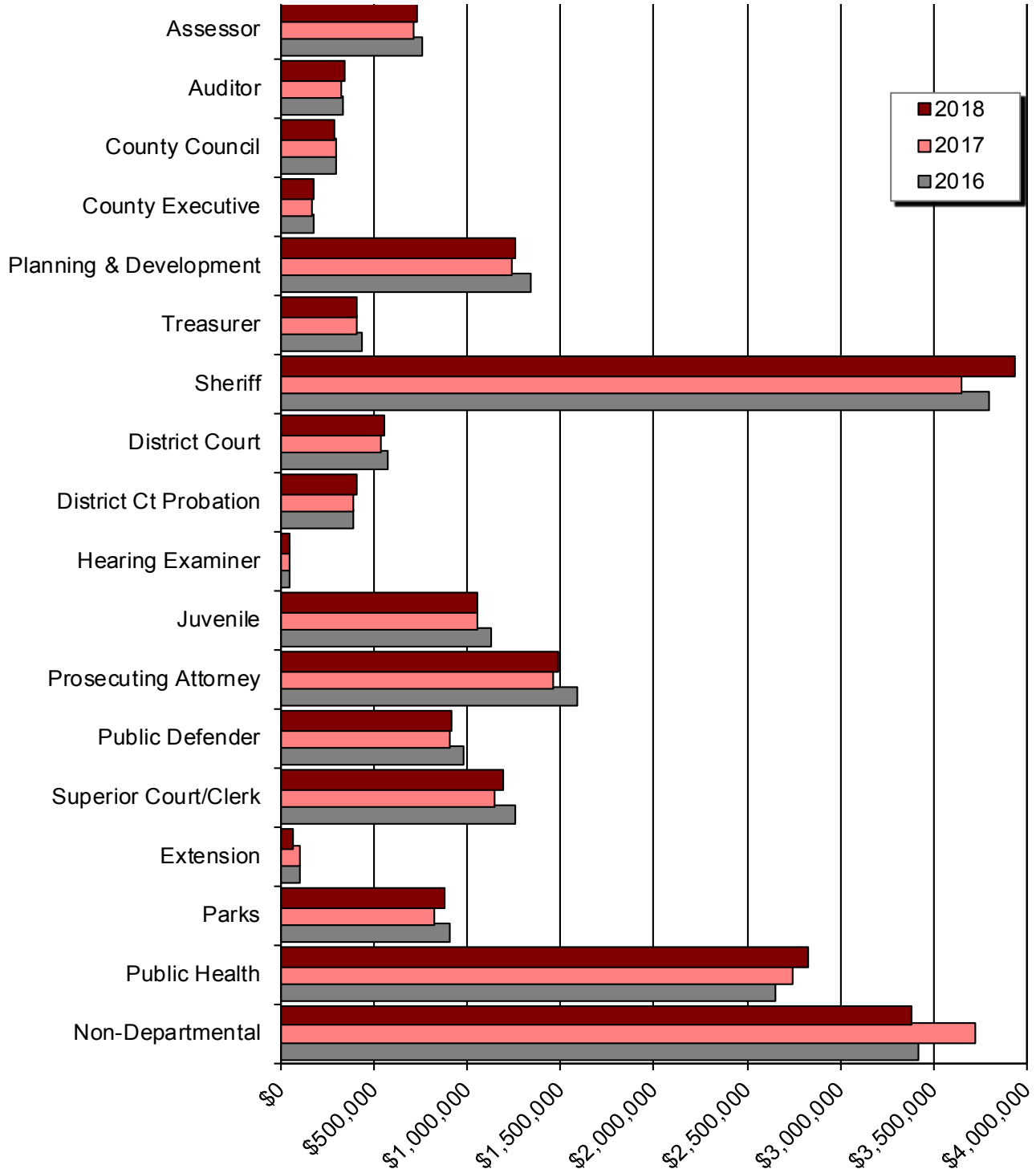
See page 9 for General Fund Expenditure Notes.

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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

	2016	2017	2018
Assessor	758,899	709,029	729,877
Auditor	331,838	325,104	341,206
County Council	300,740	297,292	290,708
County Executive	174,663	163,953	172,049
Planning & Development	1,337,129	1,238,310	1,261,252
Treasurer	431,329	404,548	407,391
Sheriff	3,800,554	3,651,908	3,940,210
District Court	570,586	539,344	553,089
District Ct Probation	384,110	385,475	405,388
Hearing Examiner	49,096	46,923	48,646
Juvenile	1,123,888	1,052,927	1,056,510
Prosecuting Attorney	1,591,042	1,461,611	1,484,858
Public Defender	975,220	906,781	913,168
Superior Court /Clerk	1,259,004	1,141,830	1,194,661
Extension	99,090	102,884	68,628
Parks	903,778	823,385	877,927
Public Health	2,654,380	2,747,426	2,823,775
Non-Departmental	3,421,372	3,720,280	3,382,239
TOTAL	20,166,718	19,719,010	19,951,582

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the first quarter were 20.73% of the approved budget. Generally, the General Fund expends approximately 24% of its budget in the first quarter. The lower percentage is due to large transfers budgeted for capital projects, which were not made in the first quarter.

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General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/18	18,039,161
Revenues	
Budgeted Revenues 2018	81,628,376
Continuing Appropriations from 2017	254,183
Supplemental Budgets 2018	2,800,948
Total Revenue	<u>84,683,507</u>
Expenditures	
Budgeted Expenditures 2018	86,649,985
Continuing Appropriations from 2017	435,867
Supplemental Budgets 2018	9,176,671
Total Expenditures	<u>96,262,523</u>
Adjusted Surplus (Deficit)	(11,579,016)
Other Considerations	
Estimated Budget Lapse ¹	4,813,126
Projected Ending Fund Balance 12/31/18	<u>11,273,271</u>
Interfund Loan Adjustment²	<u>1,114,931</u>
Adjusted Fund Balance 12/31/18	<u><u>12,388,202</u></u>

Notes:

¹ The estimated budget lapse is 5%.

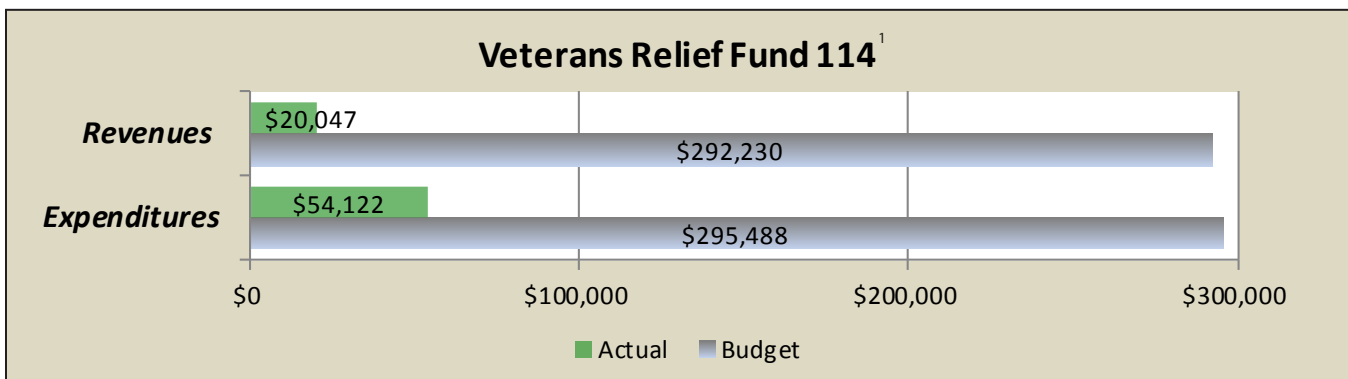
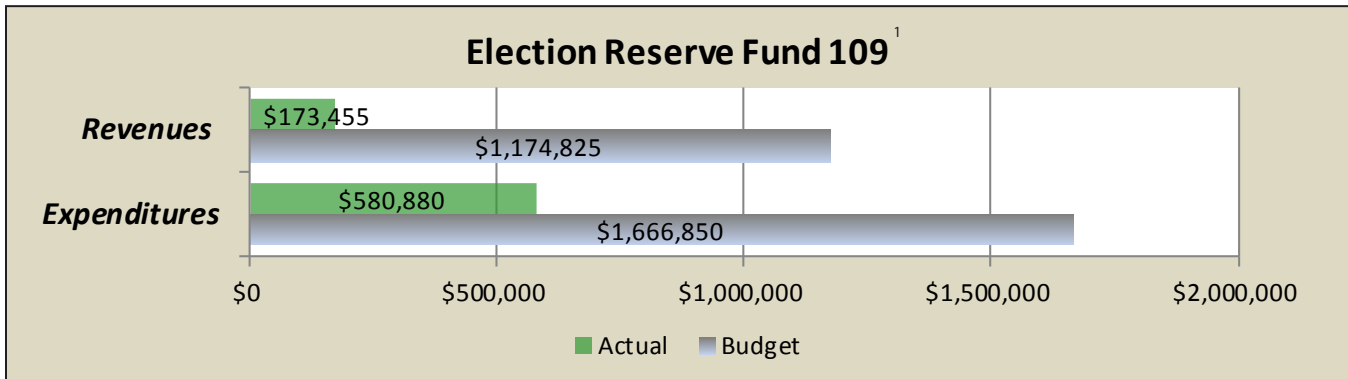
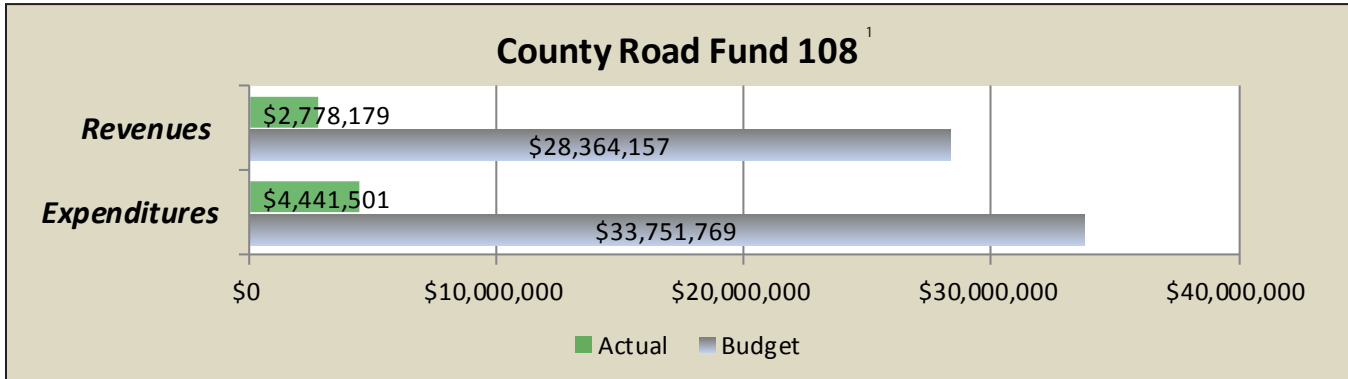
² Accounting for interfund loans used to finance the Central Plaza Building purchase, the Assessor-Treasurer System, and the general fund transfer to fund the Sheriff-Jail Records Management System in accordance with generally accepted accounting principles has the effect of artificially reducing the fund balance. This happens because the capital purchases and transfers 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:

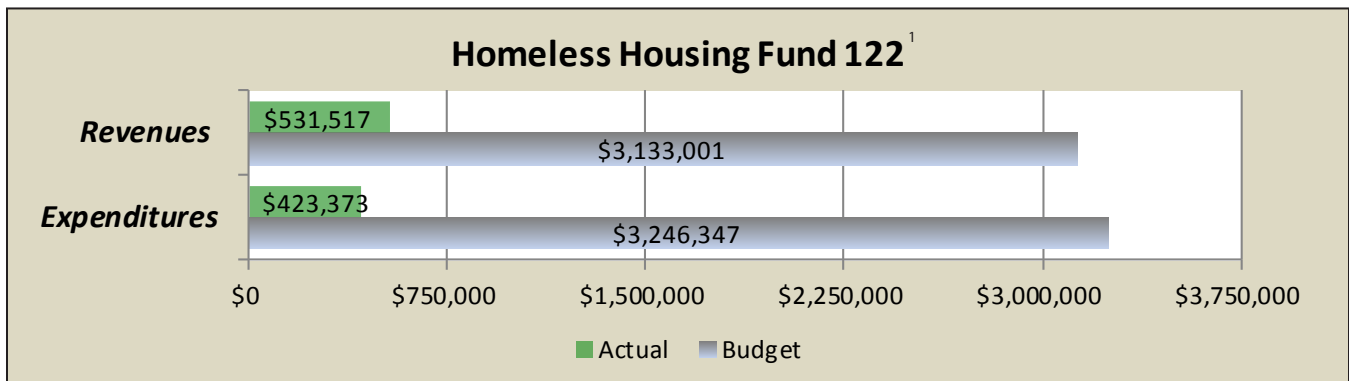
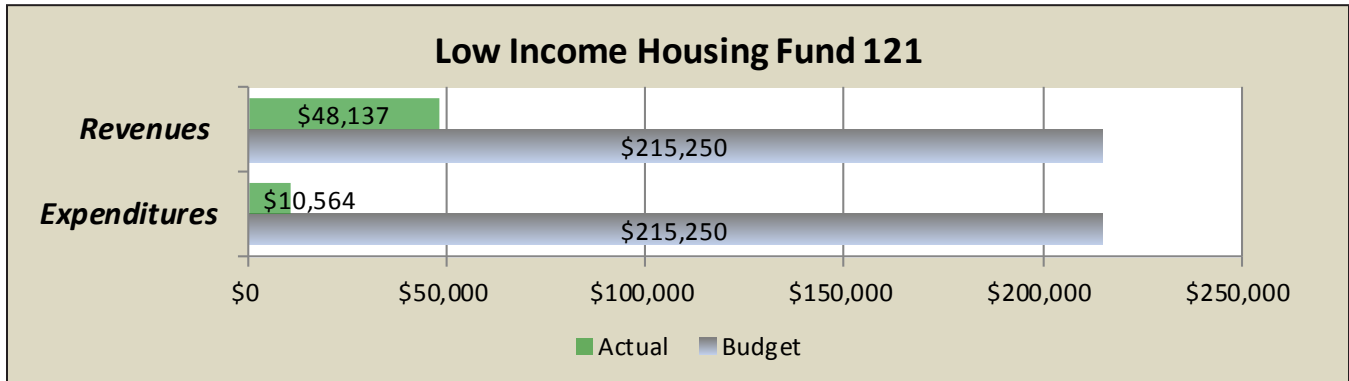
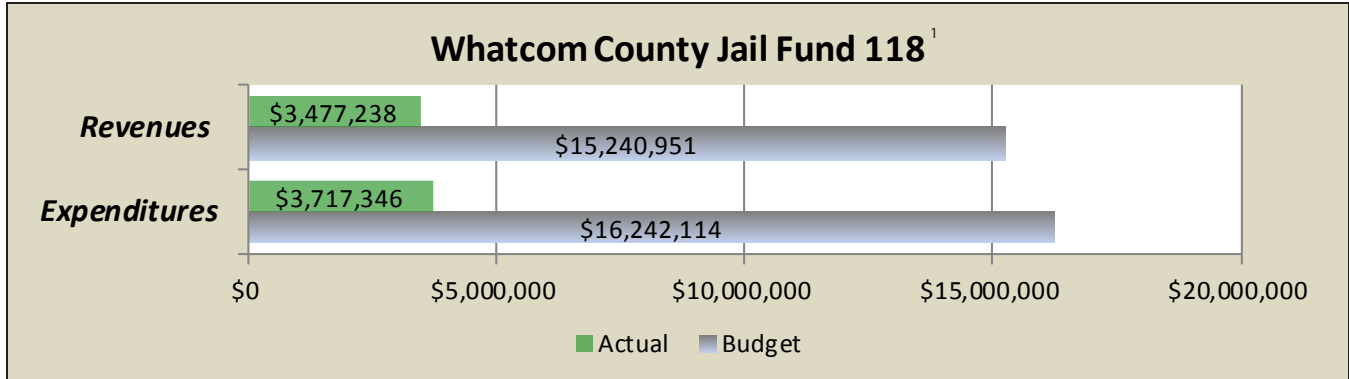
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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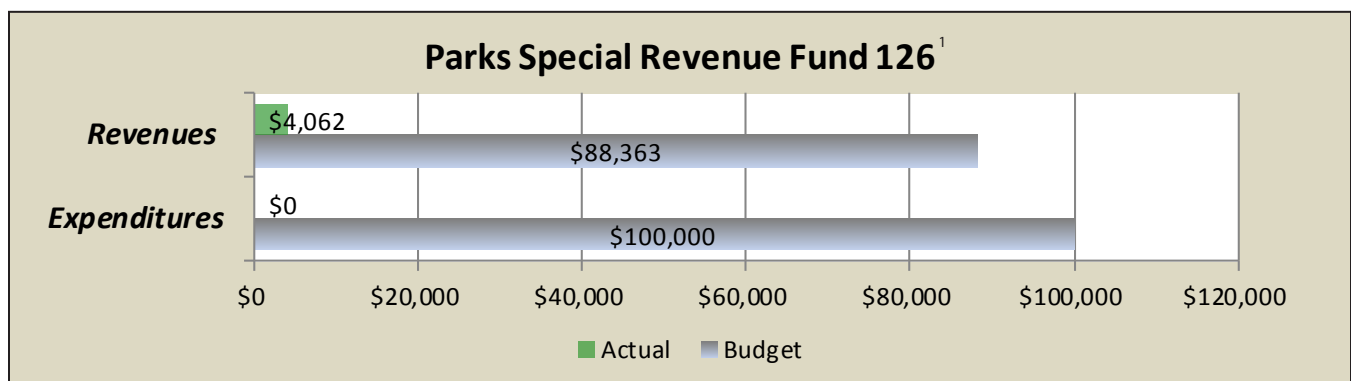
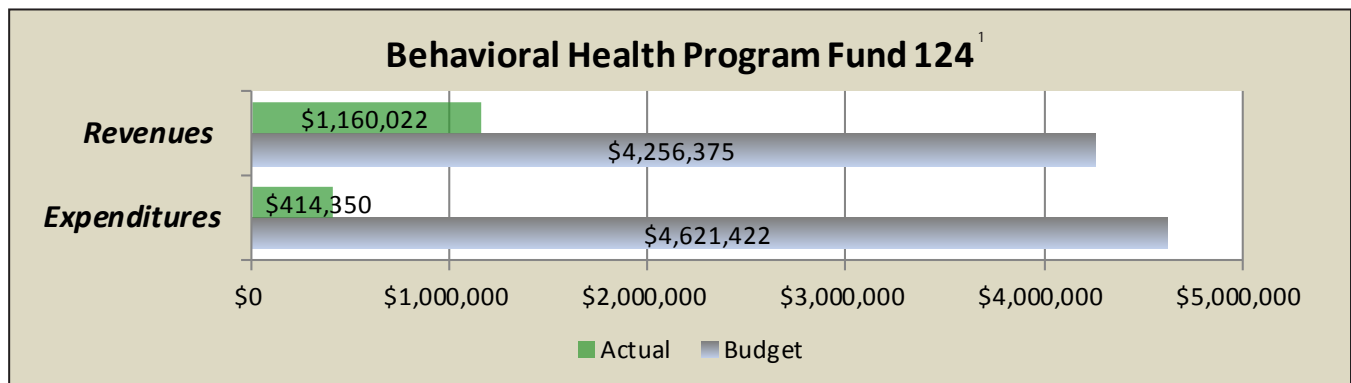
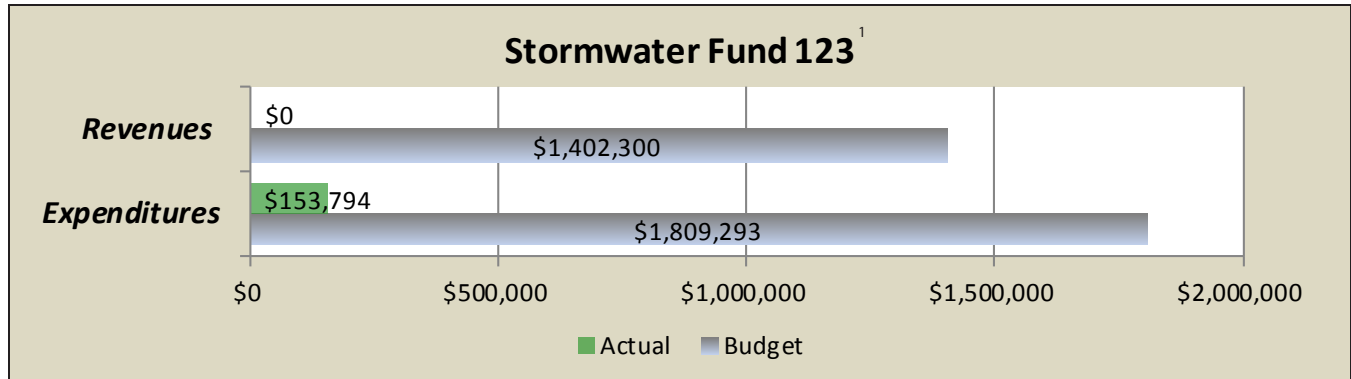
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Special Revenue Funds and Other Funds, continued



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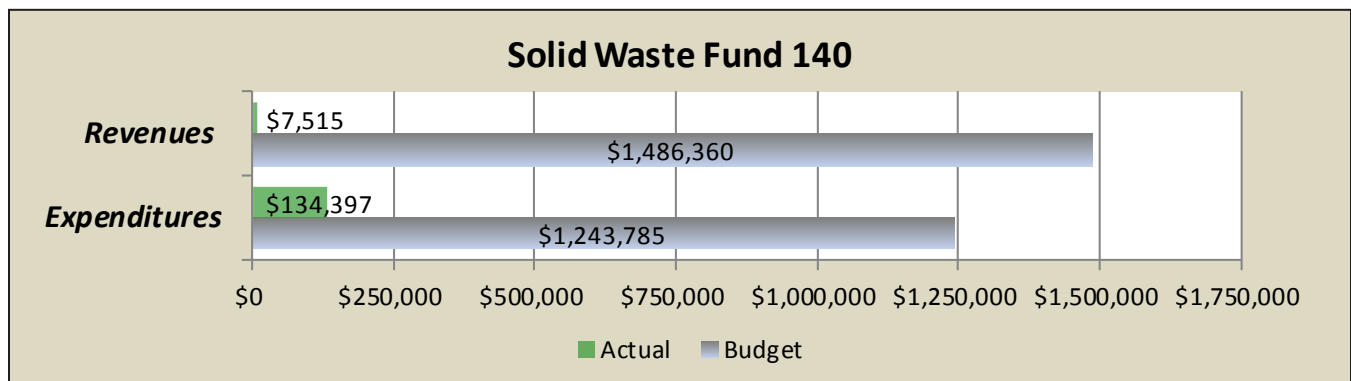
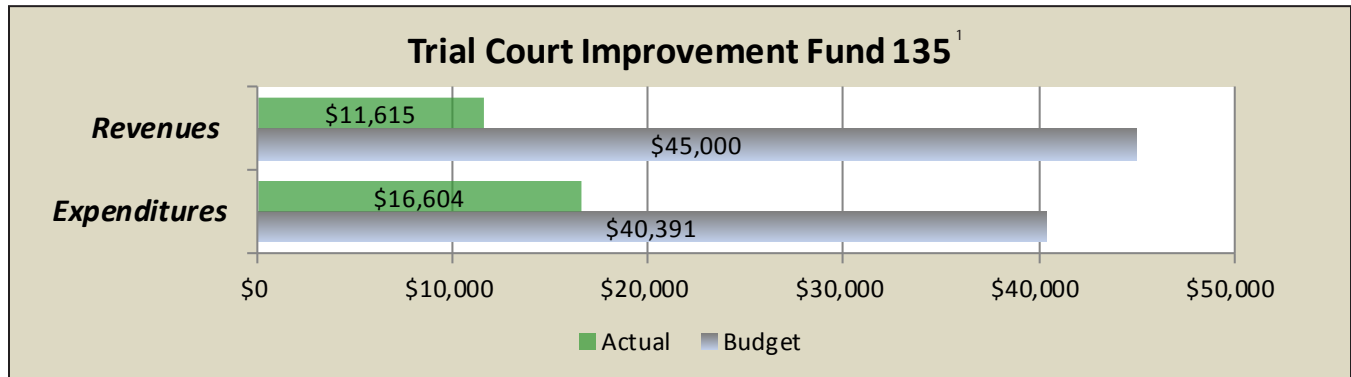
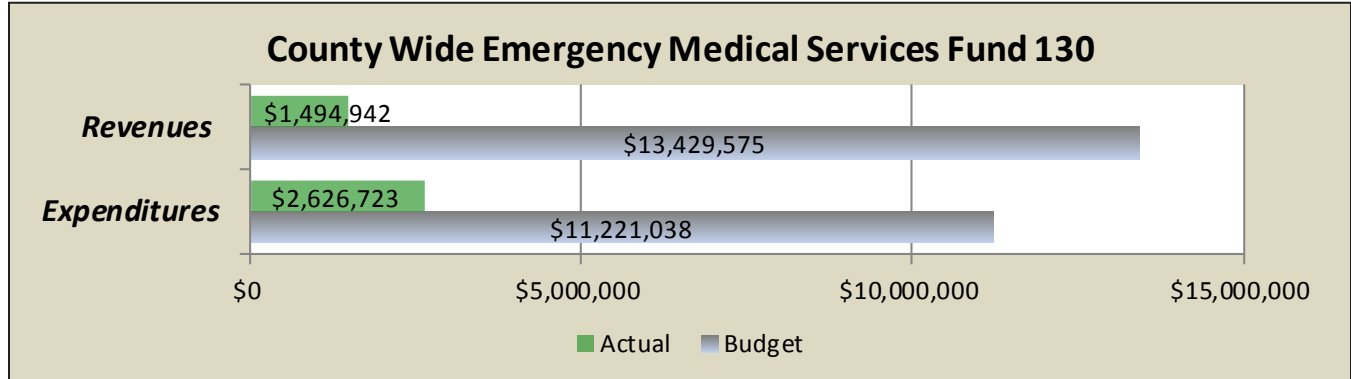
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Special Revenue Funds and Other Funds, continued



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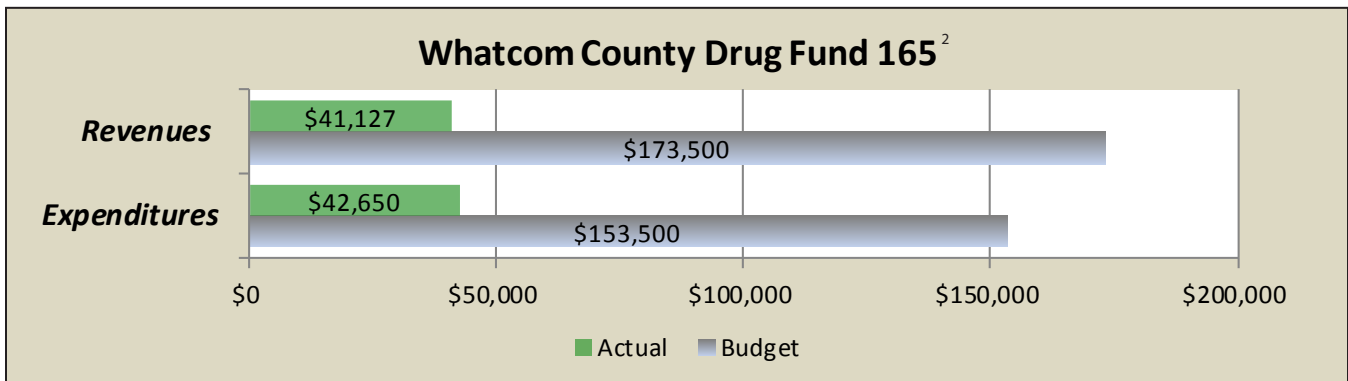
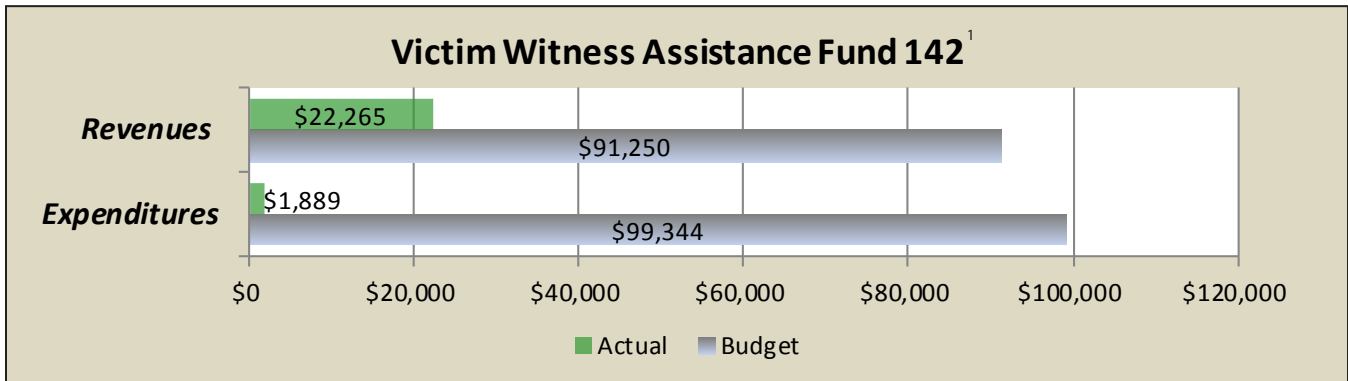
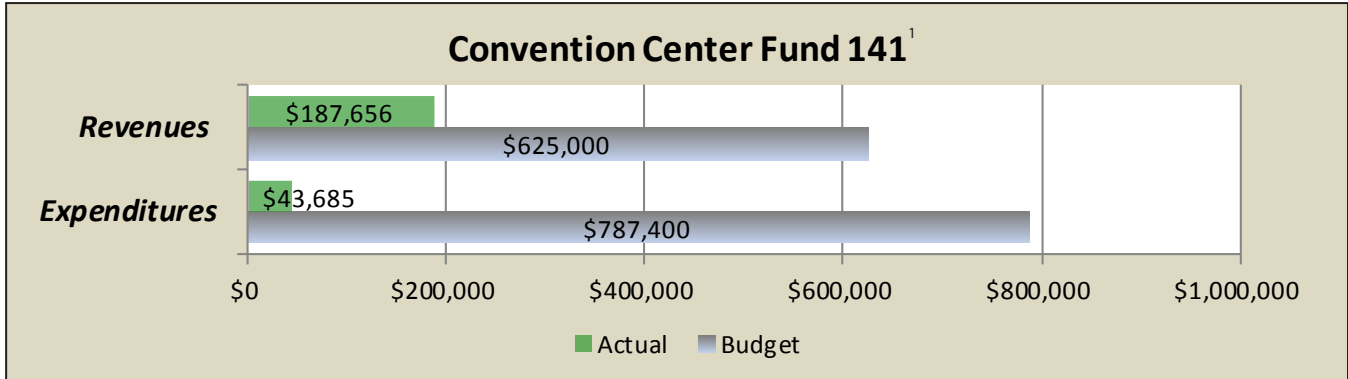
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Special Revenue Funds and Other Funds, continued



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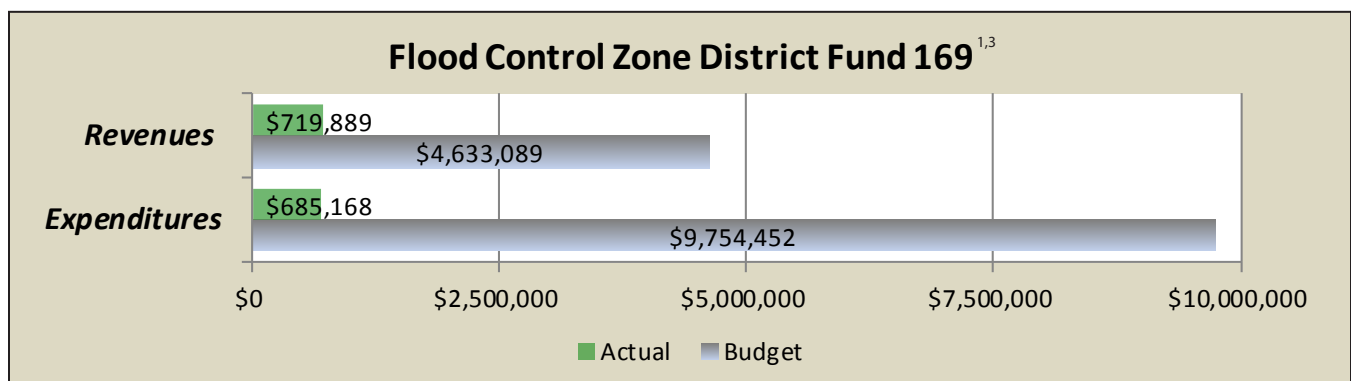
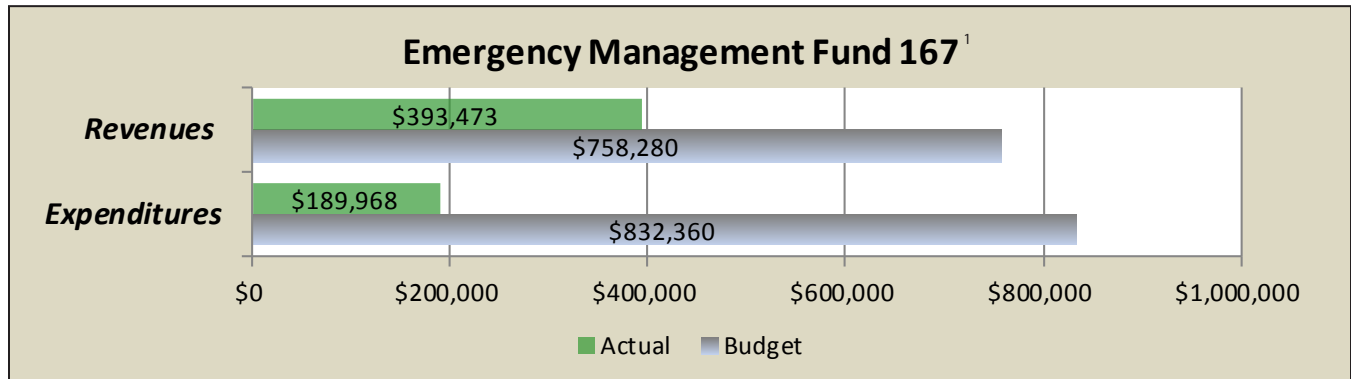
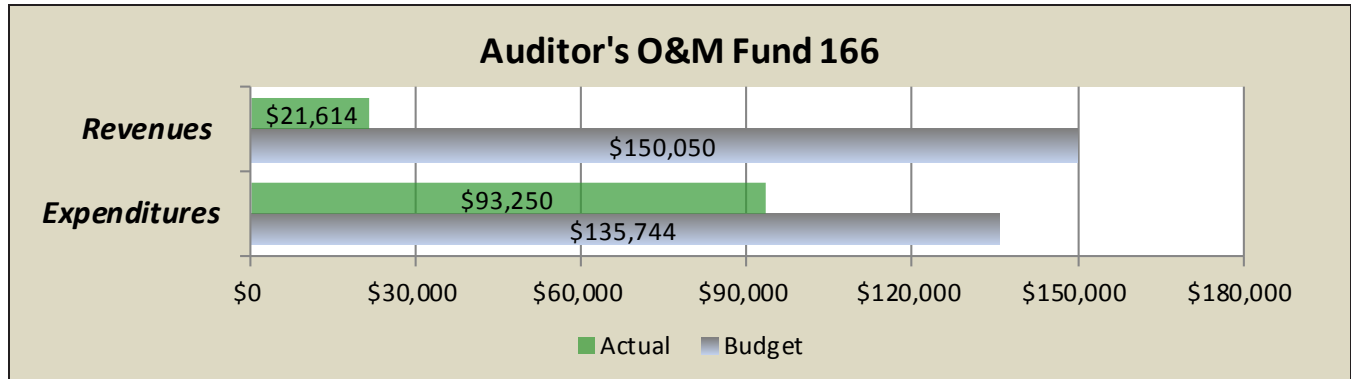
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures is also dependent on receipt of seizure revenues.

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Special Revenue Funds and Other Funds, continued



Notes:

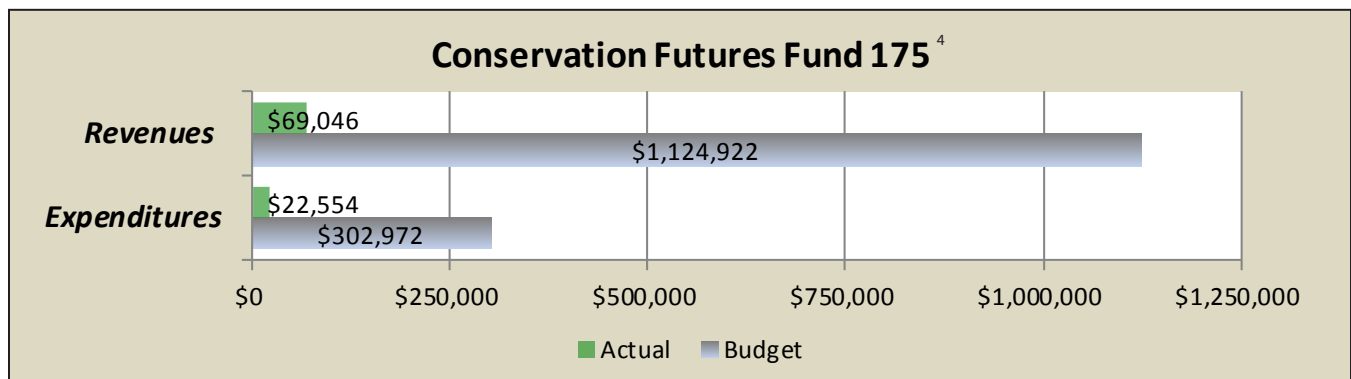
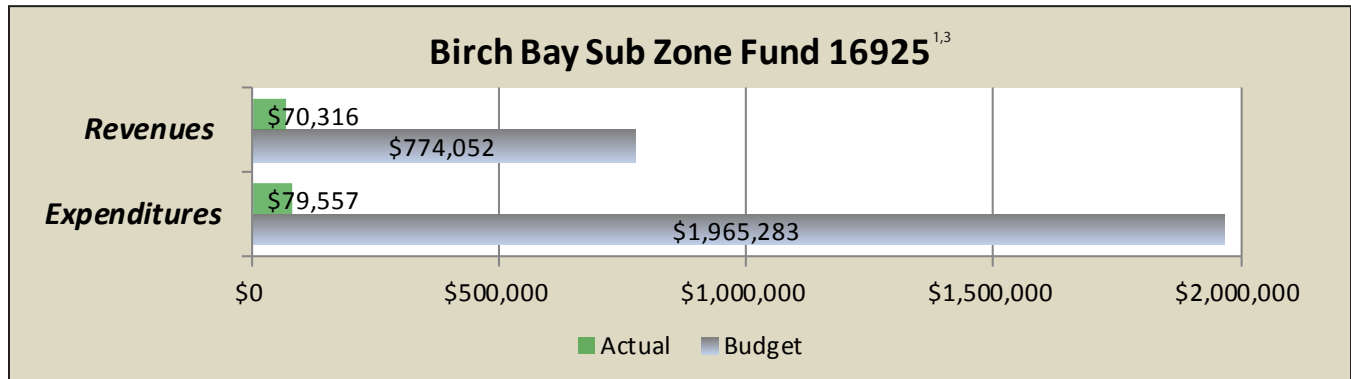
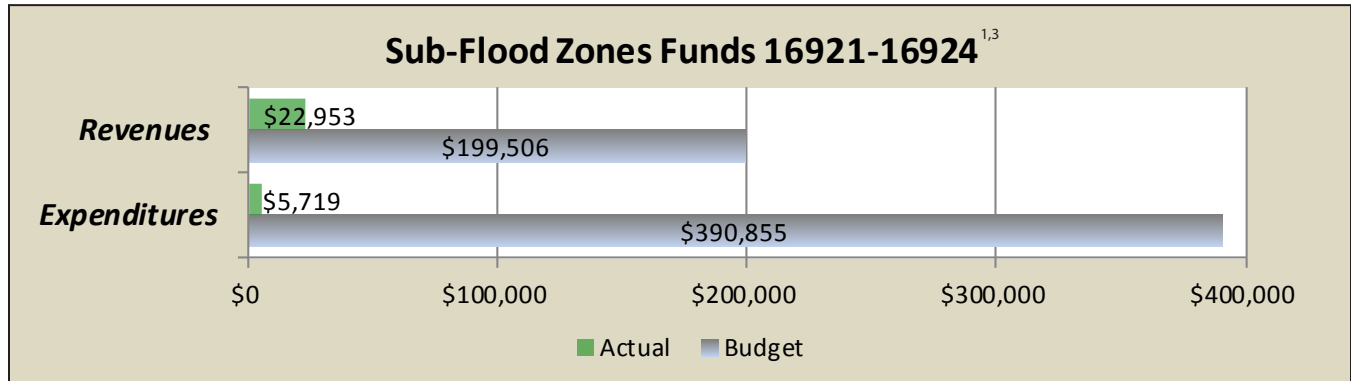
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



Notes:

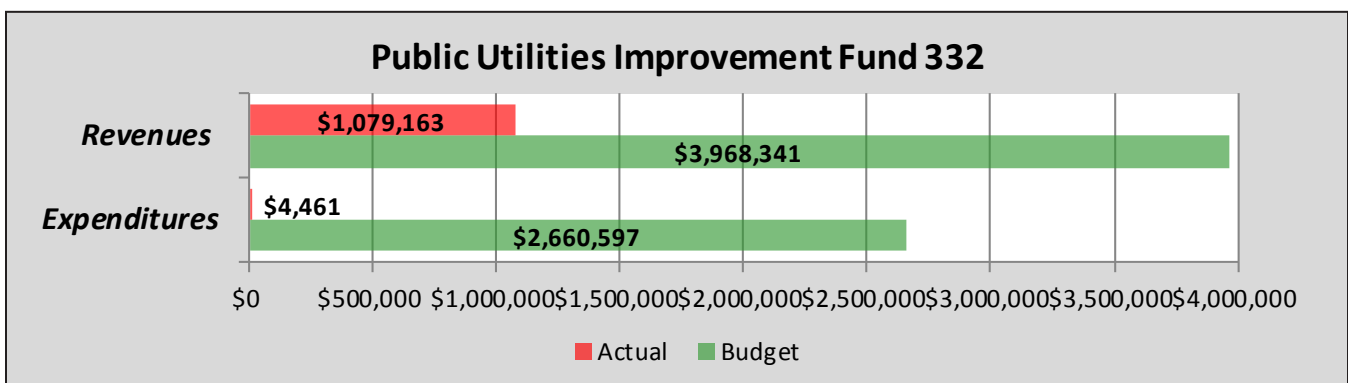
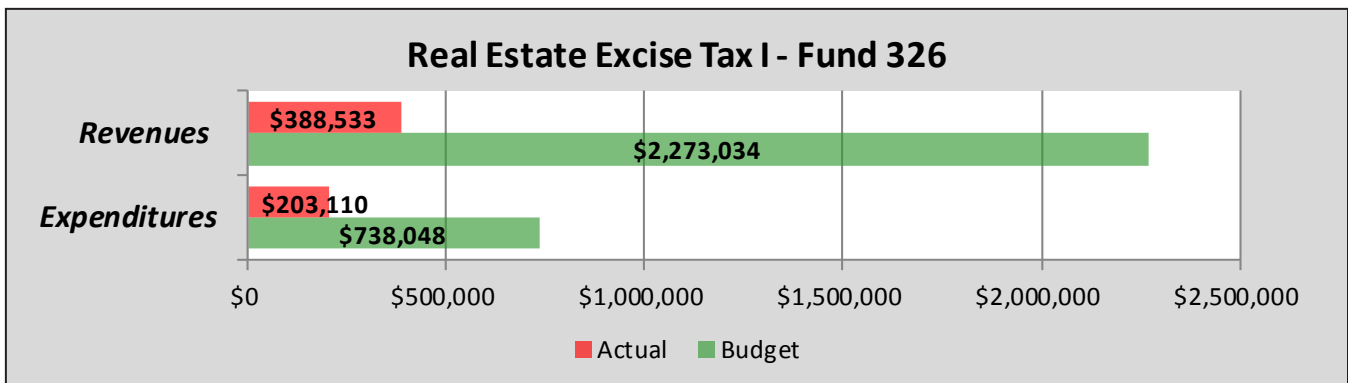
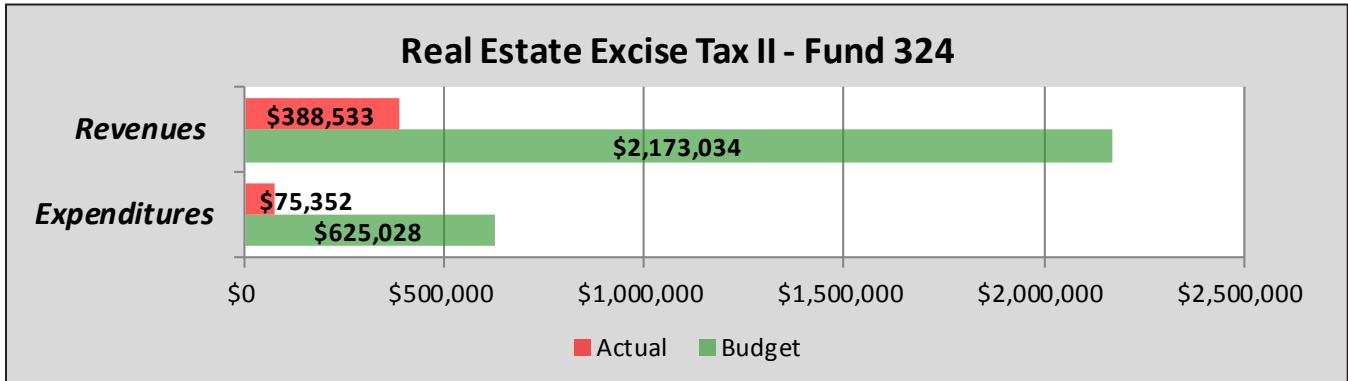
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ⁴ Most Conservations Futures funding is used to purchase development rights or land. These purchases are budgeted on a transaction by transaction basis as they occur.

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Capital Project Funds

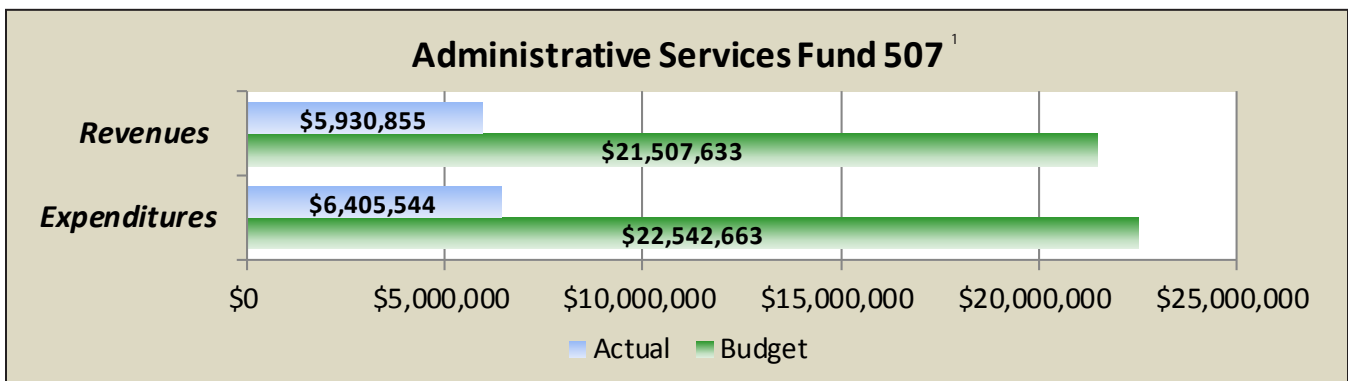
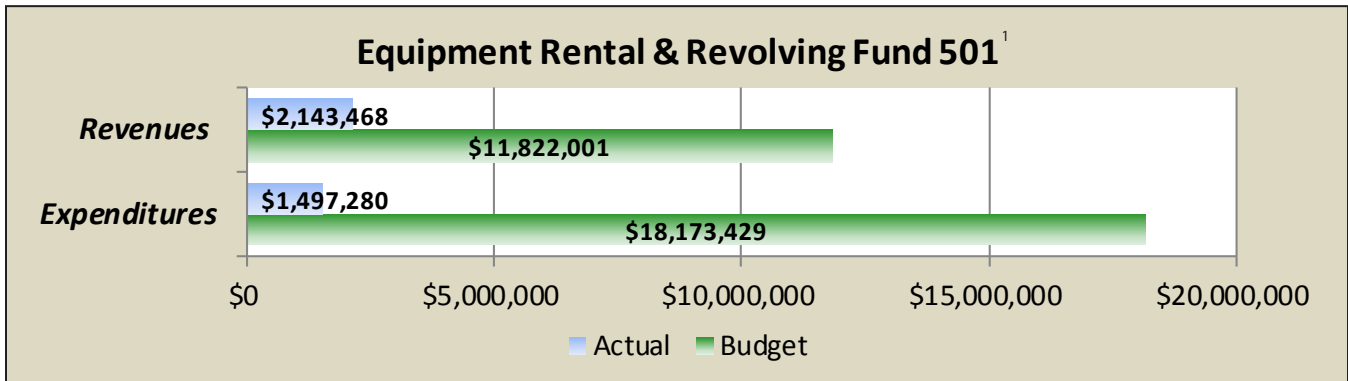
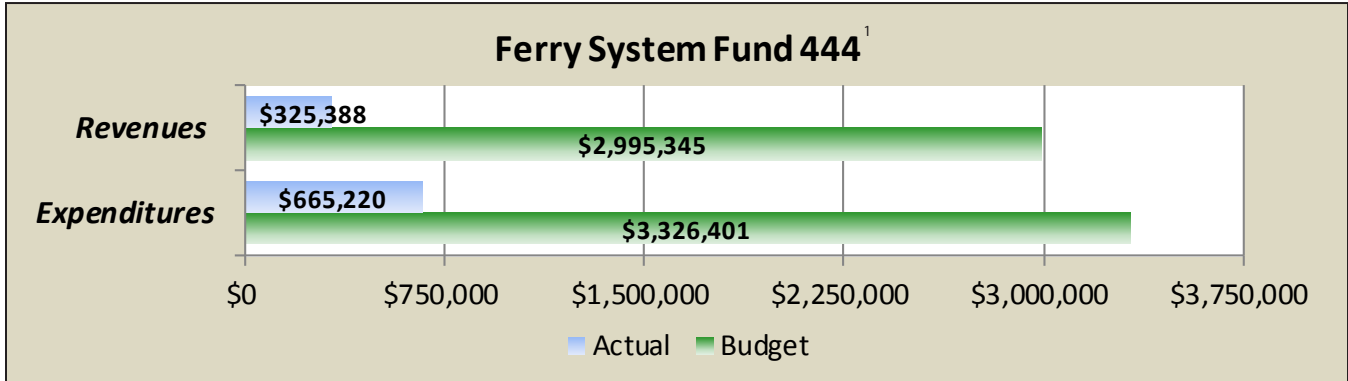


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Enterprise and Internal Service Funds



Note:

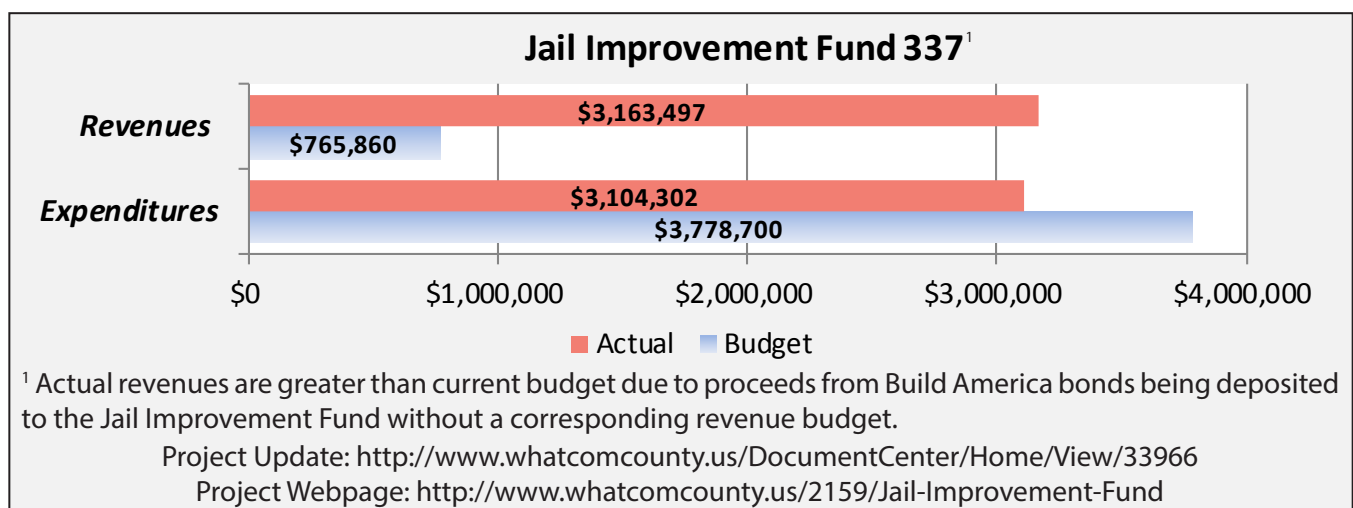
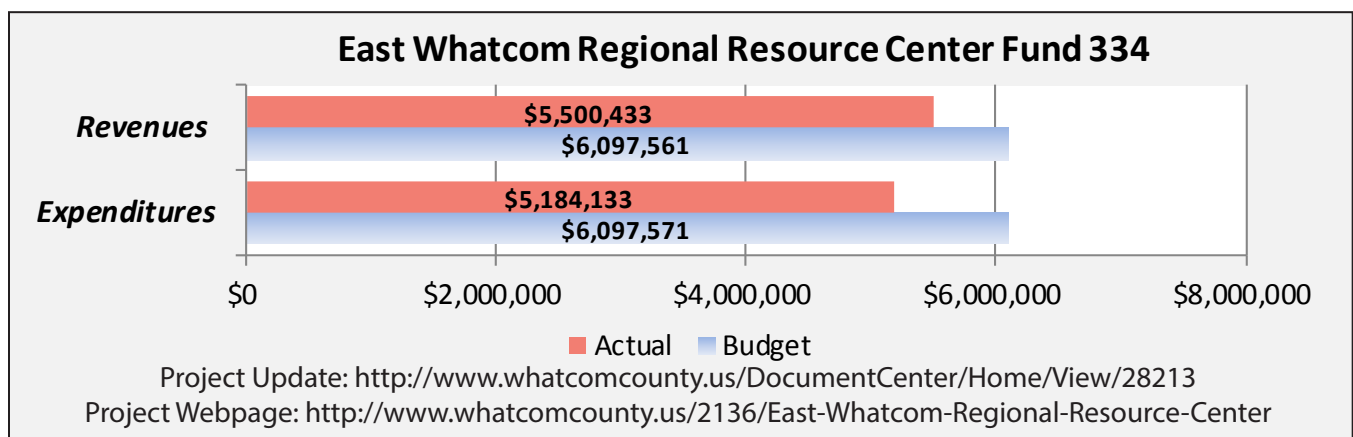
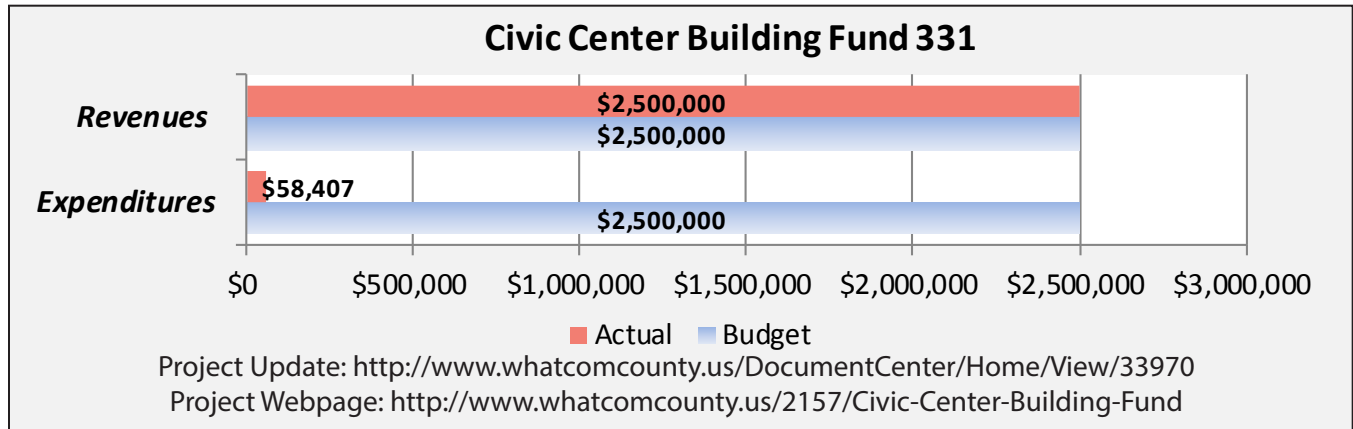
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Project Budget Funds

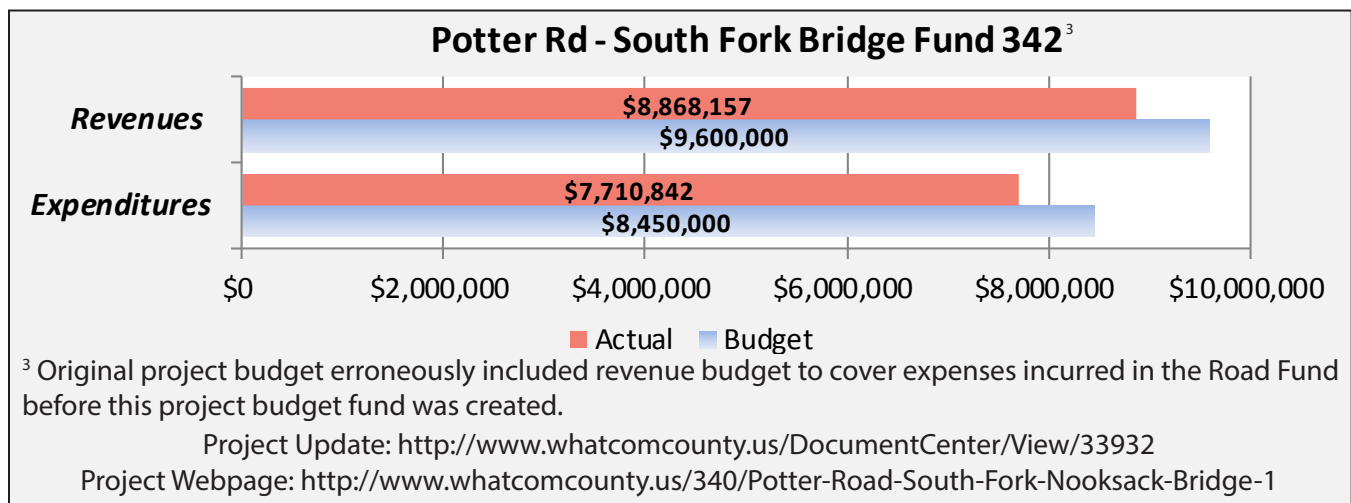
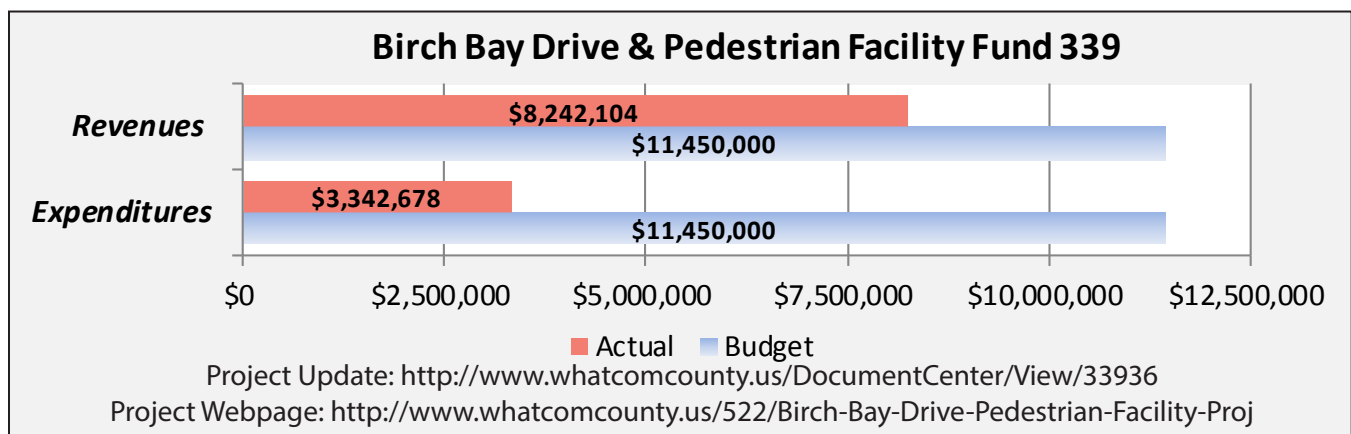
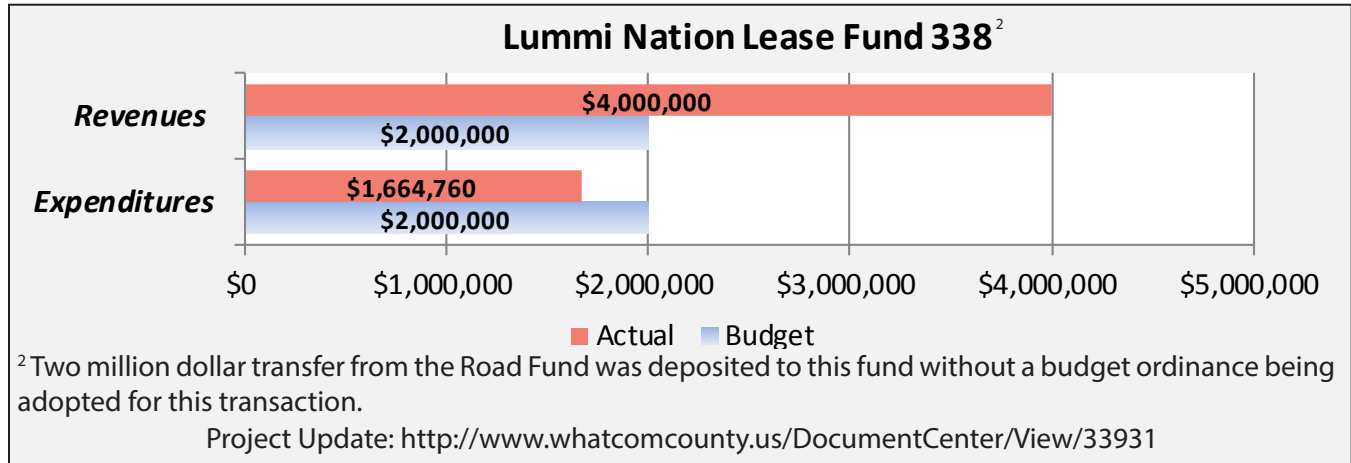


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Project Budget Funds, continued

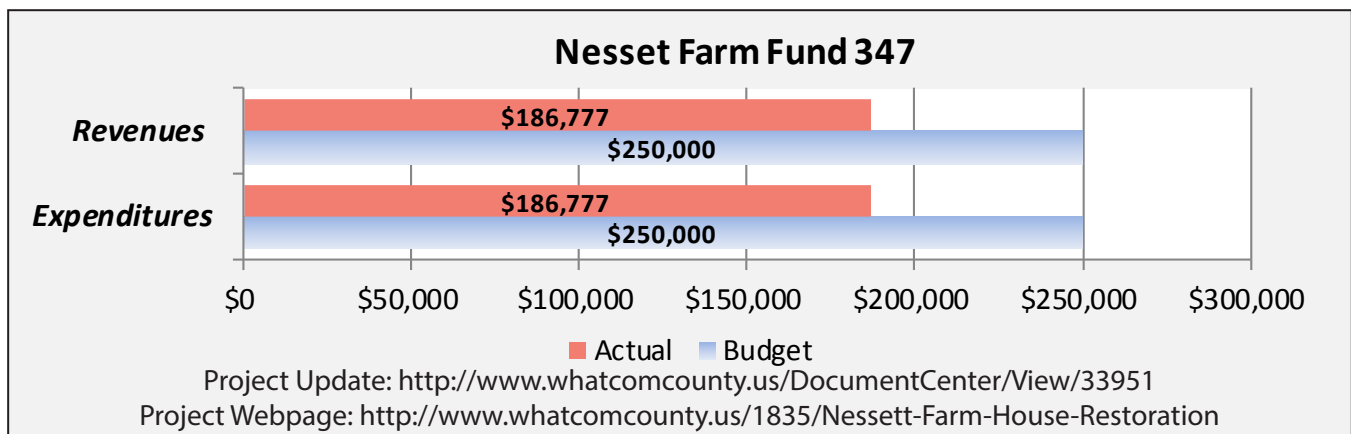
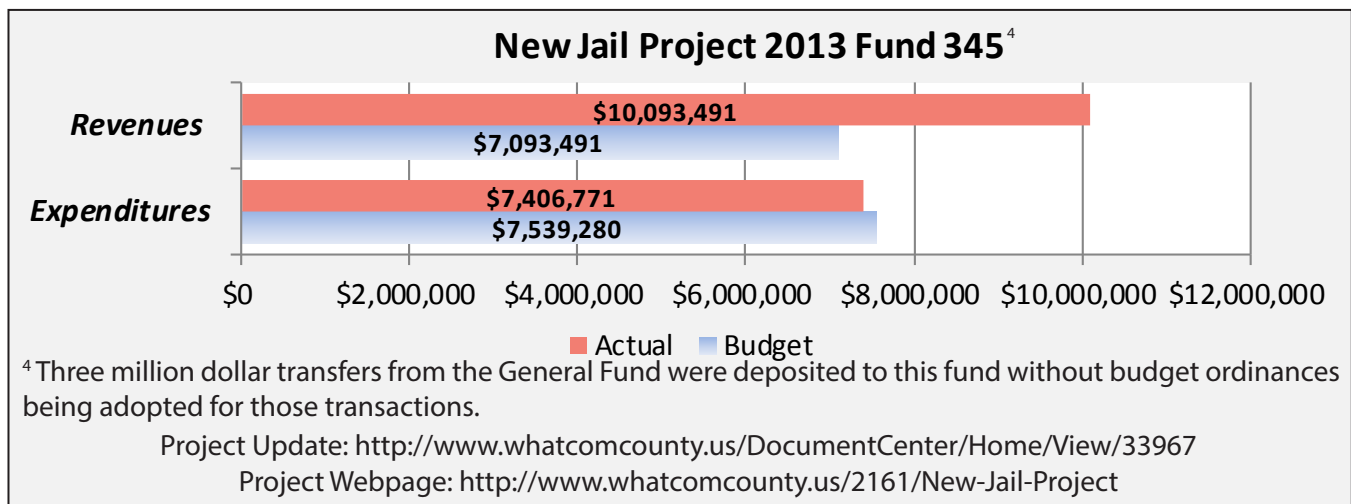
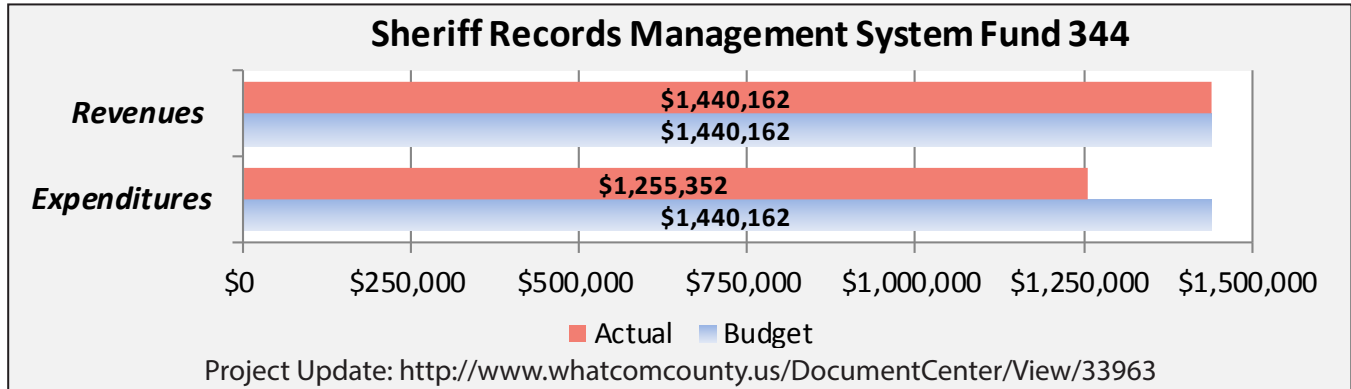


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Project Budget Funds, continued

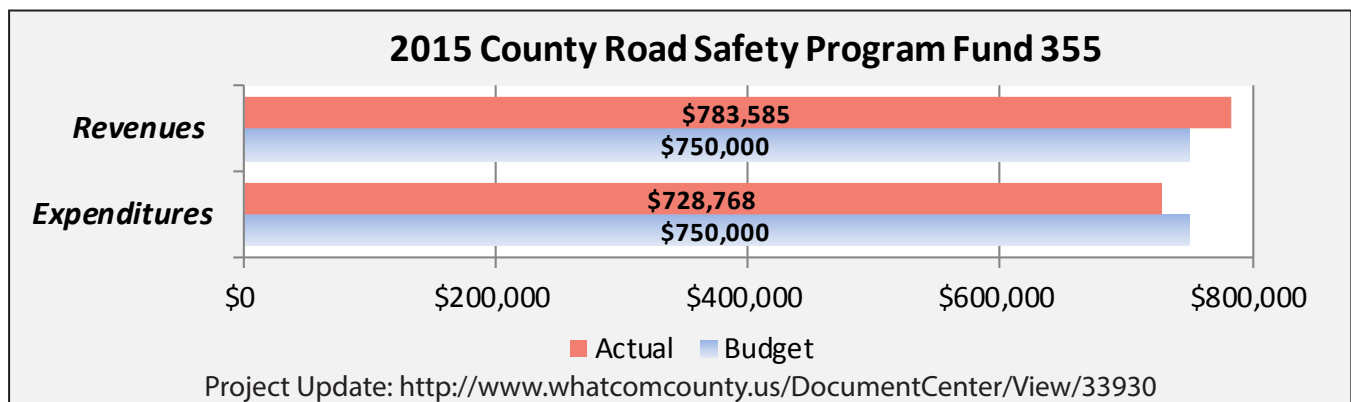
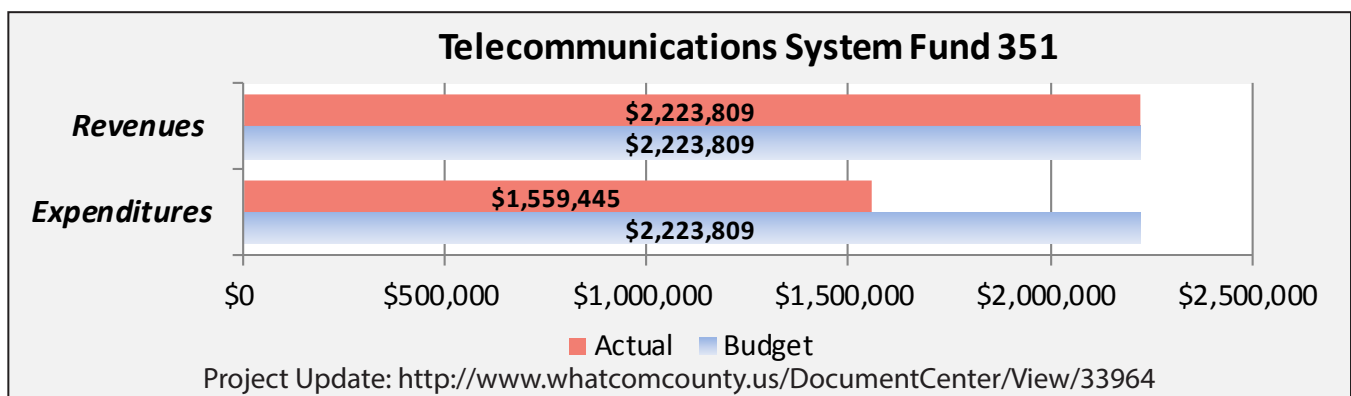
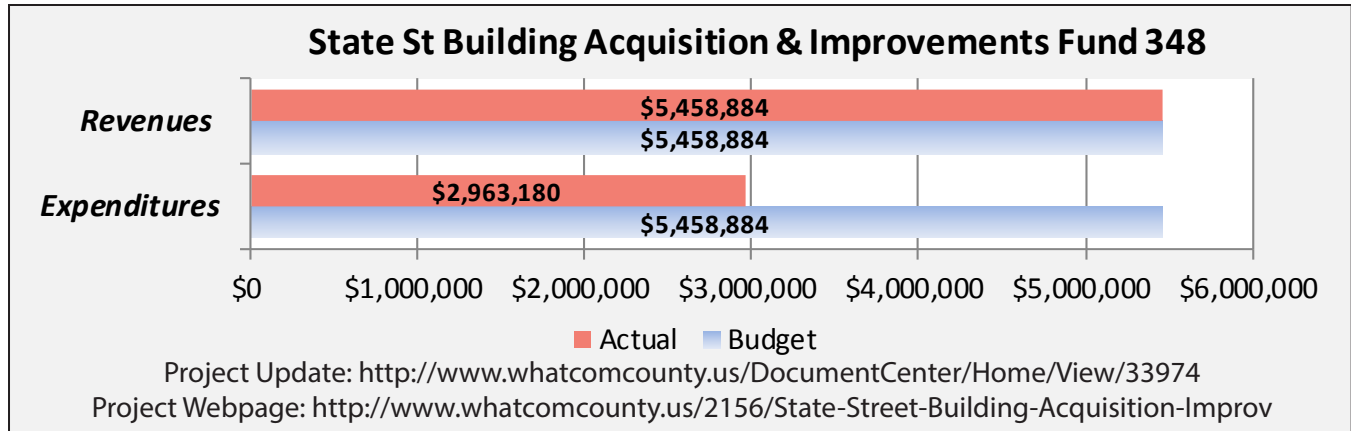


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Project Budget Funds, continued

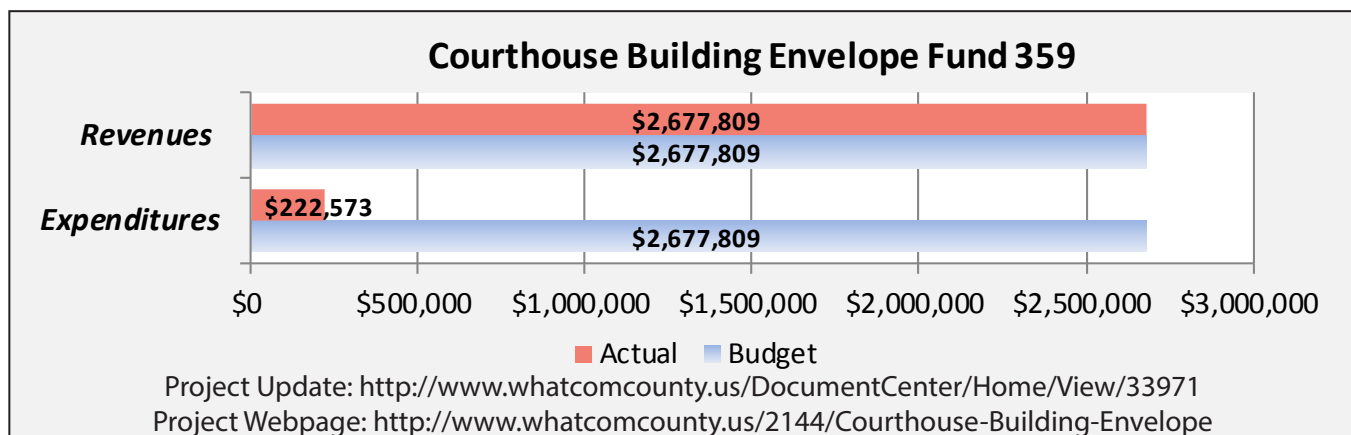
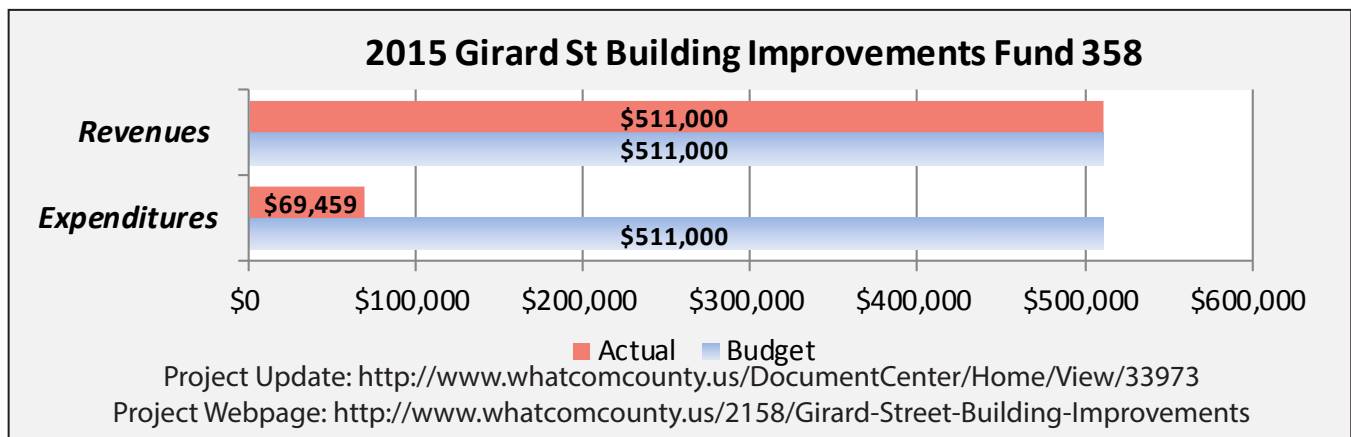
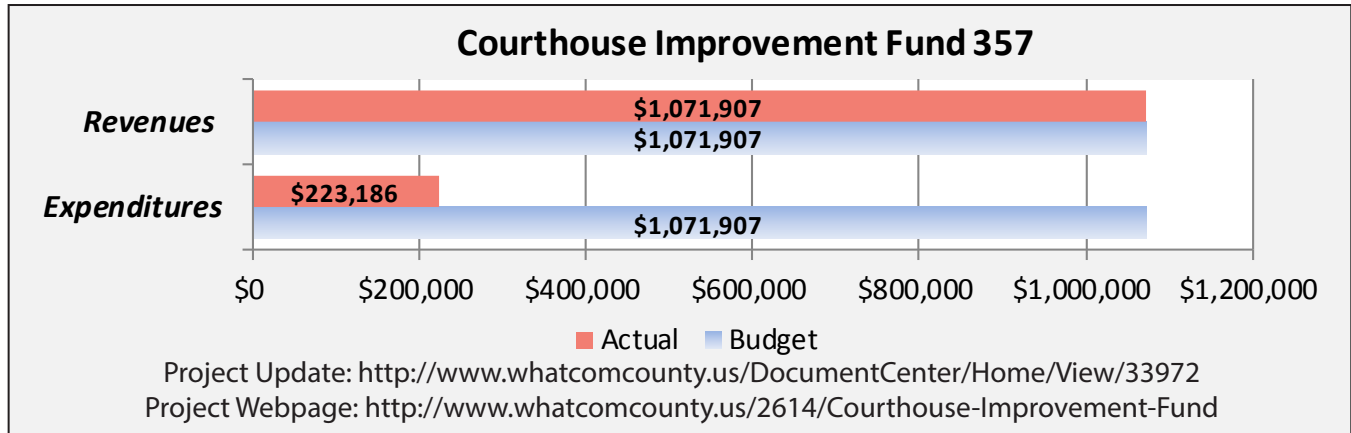


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For the Quarter Ended March 31, 2018



Project Budget Funds, continued

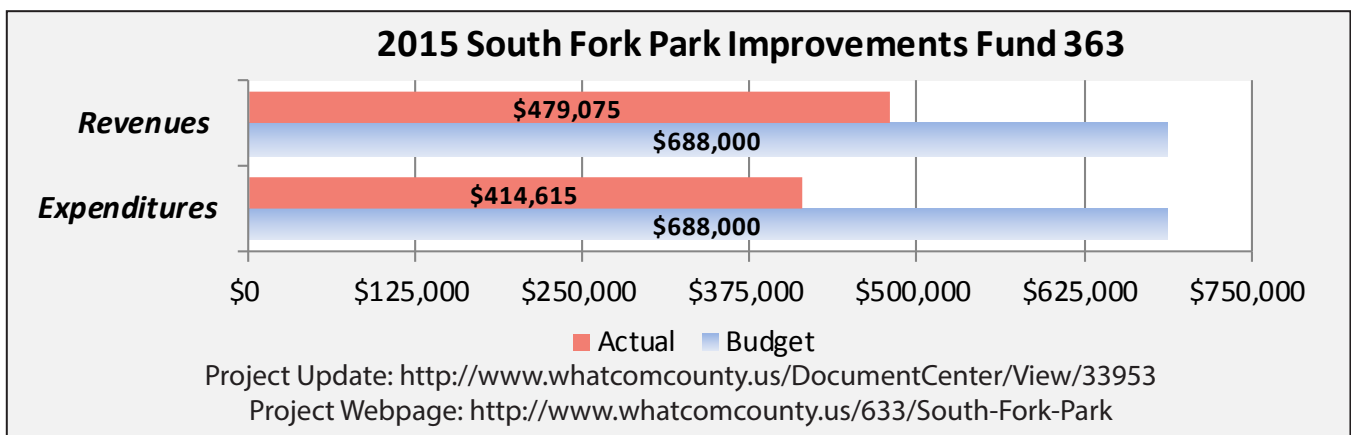
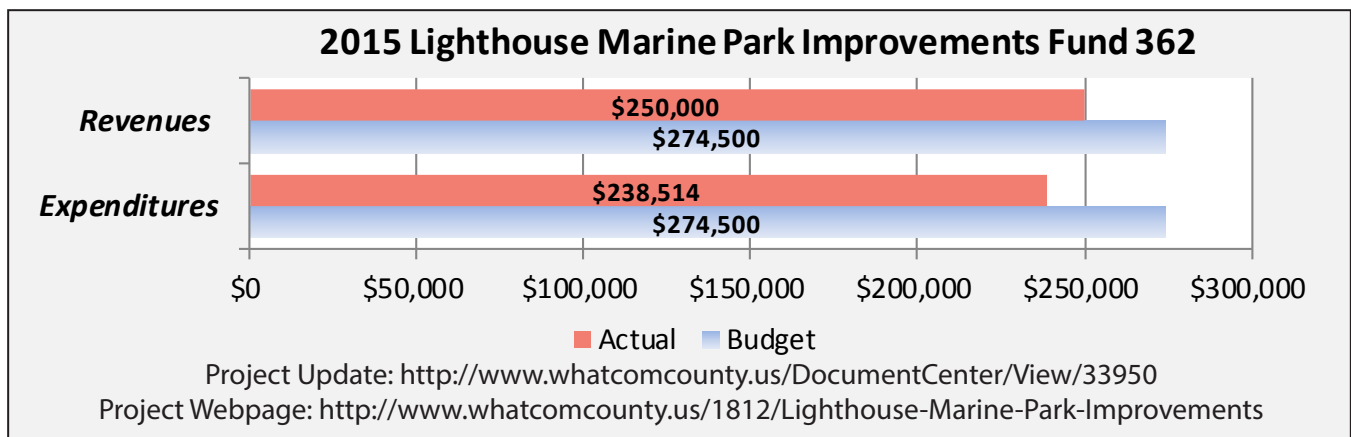
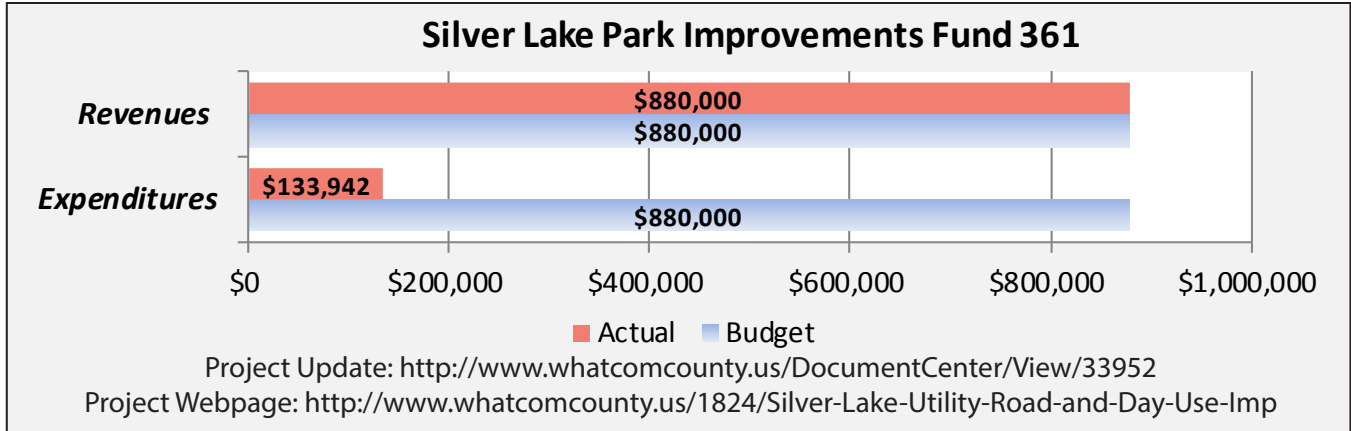


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For the Quarter Ended March 31, 2018



Project Budget Funds, continued

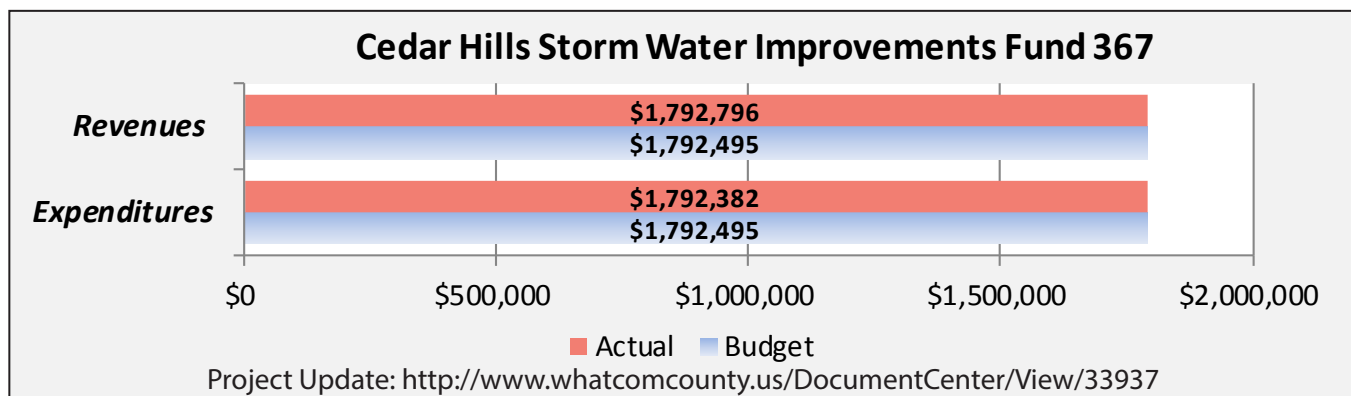
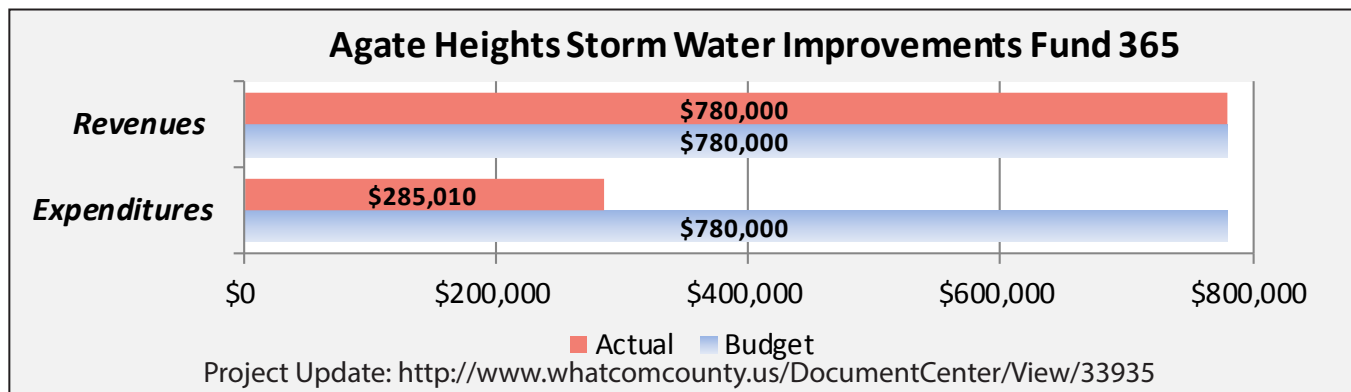
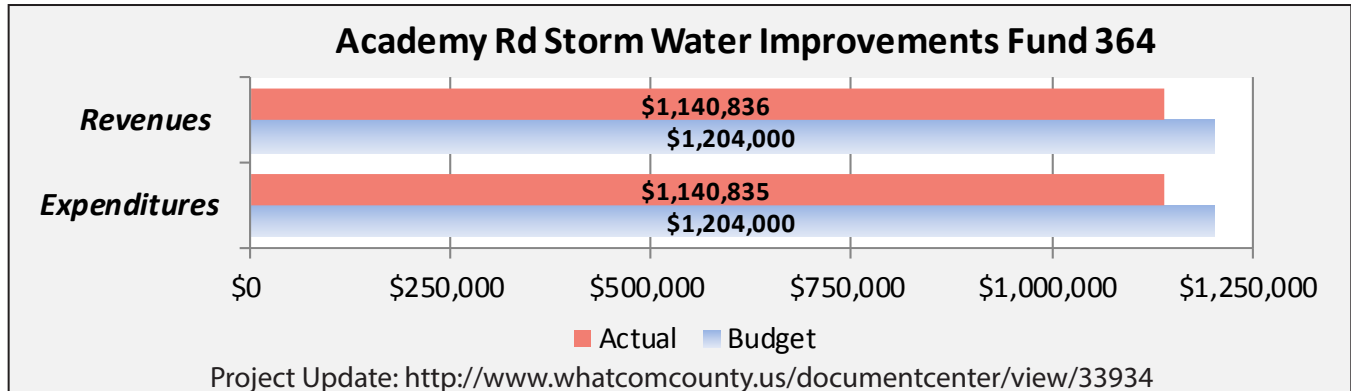


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For the Quarter Ended March 31, 2018



Project Budget Funds, continued

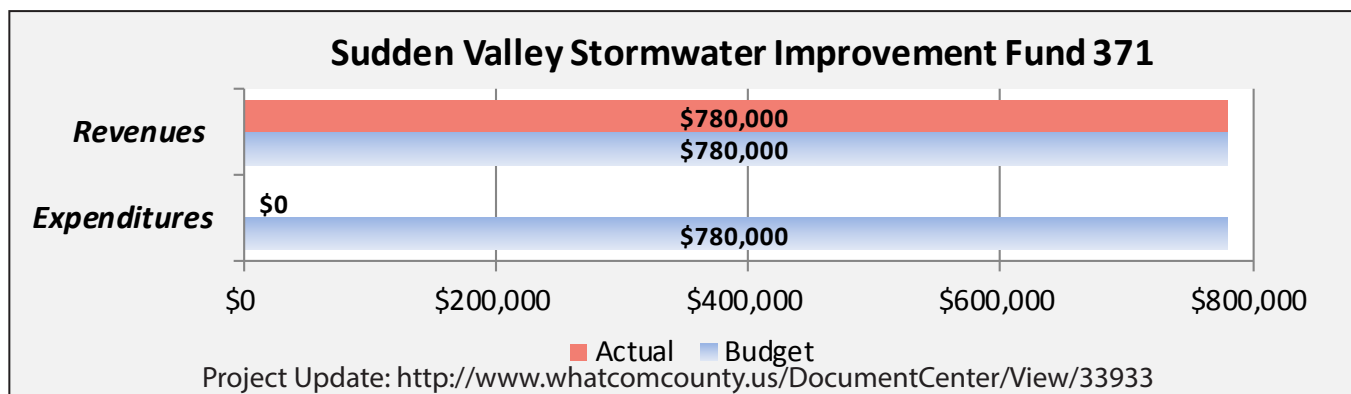
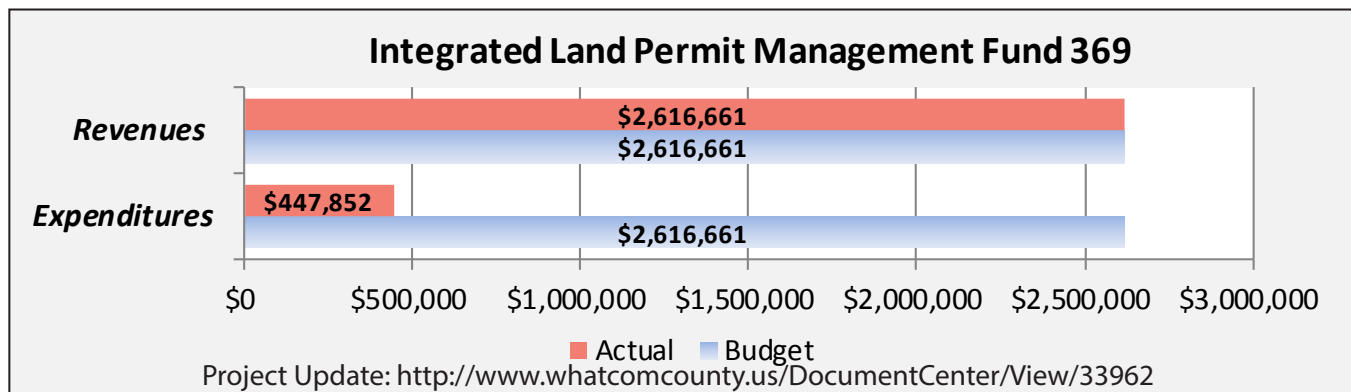
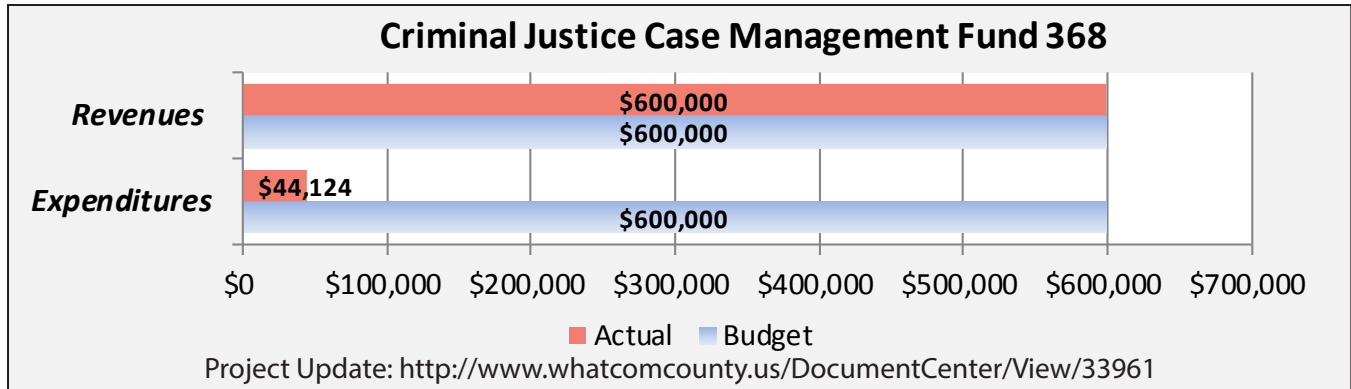


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Project Budget Funds, continued



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For the Quarter Ended March 31, 2018



Project Budget Funds, continued

