

FILE UNDER AB 2019 . 578
DATE RECEIVED: 11/6/2019
SUBMITTED BY: Brad Bennett
(Finance)
 COUNCIL MEETING
 Finance COMMITTEE
EXHIBIT: _____



2019 Third Quarter Financial Report

Jack Louws, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

November 5, 2019

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Executive Summary

The following information presents Whatcom County's third quarter 2019 financial report. At the end of the third quarter the General Fund collected 67.33% of its budgeted revenues. Revenues are about \$1.5 million over prior year third quarter amounts with increases in investment returns, sales taxes and operating transfers from other funds. Expenditures are 66.58% spent and about \$1.8 million more than 2018 amounts.

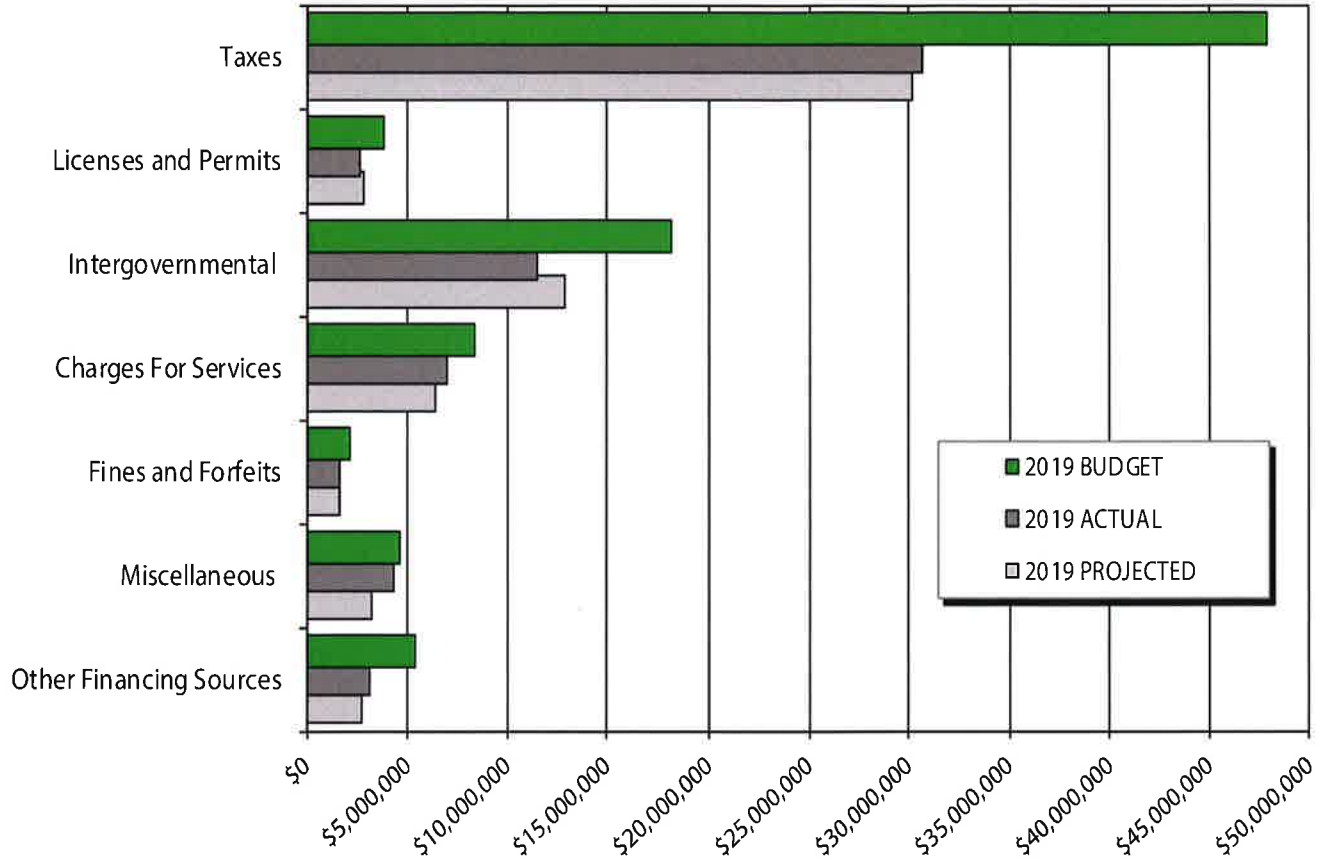
The estimated 2019 General Fund ending fund balance is projected to be approximately \$18.4 million.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Revenue - Budget vs. Actual



	2019 Budget Adopted	2019 Budget Supp'ls	2019 Budget Amended	Actual as of 9/30/2019	% Collected To Date	Projected as of 9/30/2019
Taxes	47,864,051		47,864,051	30,687,162	64.11%	30,166,020
Licenses and Permits	3,802,909		3,802,909	2,581,674	67.89%	2,799,318
Intergovernmental	15,581,941	2,569,686	18,151,627	11,542,368	63.59%	12,895,985
Charges For Services	8,372,564	2,500	8,375,064	6,927,641	82.72%	6,340,822
Fines and Forfeits	2,059,100		2,059,100	1,635,427	79.42%	1,593,568
Miscellaneous	4,481,755	84,736	4,566,491	4,284,499	93.82%	3,156,880
Other Financing Sources	5,373,885		5,373,885	3,065,379	57.04%	2,707,572
Total Revenue	87,536,205	2,656,922	90,193,127	60,724,150	67.33%	59,660,165

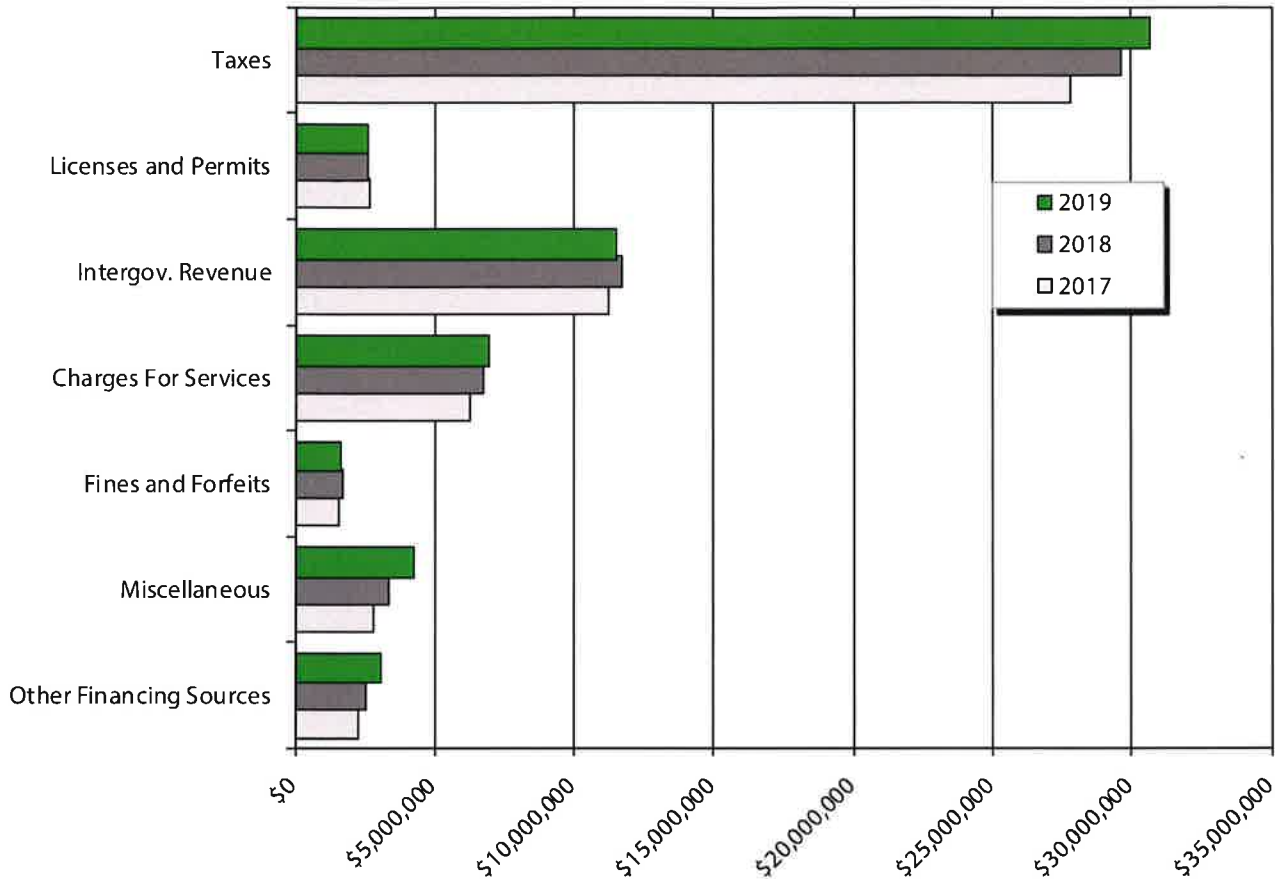
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Revenue to Date - Compared to Prior Years



	2017	2018	2019
Taxes	27,859,272	29,606,876	30,687,162
Licenses and Permits	2,668,784	2,619,839	2,581,674
Intergov. Revenue	11,245,819	11,731,142	11,542,368
Charges For Services	6,259,260	6,742,014	6,927,641
Fines and Forfeits	1,590,168	1,699,323	1,635,427
Miscellaneous	2,767,879	3,353,869	4,284,499
Other Financing Sources	2,231,084	2,514,461	3,065,379
Total Revenue	54,622,266	58,267,524	60,724,150

See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Revenue Notes

Taxes

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

Tax revenues are up 3.6%, or 1,080,286, over 2018 third quarter amounts. Property tax revenues are \$78,702 more than 2018 amounts. This is much less than normally expected as new construction valuations added to the tax rolls generally result in greater tax collections; however, property tax revenues of \$463,127 for the Mental Health/Developmental Disabilities levies are now recorded in a separate fund in 2019. Current year sales tax collections are up 878,679, or 7.1%, as compared to last year's third quarter collections. The major driver is revenue collections from internet sales as a result of a recent Supreme Court decision allowing states to charge those taxes. Excise taxes are also up from \$90,641 in 2018 to \$206,600. This is a result of an accounting change that now recognizes leasehold excise taxes quarterly rather than annually at year-end.

Licenses & Permits

Building permits account for 39% of "Licenses & Permits" budget. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 38% of the budget. Cable franchise fee revenues are 20% and marriage licenses, firearms permits and fire control permits account for the remaining 3%.

License and Permit Fees are \$38,164, or 1.5%, less than amounts collected through third quarter 2018. Development related permits, building and onsite sewage, are \$19,463 less than last year. Restaurant permits are up \$21,878 however, food handling and living environment permits are down \$43,289 due to delayed revenue posting in the Health Department.

Intergovernmental Revenue

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

Revenues collected as of quarter end are \$188,774, or 1.6%, lower than third quarter 2018. Grant revenues fluctuate based on timing of program billings, variances in year to year funding levels, and additions/deletions of grant programs. Payment in Lieu of Taxes (PILT) for federal forest lands is also \$267,000 less than last year.

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 \$185,626, or 2.75%, over third quarter 2018. Auto licensing fees are up \$60,625 or 6.4%, municipal probation service contracts are up \$50,647 or 18.6%, and the county received a \$47,181 back payment from the Nooksack Tribe in connection with casino contract terms and conditions.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



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 \$63,893, or 3.8%, from third quarter 2018 amounts. A change in state law that now assigns all crime victim penalties to the Victim-Witness Fund has resulted in a decrease of \$40,200 in felony penalties. In addition, civil penalties assessed by Planning & Development and the Health Department are down \$36,580.

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 \$930,632, or 27.7%, from third quarter 2018 amounts. Improving interest rates on investment income has resulted in \$932,771 more interest income than the same period last year. This trend is not expected to continue in 2020 due to recent decreases in the federal rates. Interest income on delinquent property taxes increased about \$27,000, rental income decreased by \$84,000 principally due to ongoing campground renovations at Silver Lake, and donations increased by \$62,000 as a result of support received for Health Department programs from Boston Medical and Group Health.

Other Financing Sources

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

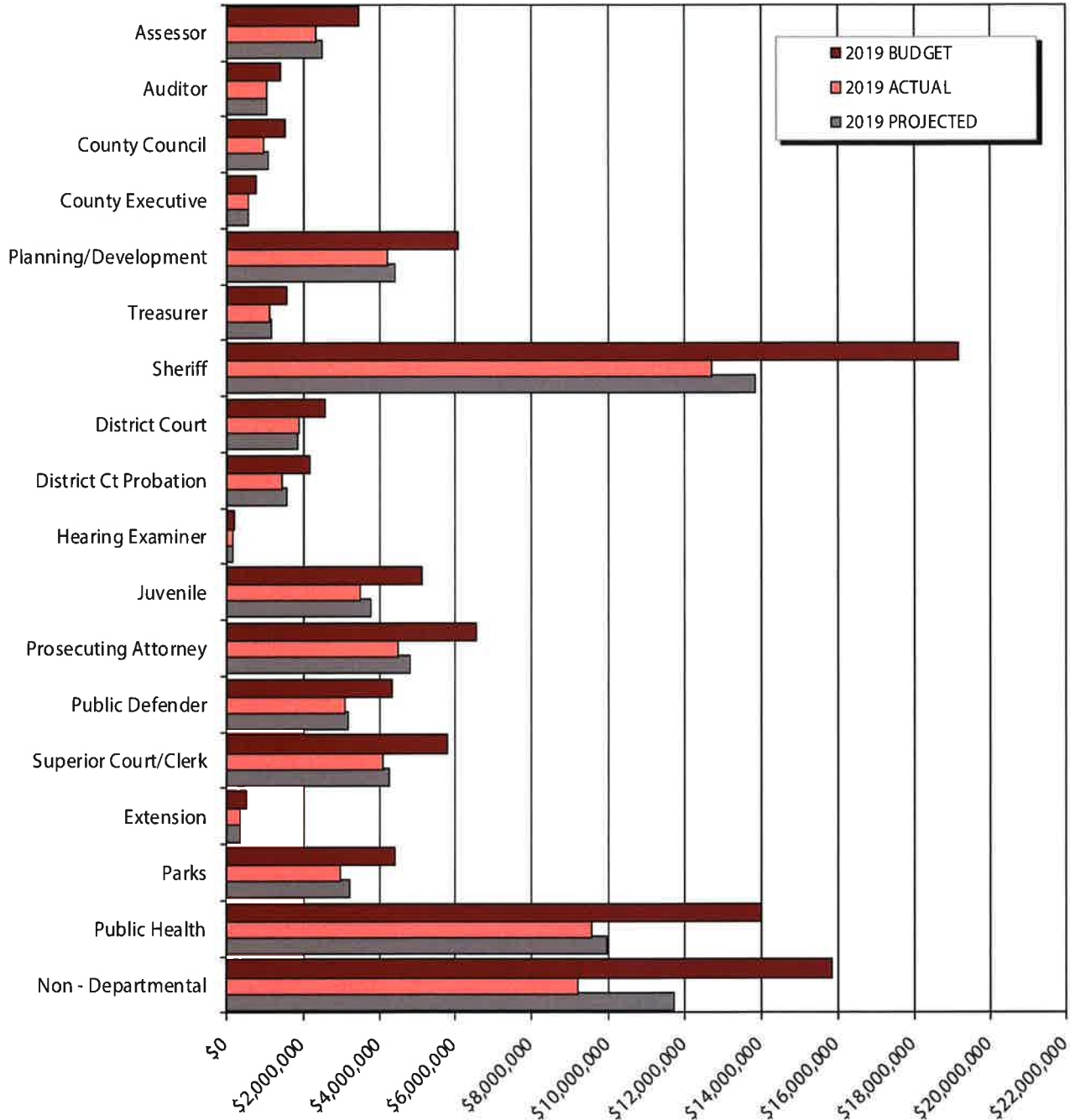
The Other Financing Sources category is \$550,919 (21.9%) more than third quarter 2018 amounts. Timber sales revenue decreased by \$166,482 and operating transfers increased \$717,401. Timber revenues fluctuate based on harvest plans and market conditions. The timing of operating transfers between departments also fluctuates from year to year. Budgeted operating transfer amounts are \$1.2 million higher than 2018 amounts and transfers are being made on a timelier basis in 2019.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Expenditures - Budget vs. Actual



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

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Expenditures - Budget vs. Actual

	Adopted 2019 Budget	Budget Supp'ls	Amended Budget	Actual as of 9/30/19	% Expended To Date	Projected as of 9/30/19
Assessor	3,394,993	27,075	3,422,068	2,315,958	67.68%	2,499,267
Auditor	1,424,557		1,424,557	1,030,427	72.33%	1,045,015
County Council	1,512,431	2,245	1,514,676	975,405	64.40%	1,095,916
County Executive	778,972		778,972	566,573	72.73%	569,490
Planning & Development	5,910,561	182,339	6,092,900	4,205,463	69.02%	4,401,076
Treasurer	1,563,968		1,563,968	1,136,355	72.66%	1,176,486
Sheriff	17,867,357	1,299,830	19,167,187	12,706,733	66.29%	13,846,029
District Court	2,546,145		2,546,145	1,888,631	74.18%	1,849,890
District Court Probation	2,029,333	120,000	2,149,333	1,450,287	67.48%	1,564,447
Hearing Examiner	201,617		201,617	149,246	74.02%	148,114
Juvenile	5,015,706	95,521	5,111,227	3,487,757	68.24%	3,742,421
Prosecuting Attorney	6,550,982	11,905	6,562,887	4,462,959	68.00%	4,794,802
Public Defender	4,318,112	14,000	4,332,112	3,063,537	70.72%	3,167,159
Superior Court/Clerk	5,756,004	23,363	5,779,367	4,077,609	70.55%	4,222,092
Extension	541,708		541,708	350,918	64.78%	348,426
Park	4,383,264	9,000	4,392,264	2,946,891	67.09%	3,204,028
Public Health	13,642,352	387,206	14,029,558	9,538,373	67.99%	9,958,822
Non - Departmental	14,614,557	1,219,389	15,833,946	9,189,402	58.04%	11,685,738
Total General Fund Exp	92,052,619	3,391,873	95,444,492	63,542,524	66.58%	69,319,218

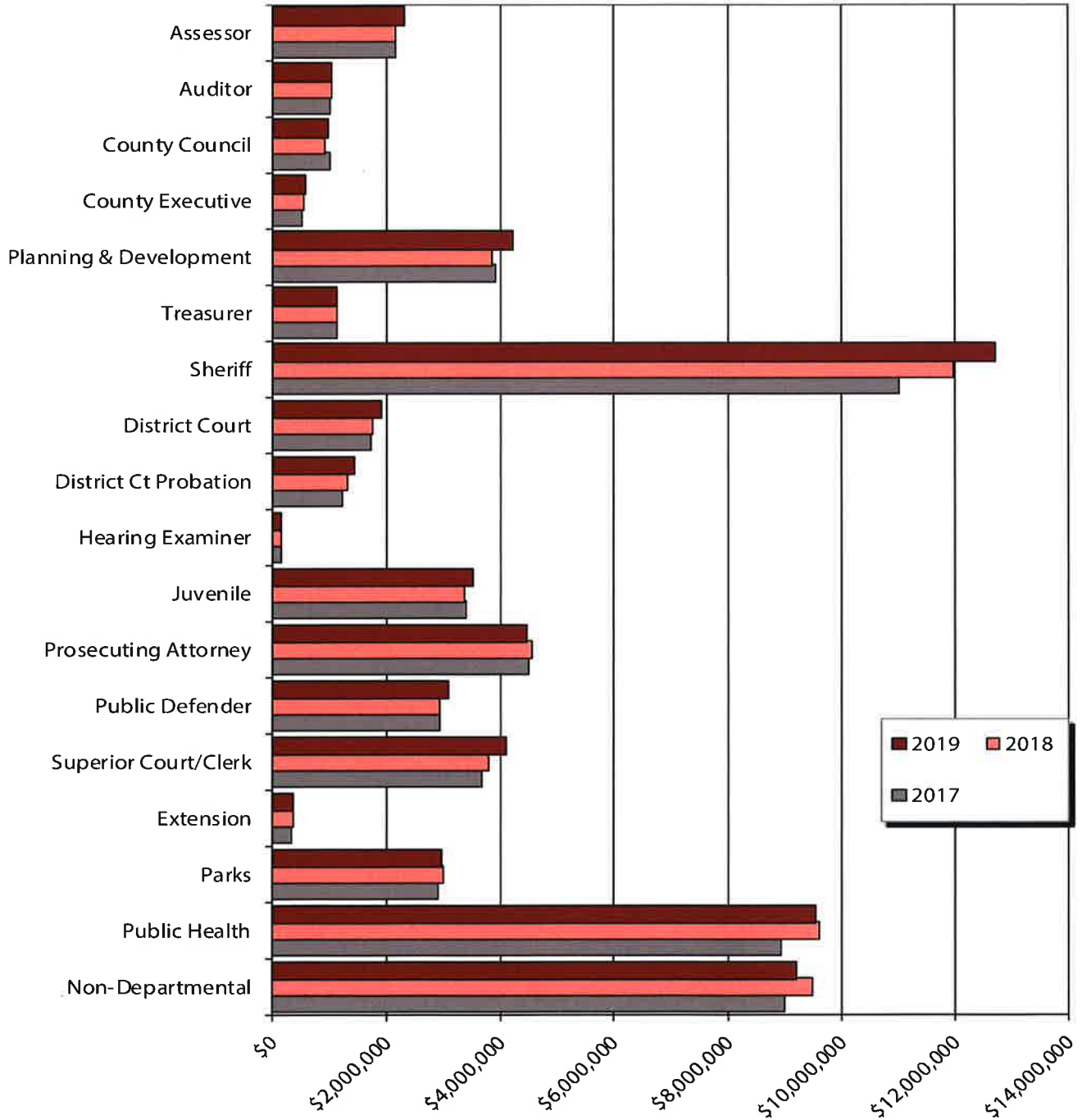
See page 9 for General Fund Expenditure Notes.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Expenditures - Compared to Prior Years



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

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Expenditures - Compared to Prior Years

	2017	2018	2019
Assessor	2,138,250	2,147,511	2,315,958
Auditor	1,014,689	1,038,398	1,030,427
County Council	995,658	921,142	975,405
County Executive	514,768	545,759	566,573
Planning & Development	3,896,394	3,852,971	4,205,463
Treasurer	1,116,730	1,122,745	1,136,355
Sheriff	11,022,238	11,952,786	12,706,733
District Court	1,719,522	1,745,634	1,888,631
District Ct Probation	1,230,745	1,310,698	1,450,287
Hearing Examiner	145,226	148,706	149,246
Juvenile	3,389,333	3,339,799	3,487,757
Prosecuting Attorney	4,474,825	4,560,370	4,462,959
Public Defender	2,914,002	2,924,633	3,063,537
Superior Court /Clerk	3,663,139	3,768,585	4,077,609
Extension	320,251	354,384	350,918
Parks	2,879,249	2,964,654	2,946,891
Public Health	8,920,100	9,606,414	9,538,373
Non-Departmental	8,988,945	9,465,728	9,189,402
TOTAL	59,344,064	61,770,917	63,542,524

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were 66.58% of the approved budget. All departmental spending was within budget expectations.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/19	17,080,638
Revenues	
Budgeted Revenues 2019	87,536,205
Increased Revenue Estimates	635,000
Continuing Appropriations from 2018	1,005,640
Supplemental Budgets 2019	1,651,282
Total Revenue	90,828,127
Expenditures	
Budgeted Expenditures 2019	92,052,619
Estimated grant and wage reserve lapse	(1,245,000)
Continuing Appropriations from 2018	1,164,337
Supplemental Budgets 2019	2,227,536
Total Expenditures	94,199,492
Adjusted Surplus (Deficit)	(3,371,365)
Other Considerations	
Estimated Budget Lapse ¹	4,709,975
Projected Ending Fund Balance 12/31/19	18,419,248

Notes:

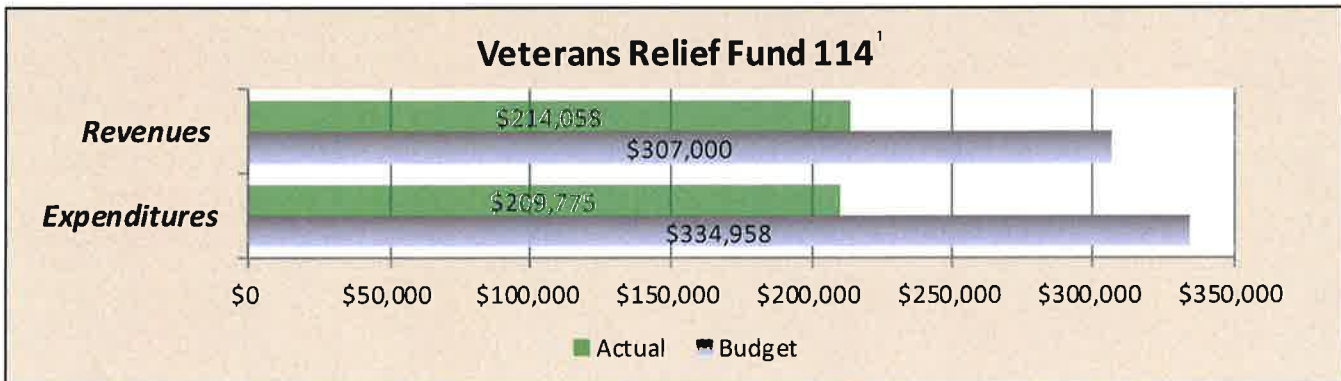
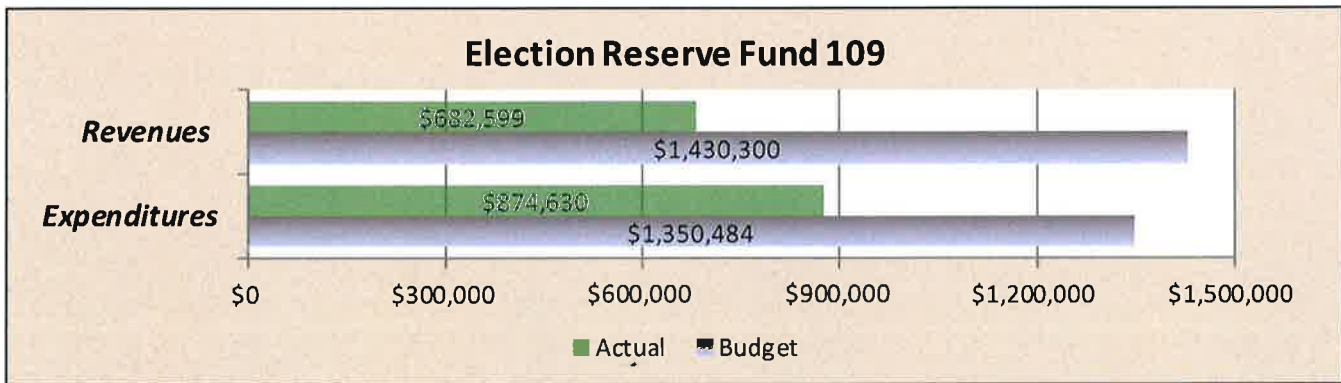
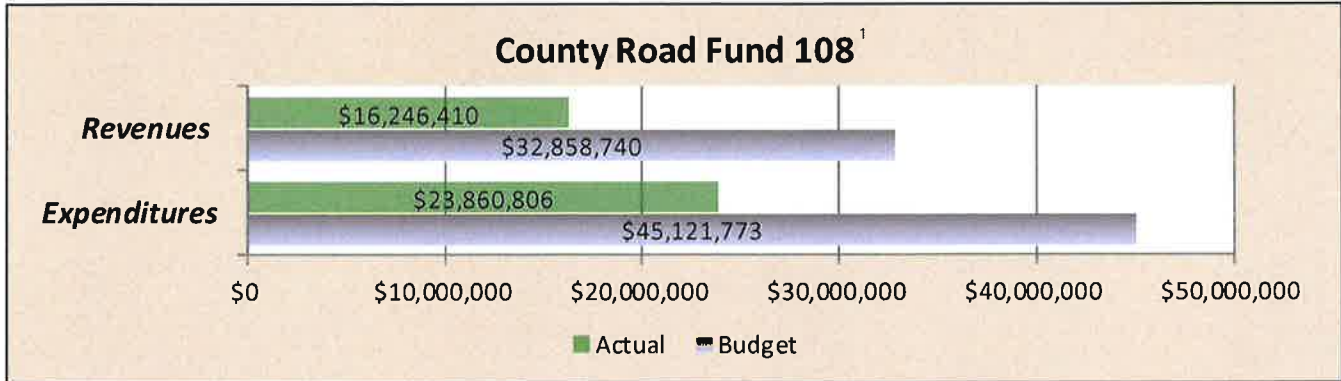
¹ The estimated budget lapse is 5.0% of expenditures.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds



Note:

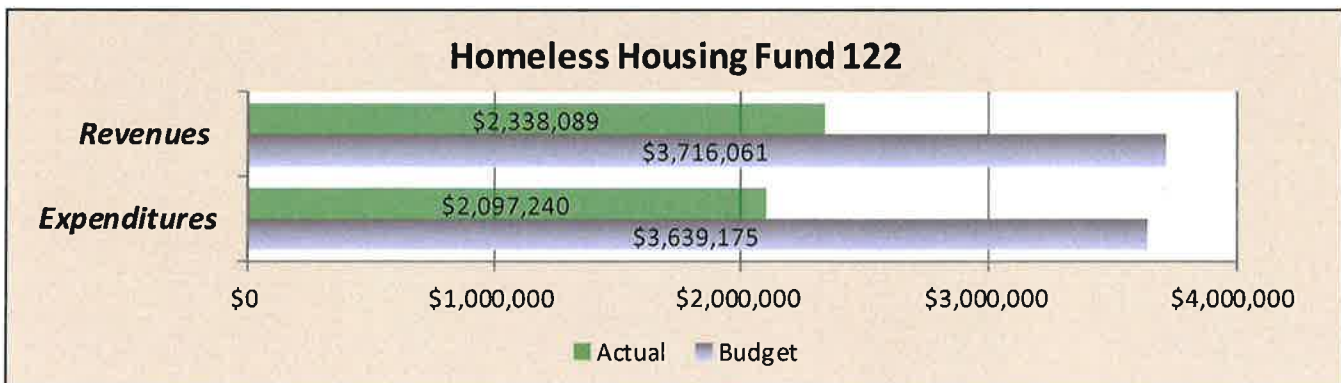
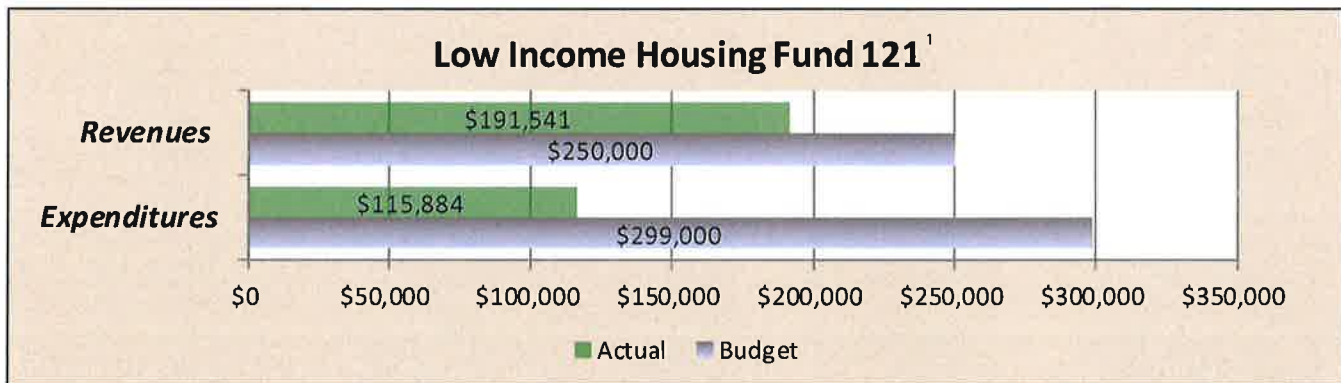
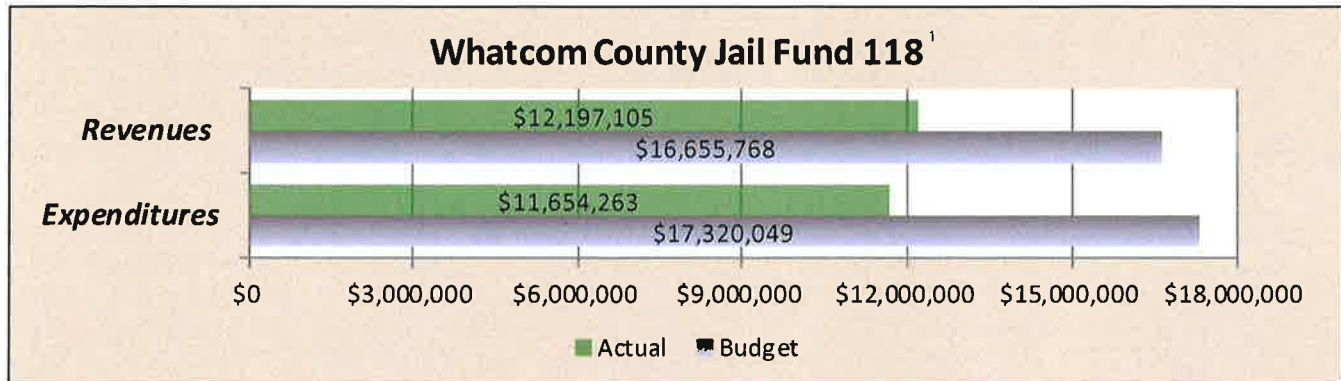
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued



Note:

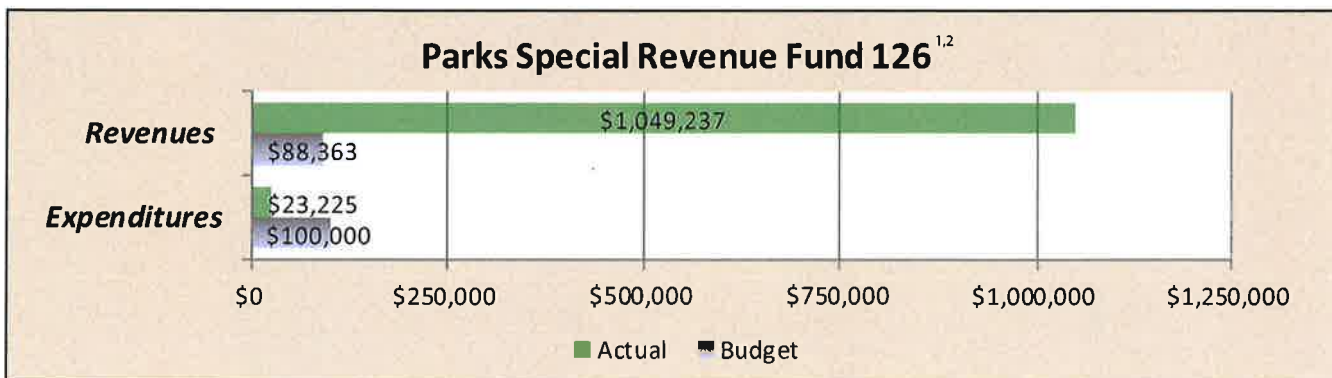
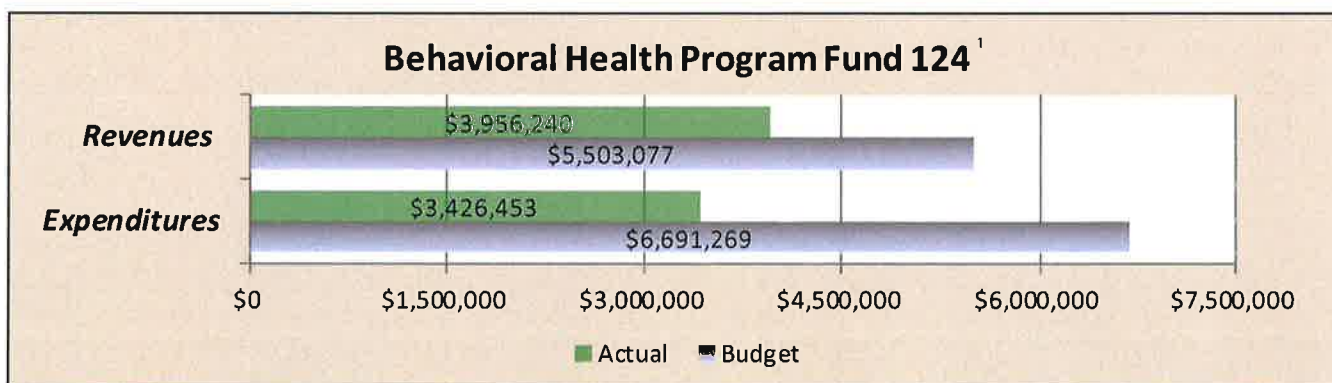
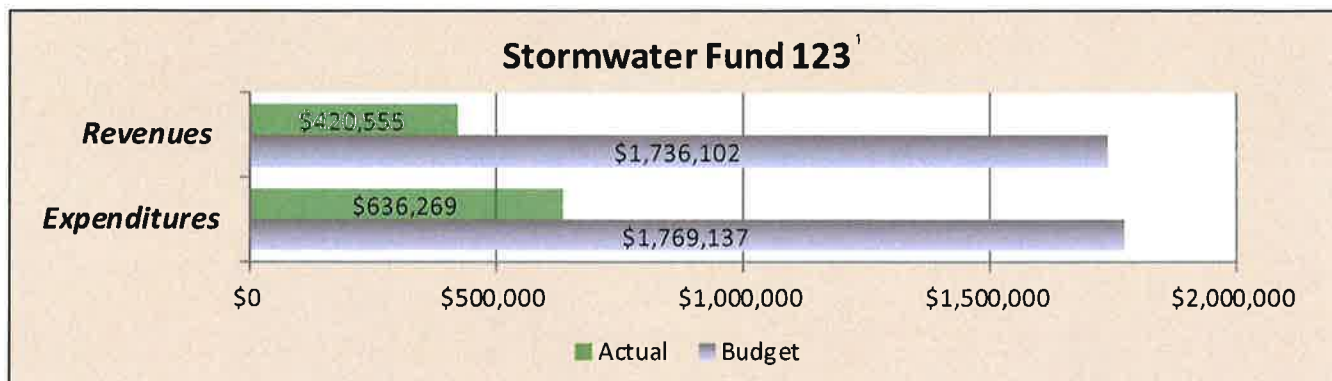
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued



Note:

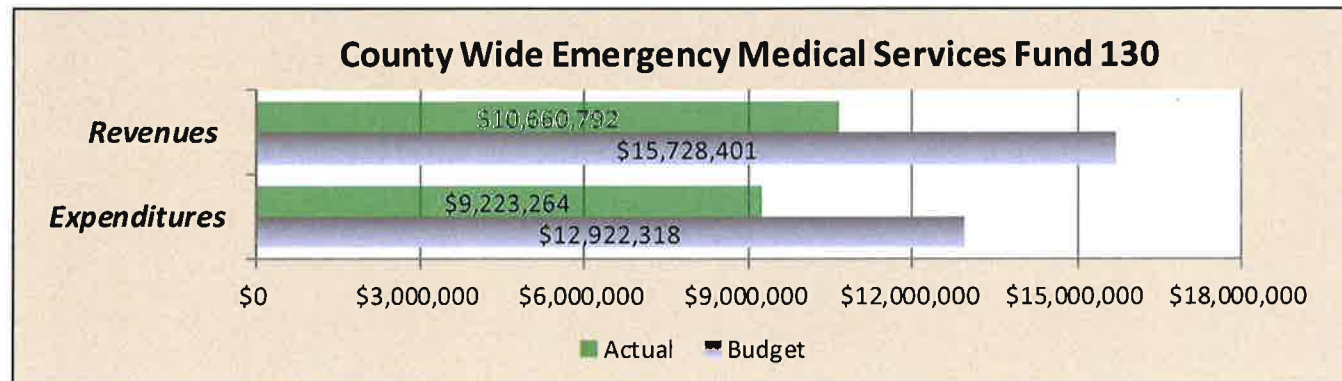
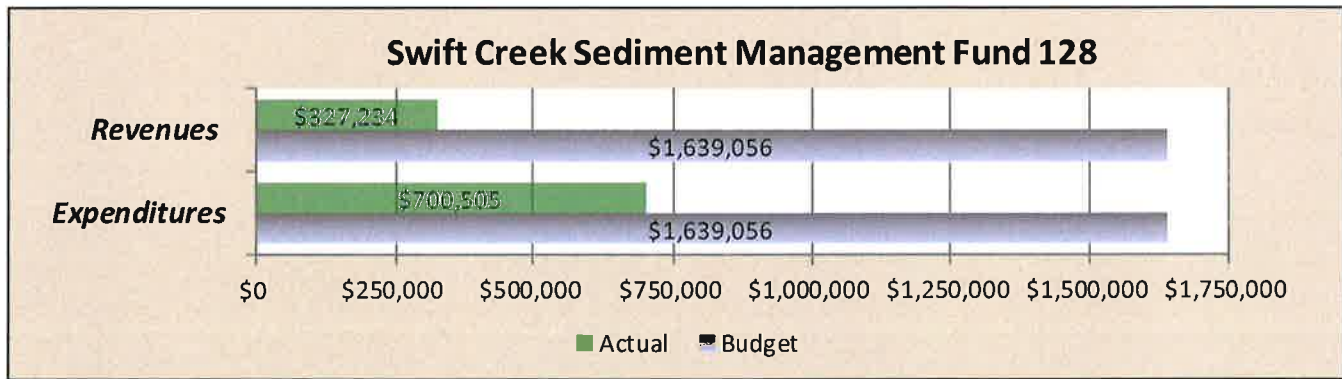
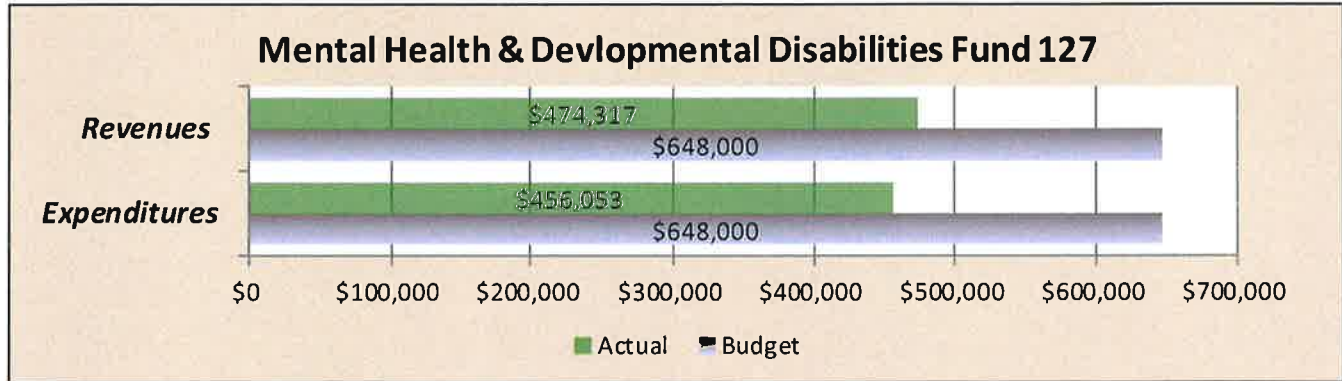
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Actual revenues are greater than current budget due to receipt of a \$1 million unbudgeted state grant that reimbursed prior year expenditures for the purchase of the Birch Bay community park property.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued

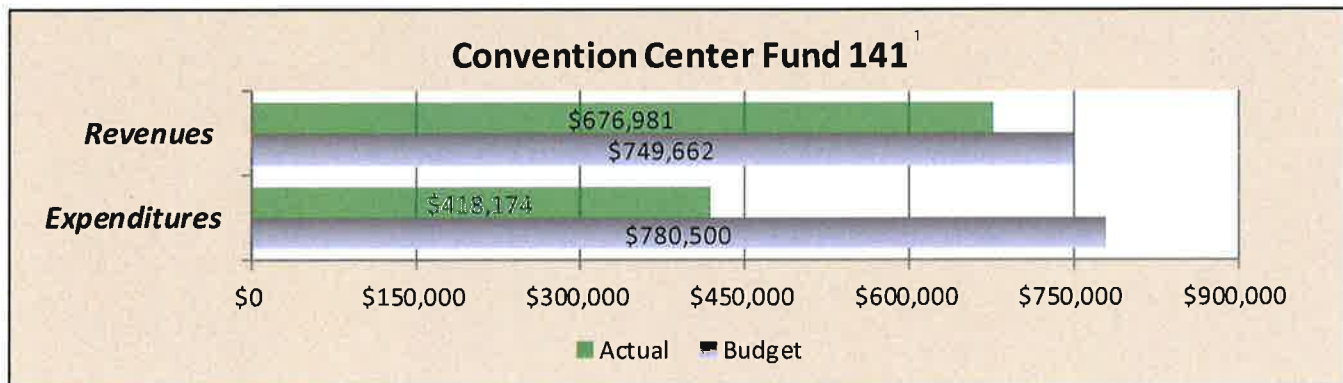
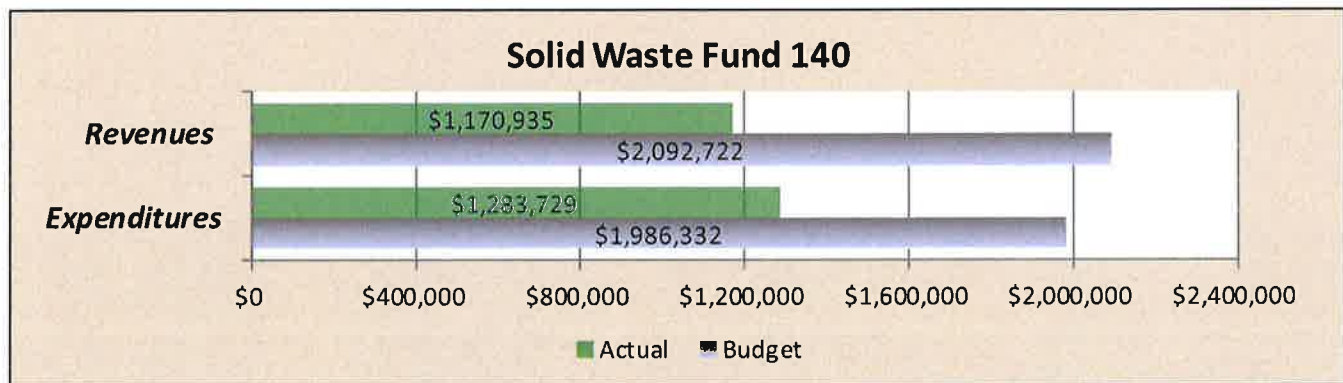
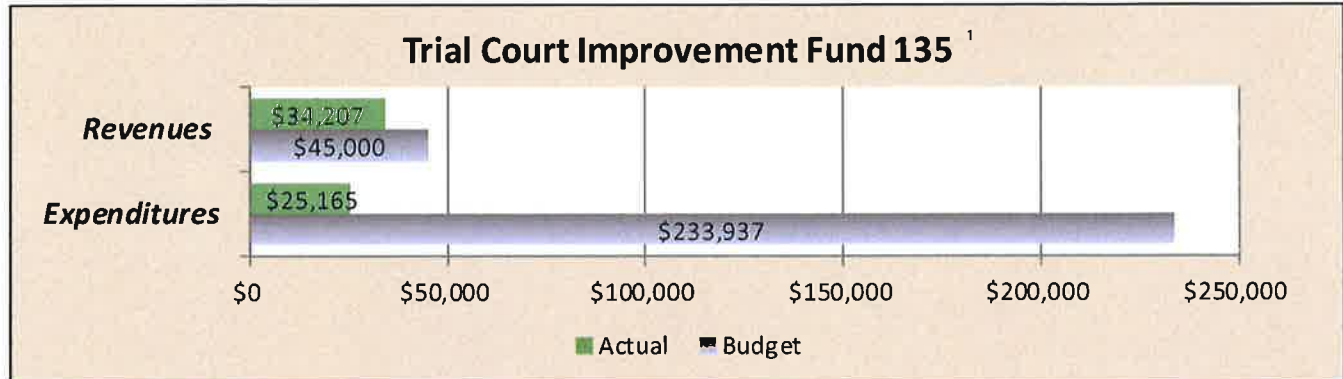


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued



Notes:

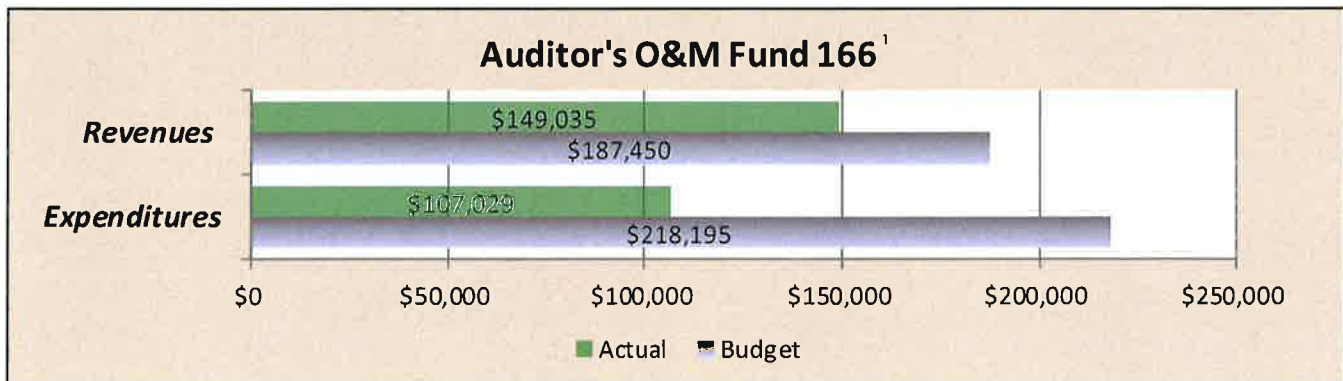
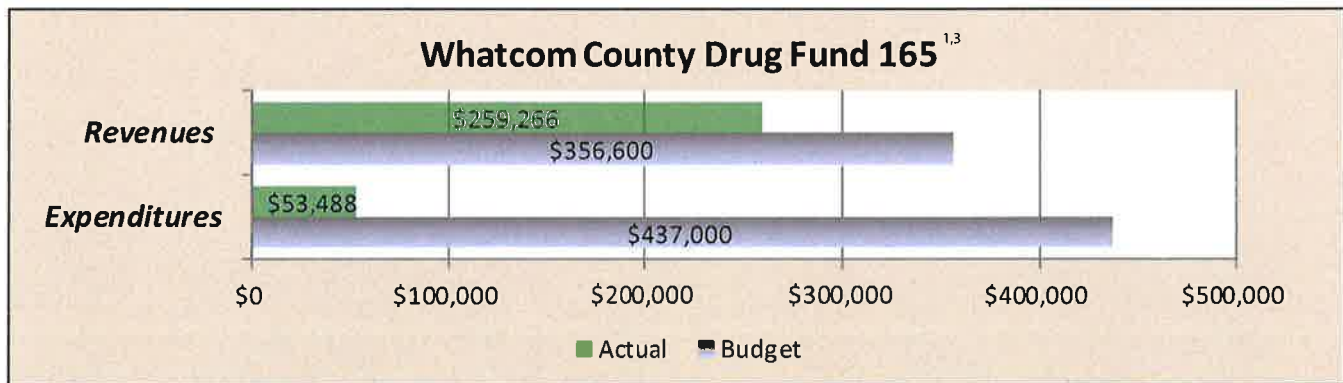
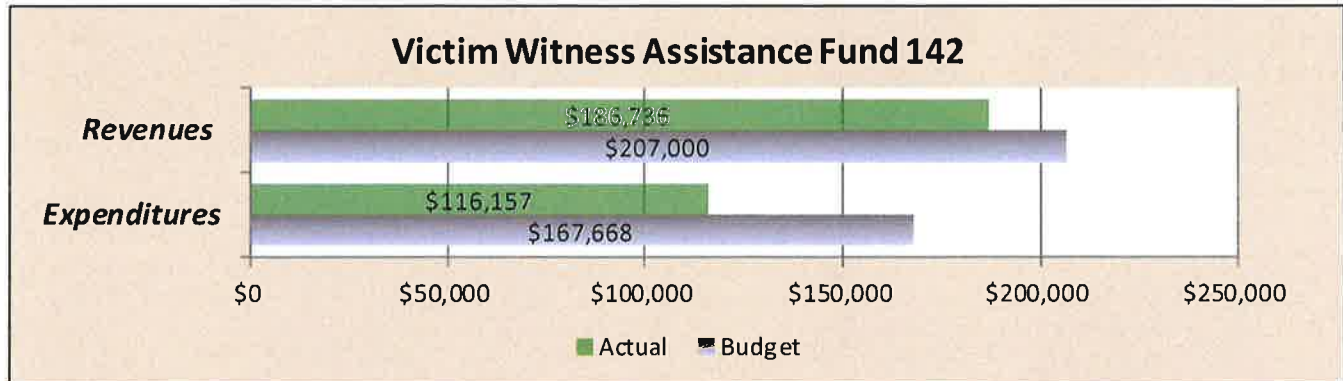
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued



Notes:

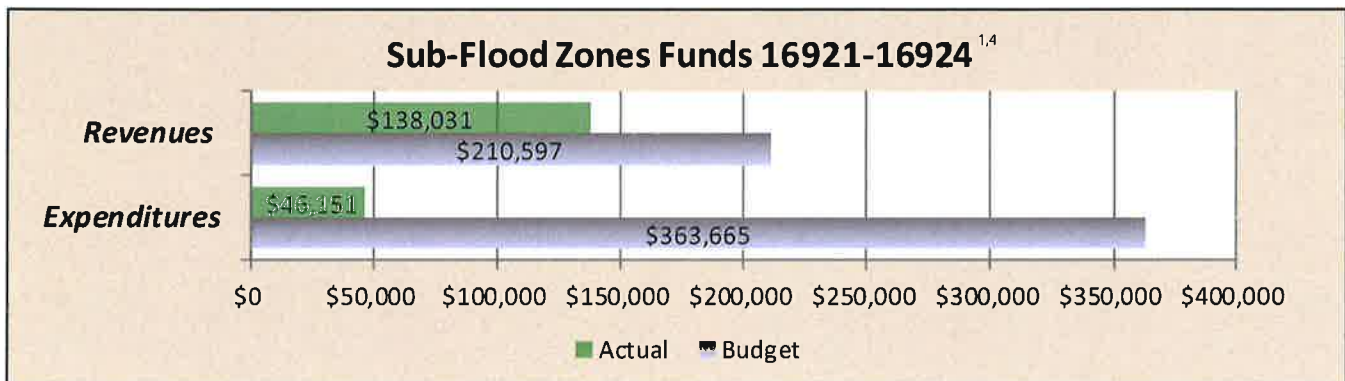
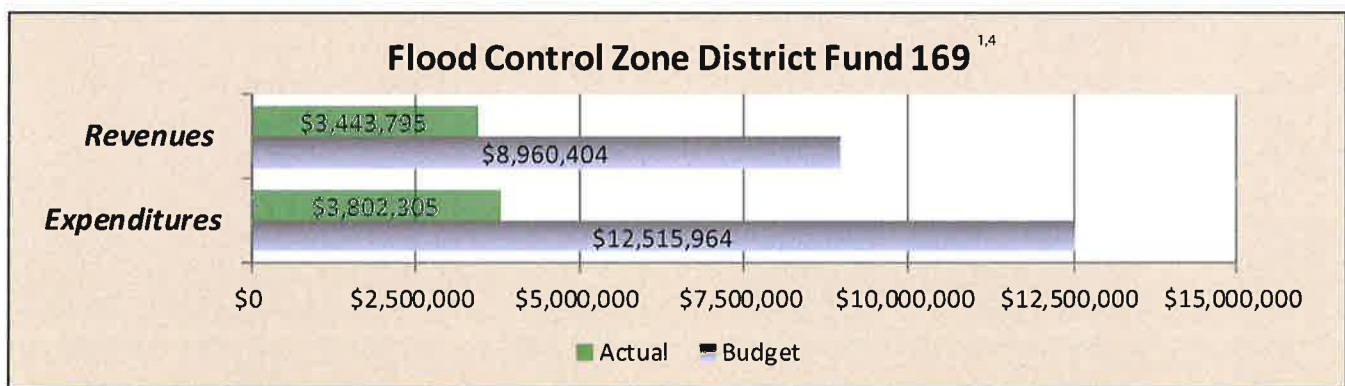
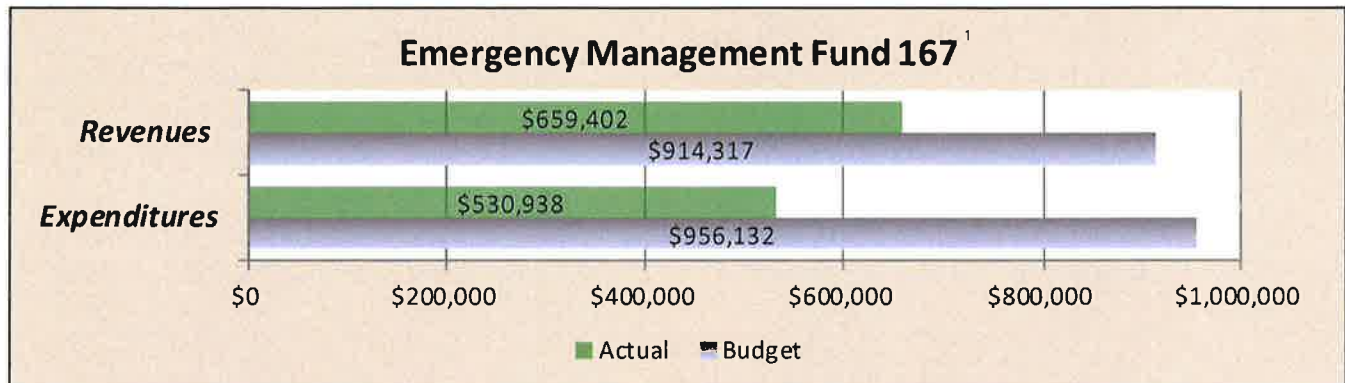
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures is also dependent on receipt of seizure revenues.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued



Notes:

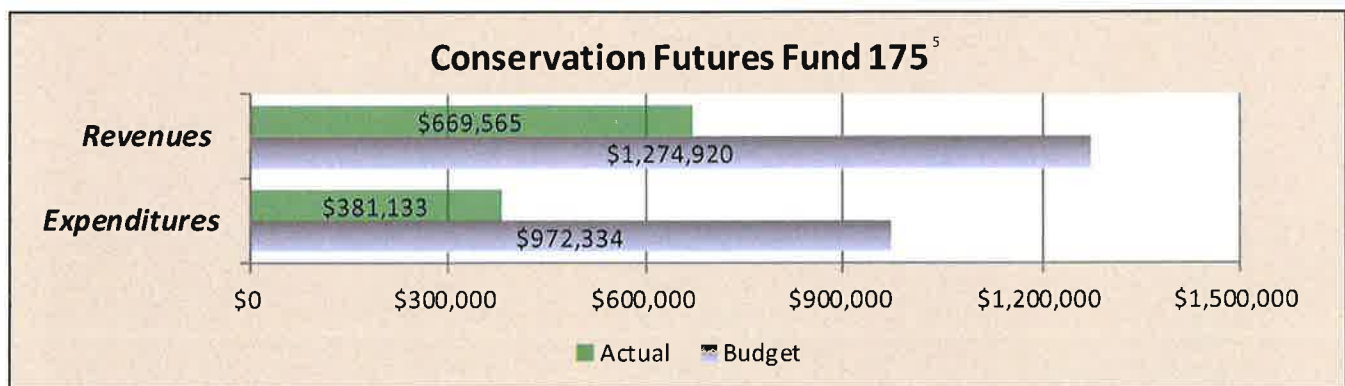
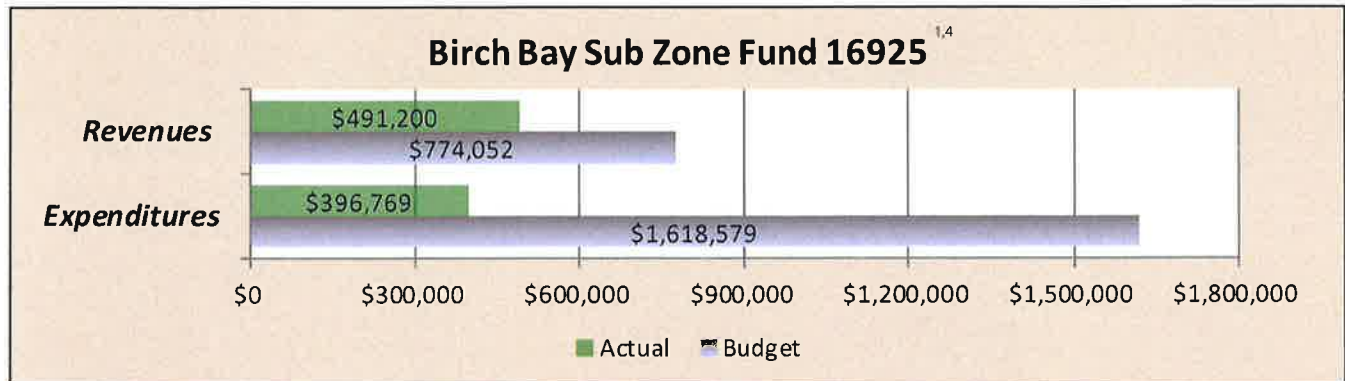
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ⁴ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Special Revenue Funds and Other Funds, continued



Notes:

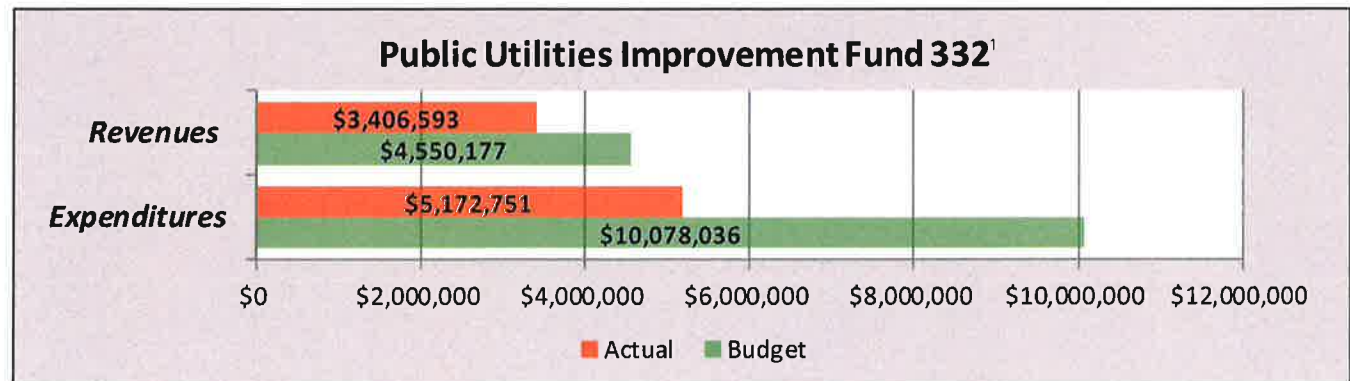
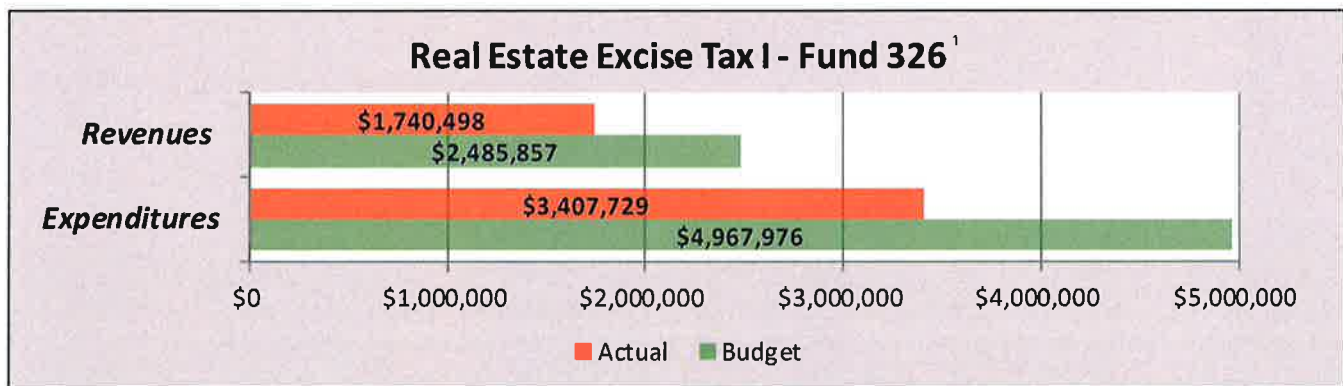
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ⁴ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ⁵ Most Conservations Futures funding is used to purchase development rights and land. These purchases are budgeted on a transaction by transaction basis as they occur.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Capital Project Funds



Note:

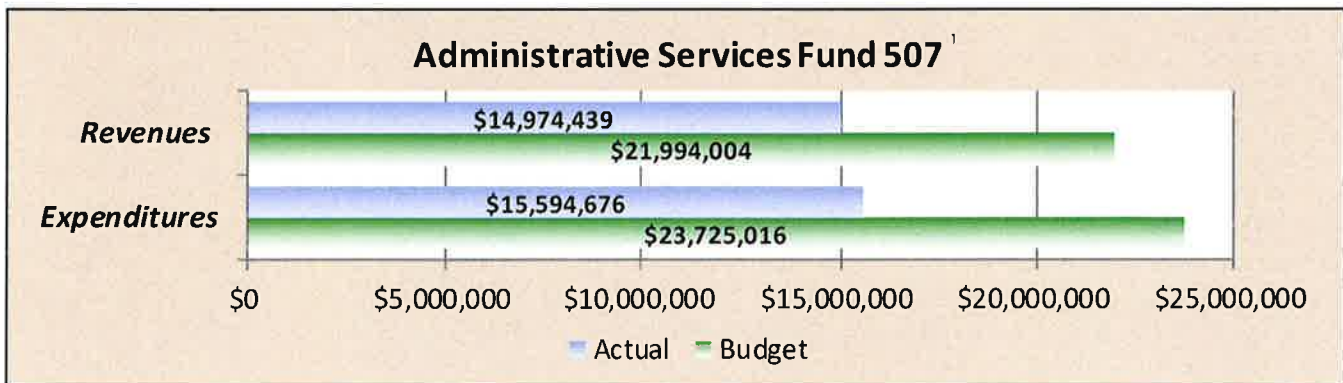
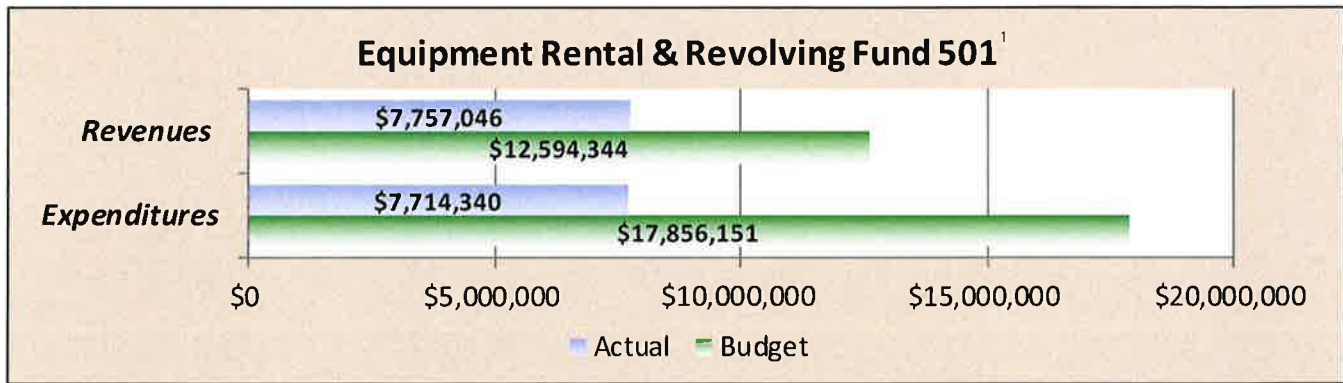
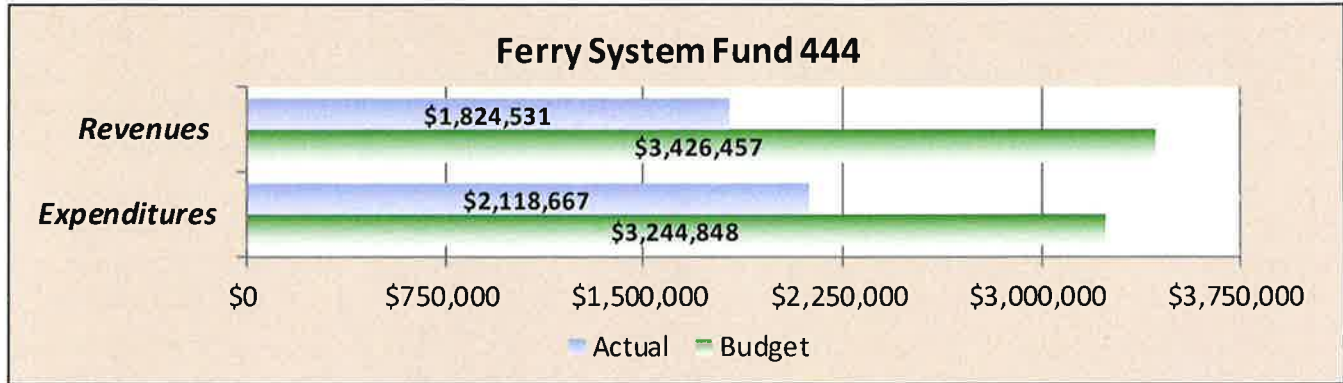
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Enterprise and Internal Service Funds



Note:

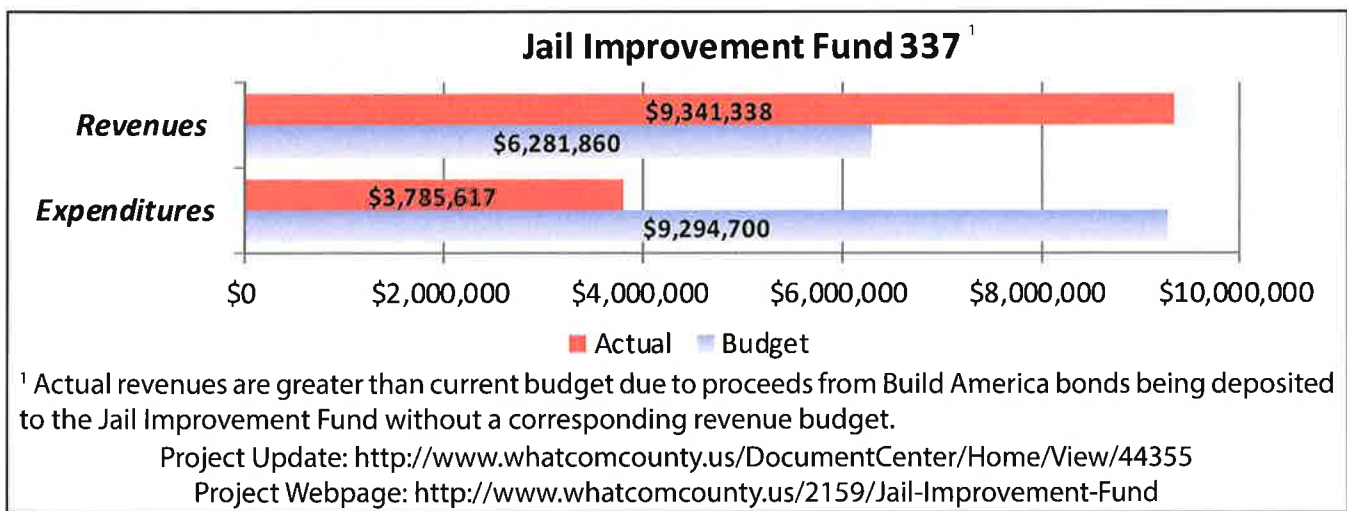
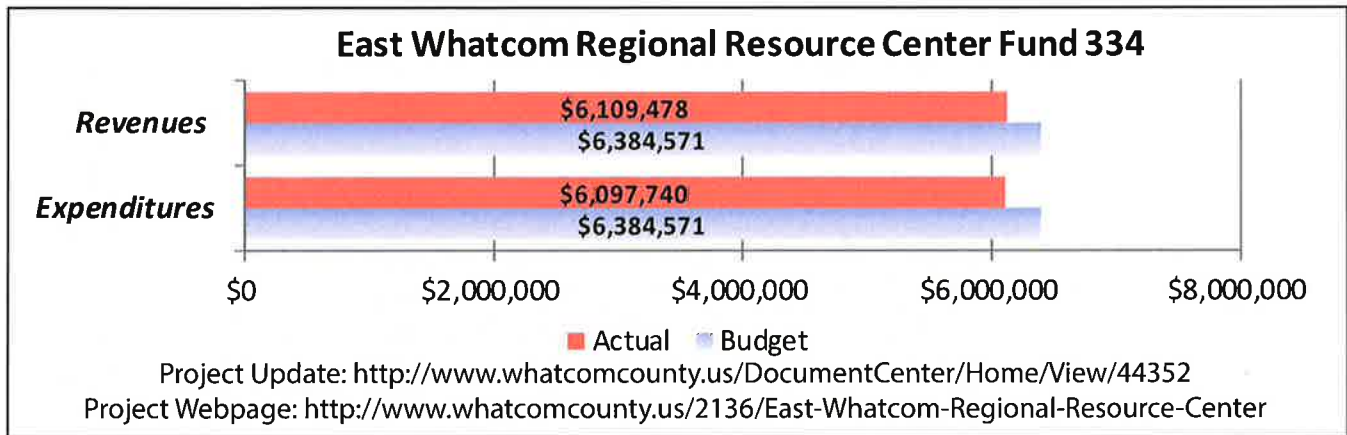
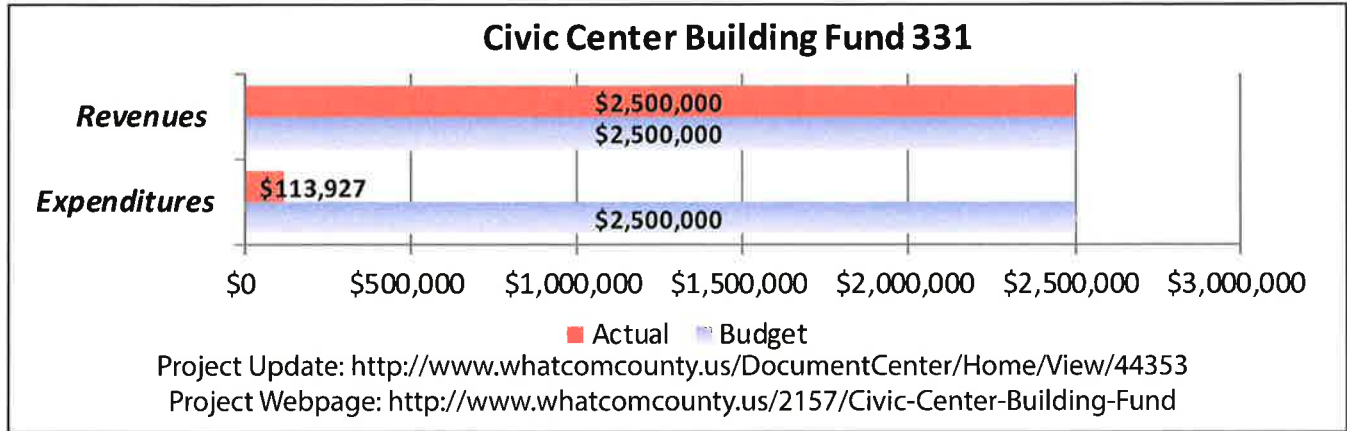
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds

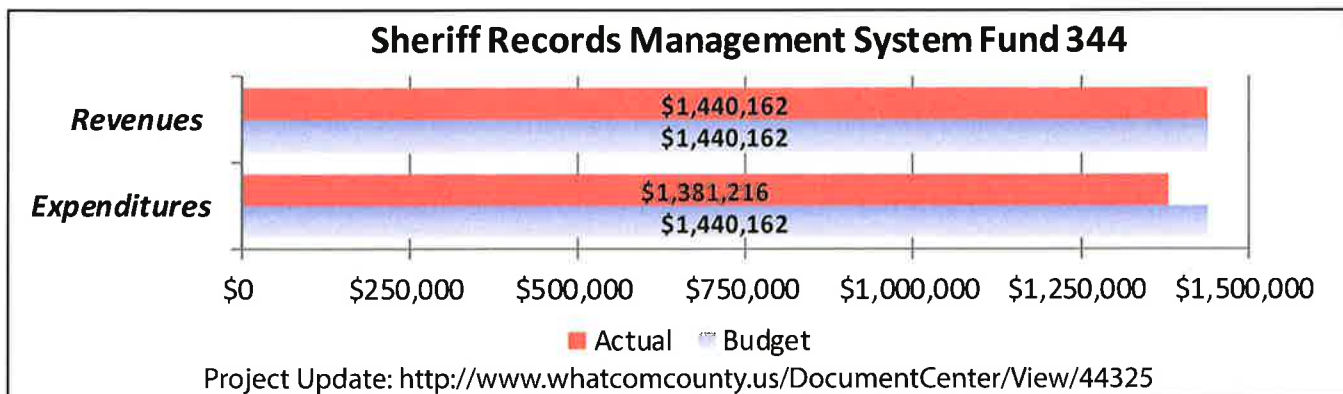
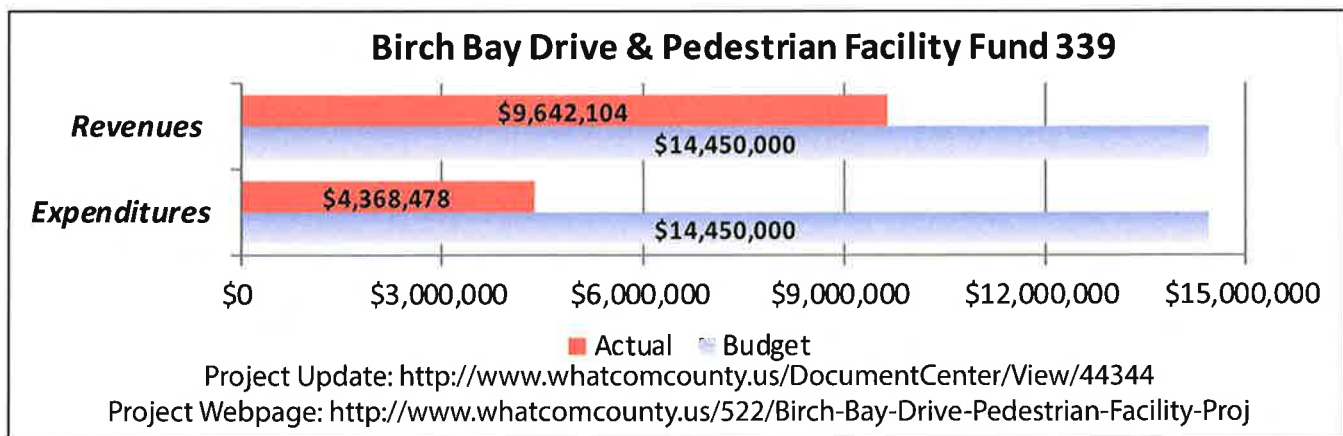
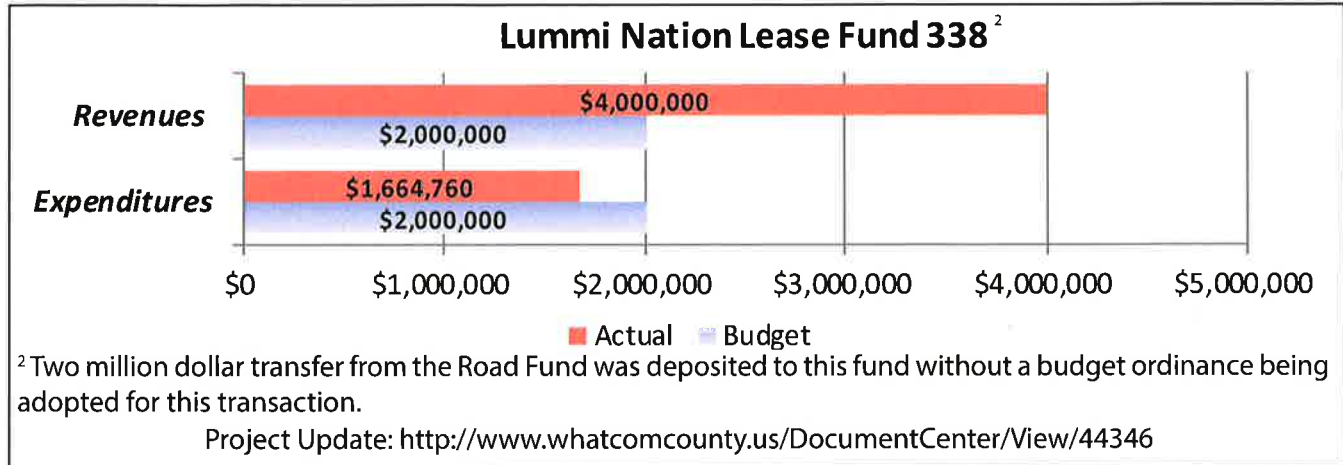


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

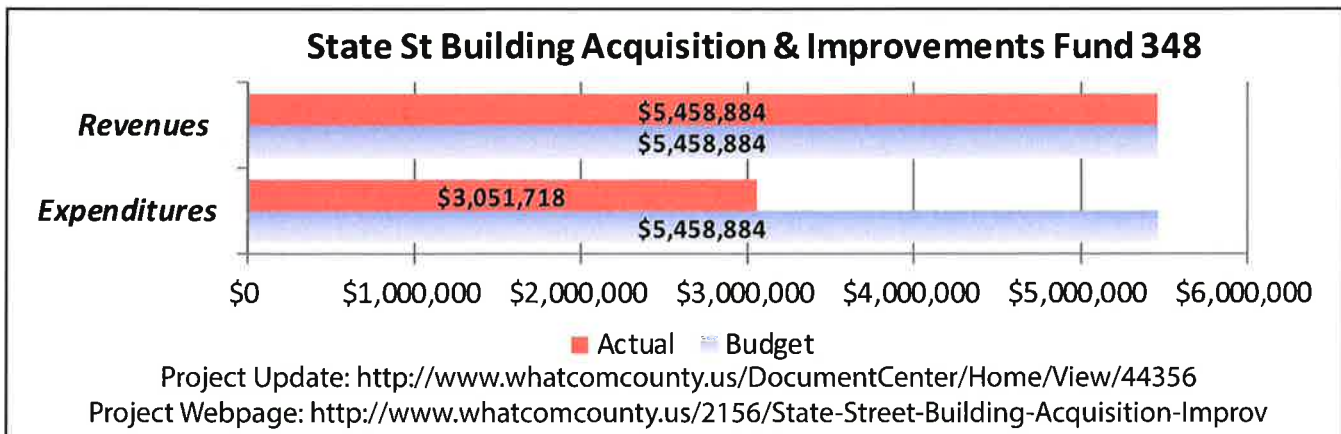
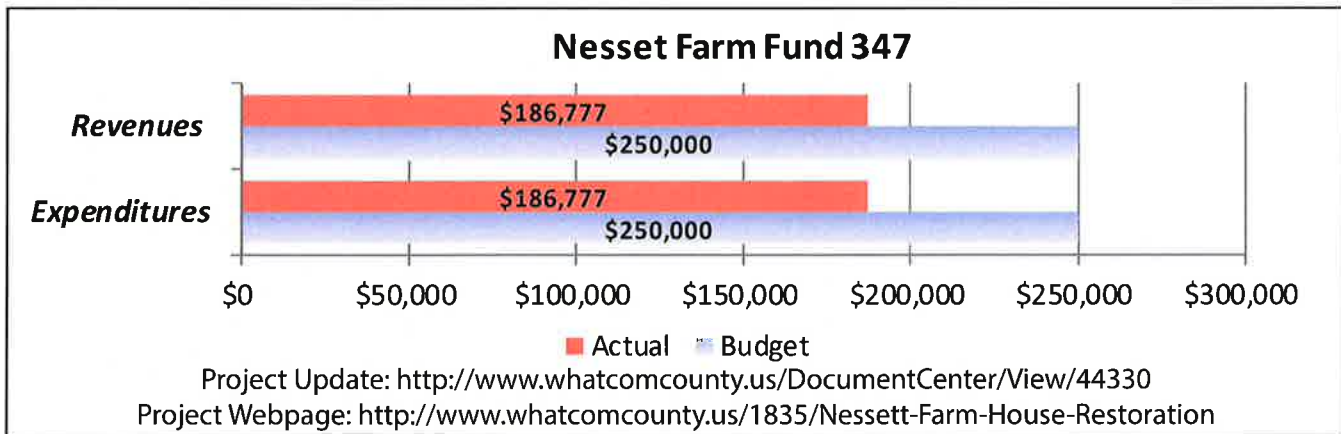
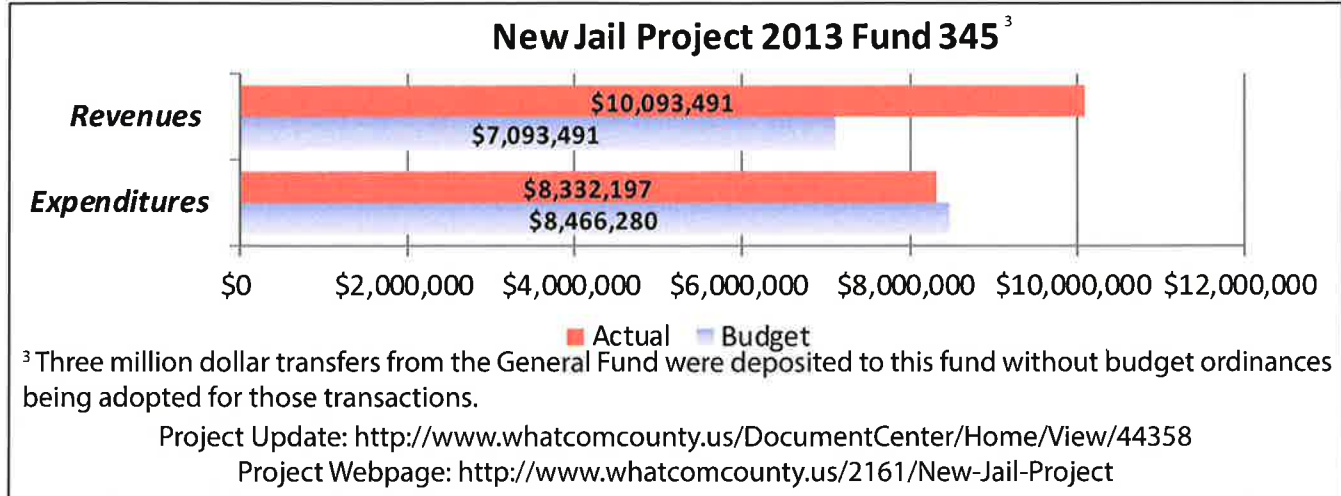


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

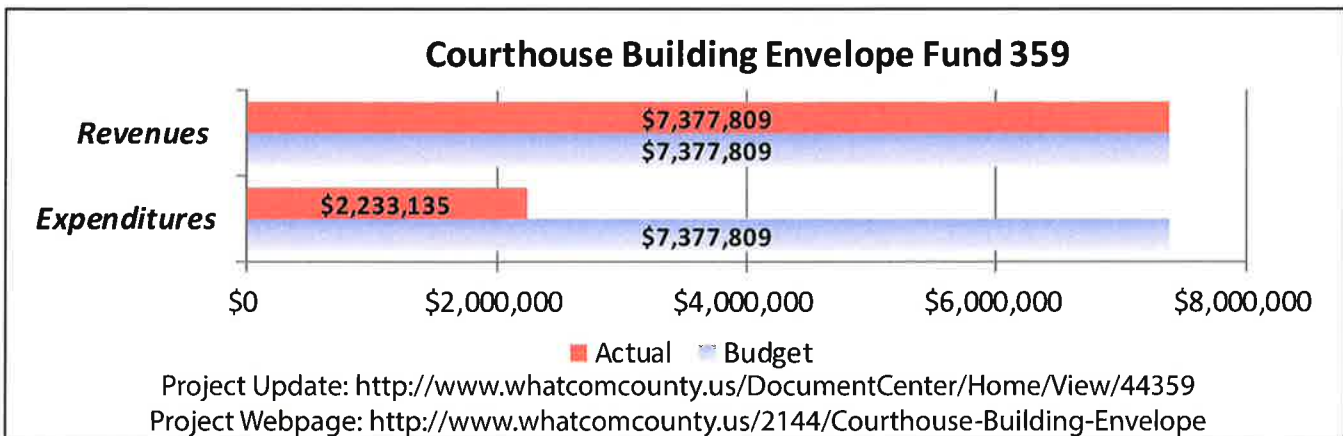
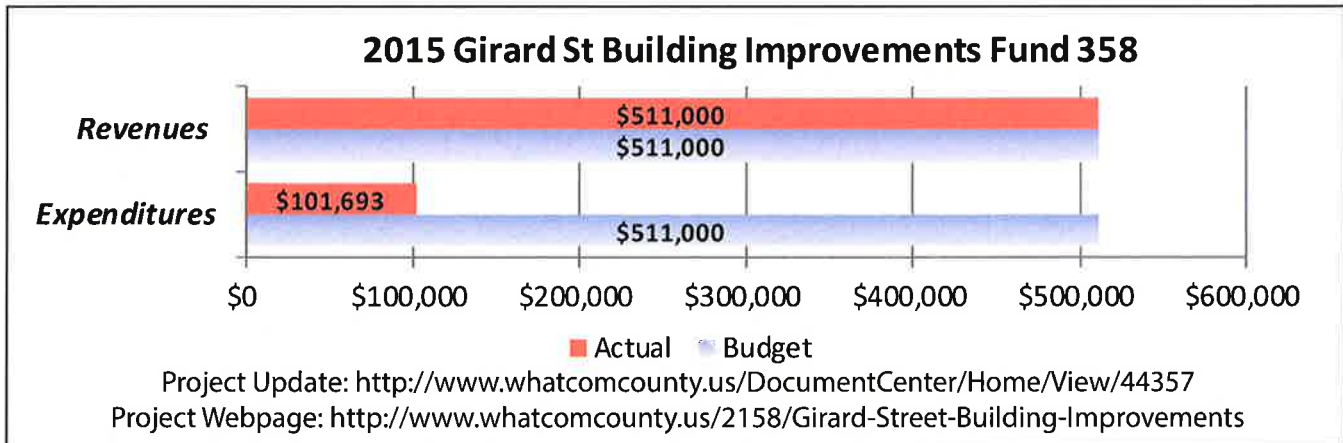
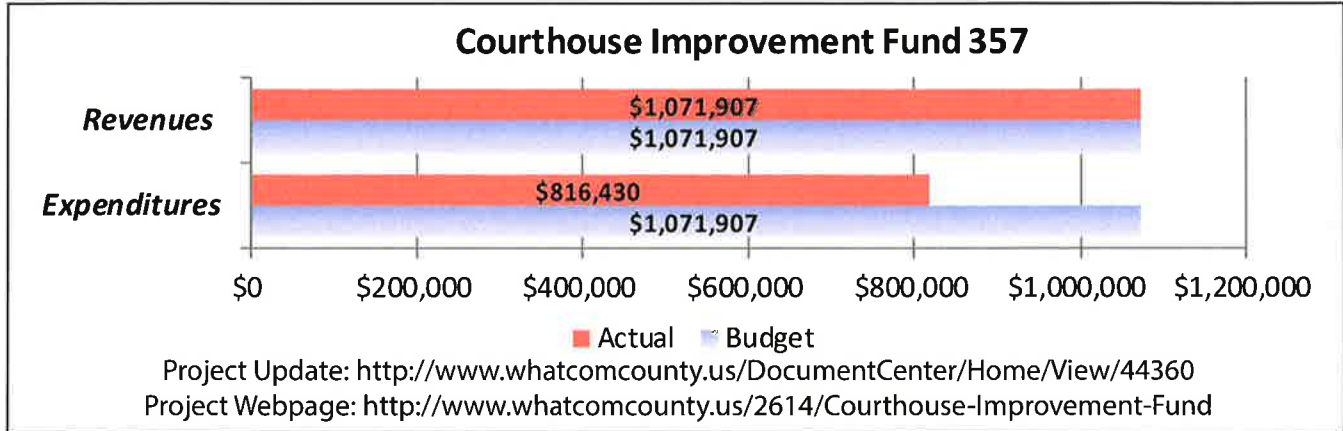


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

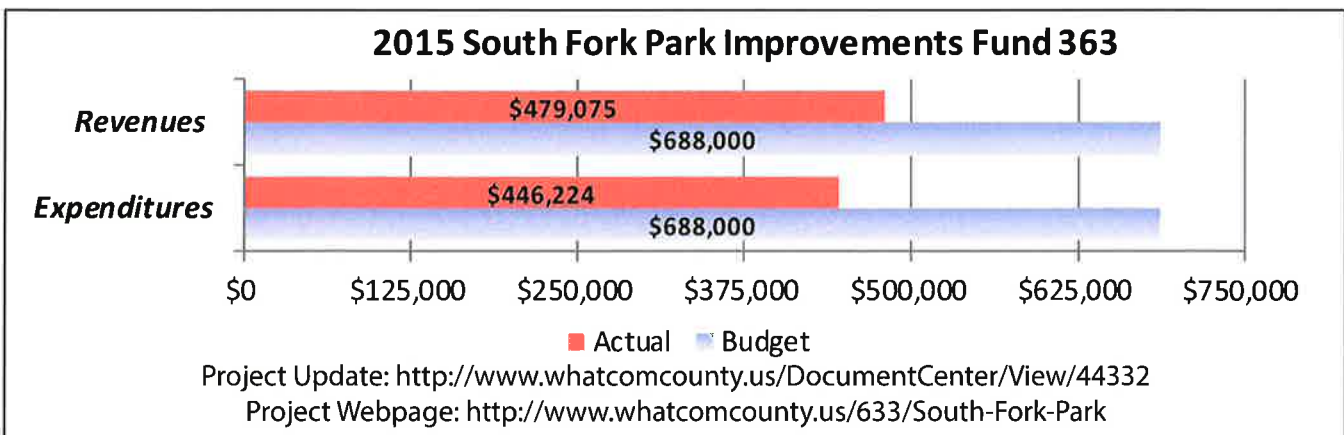
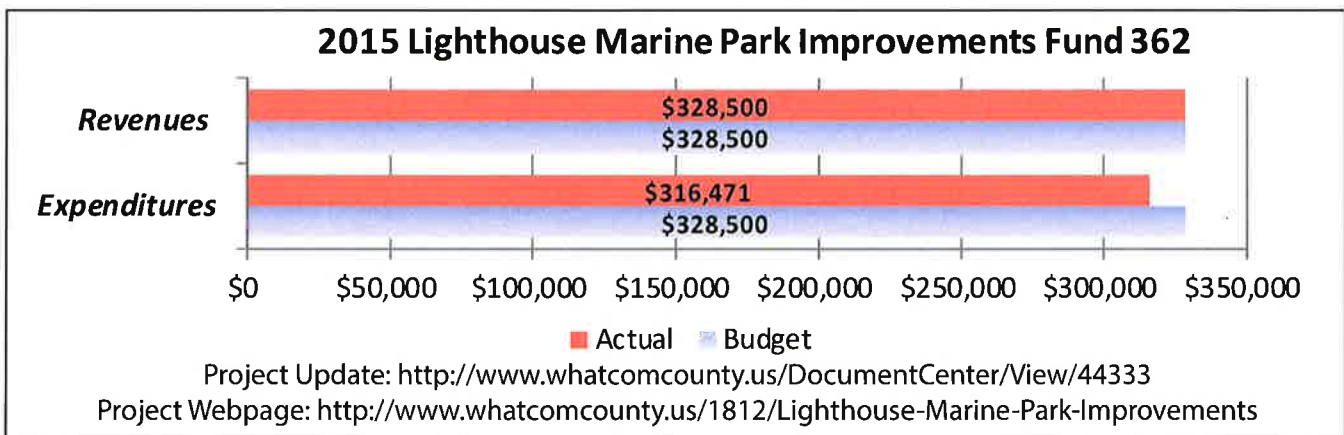
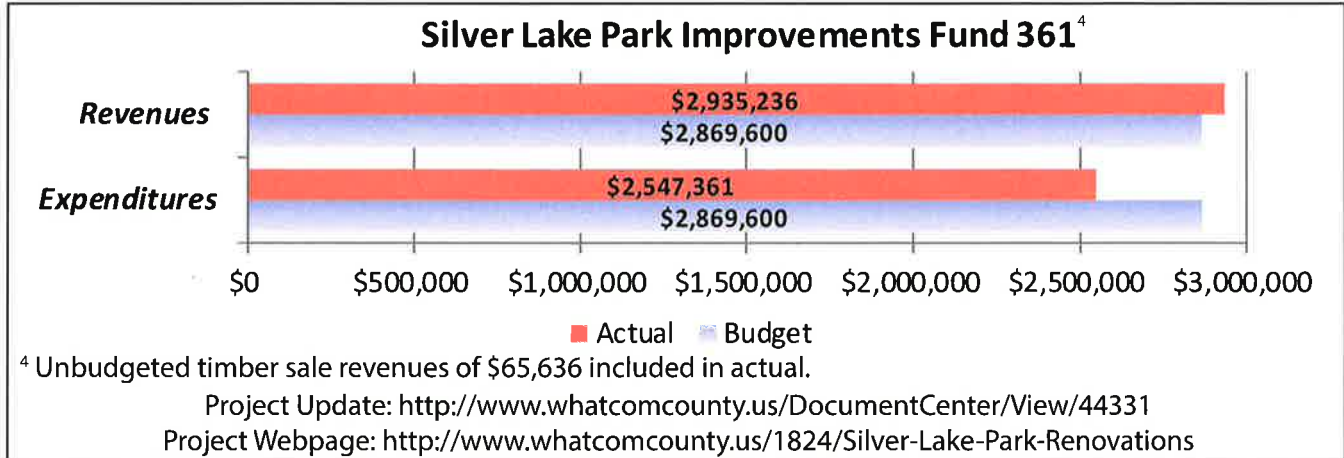


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

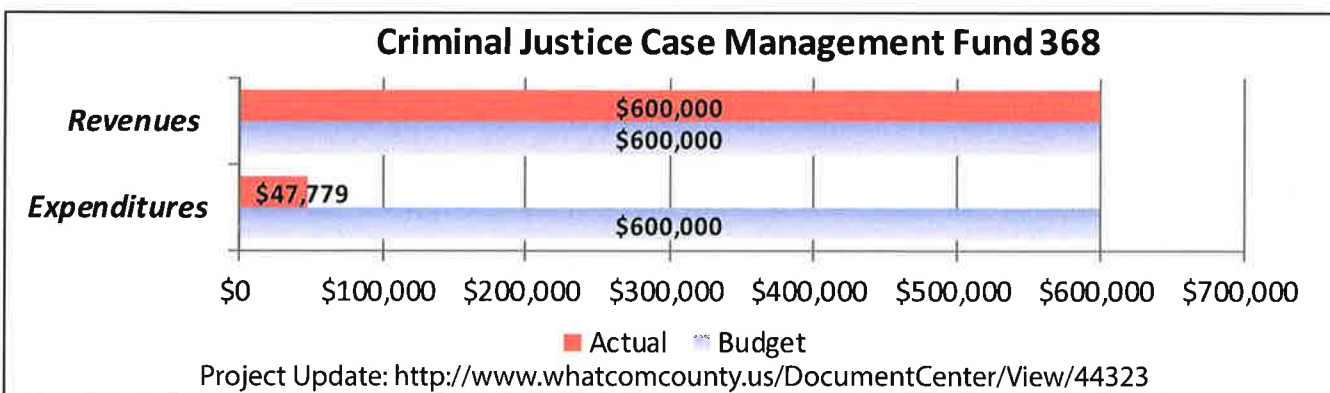
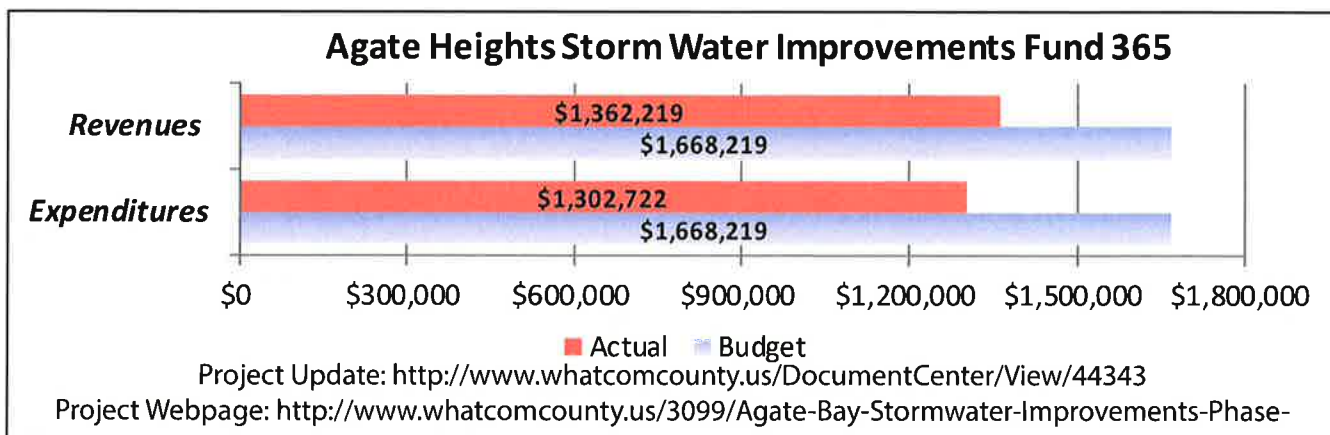
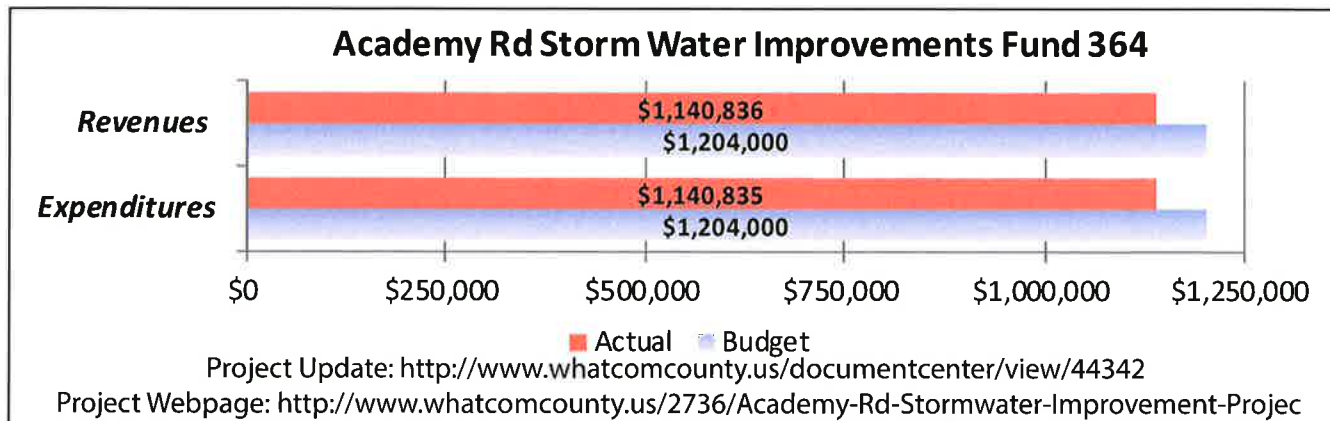


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

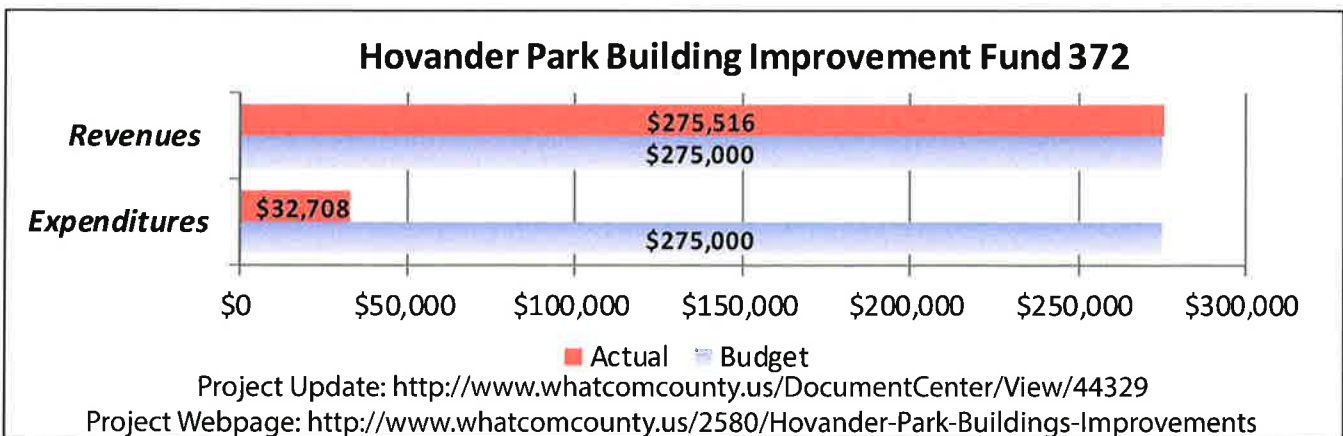
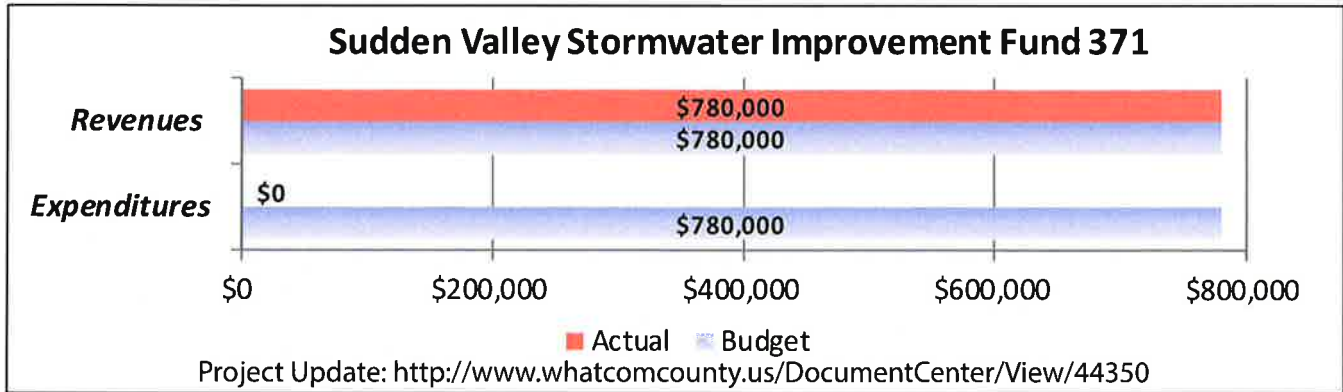
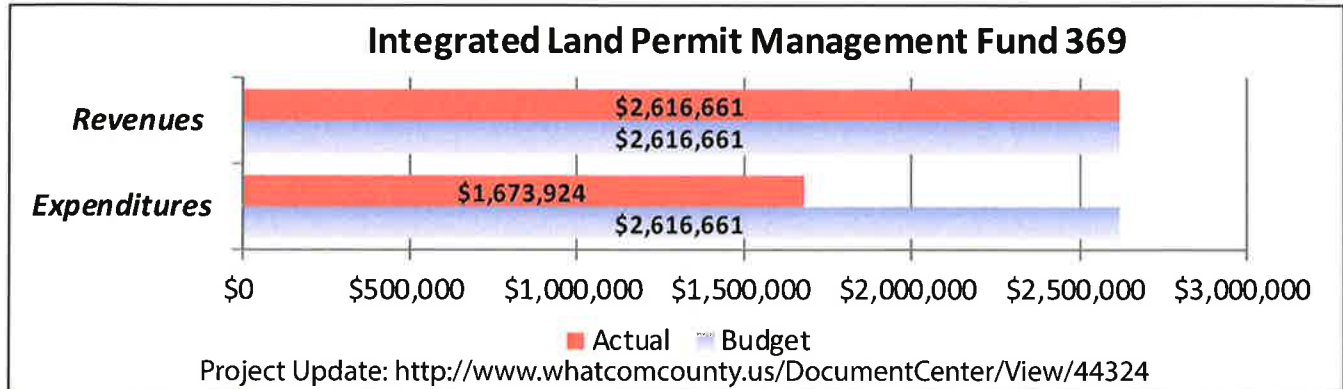


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

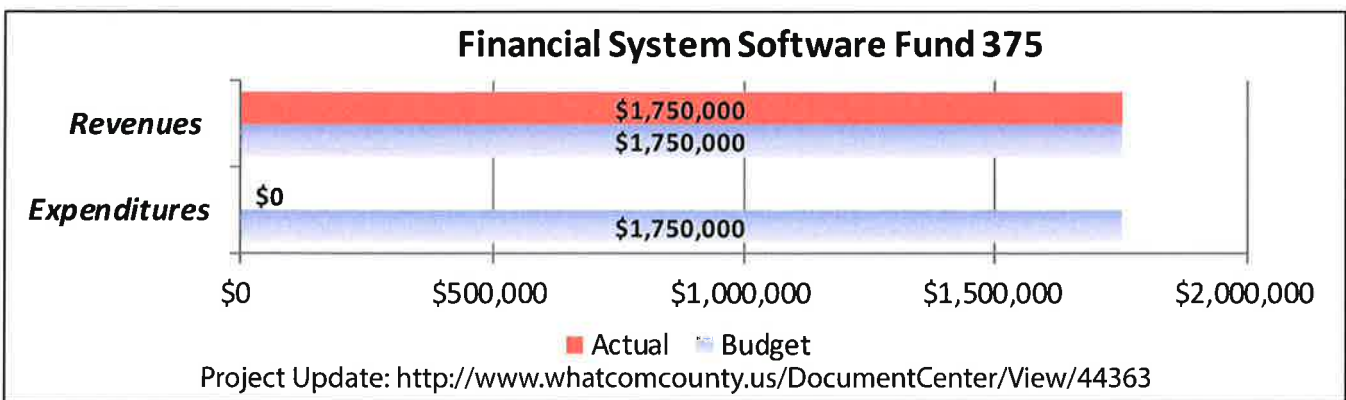
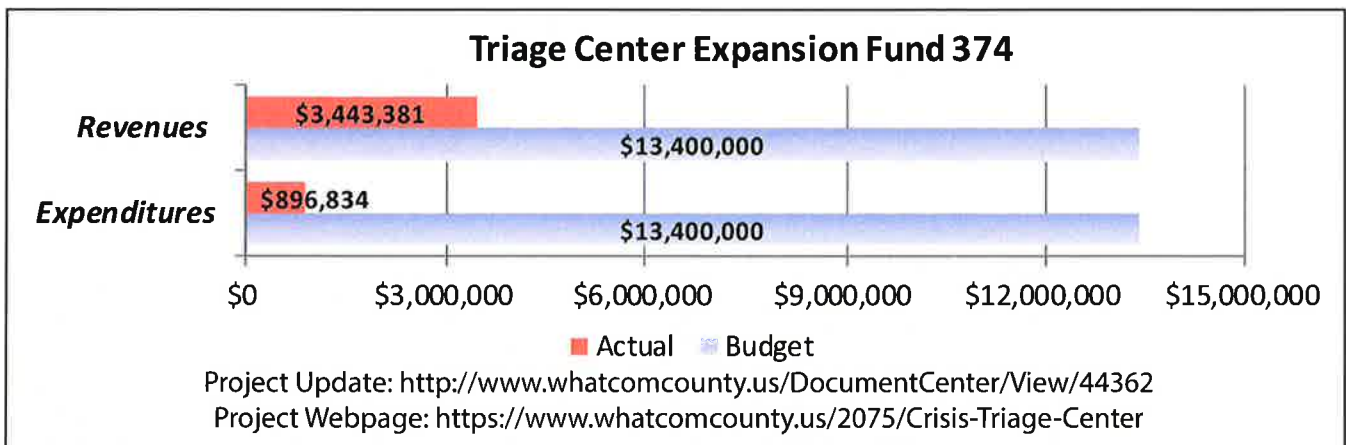
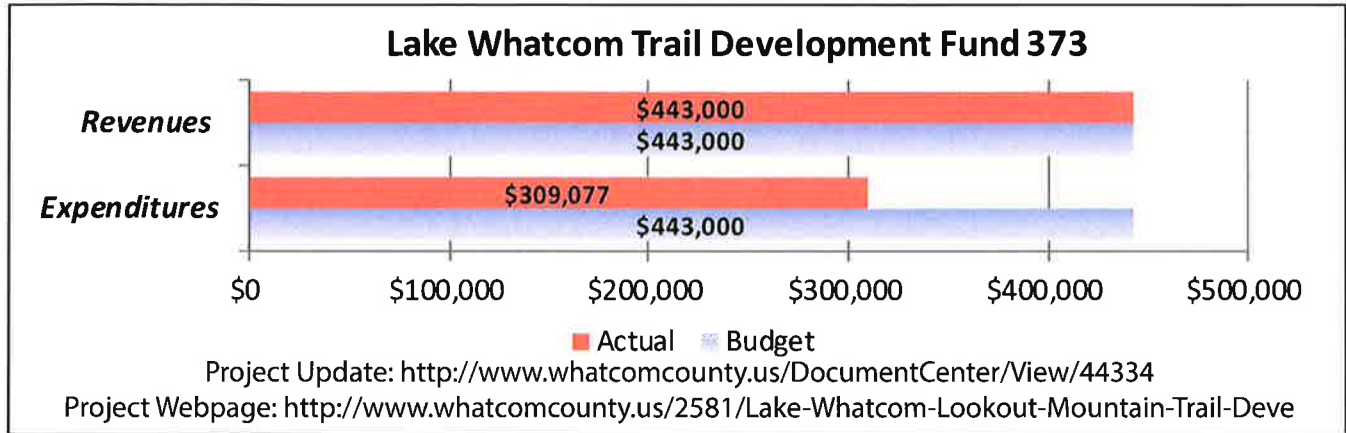


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

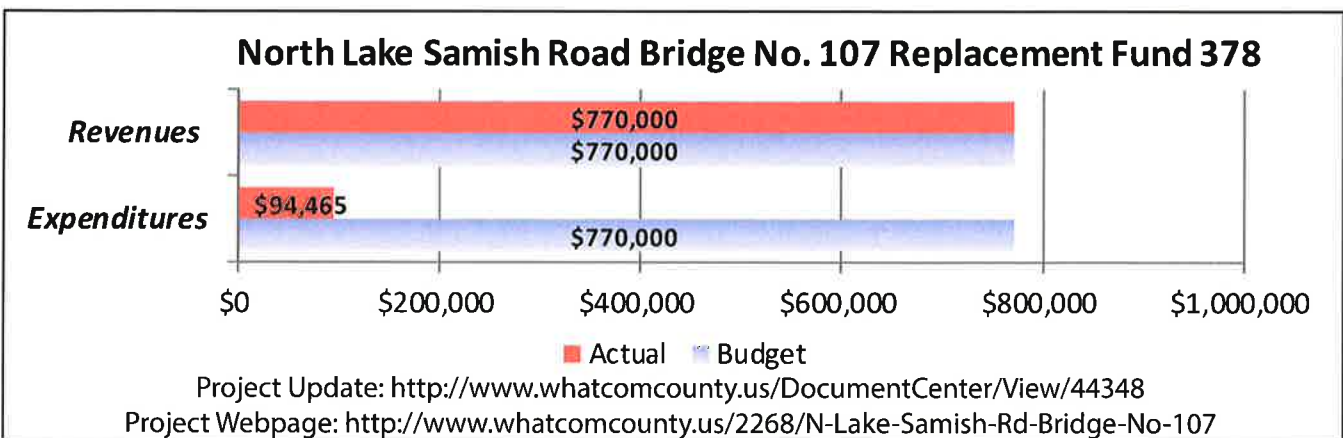
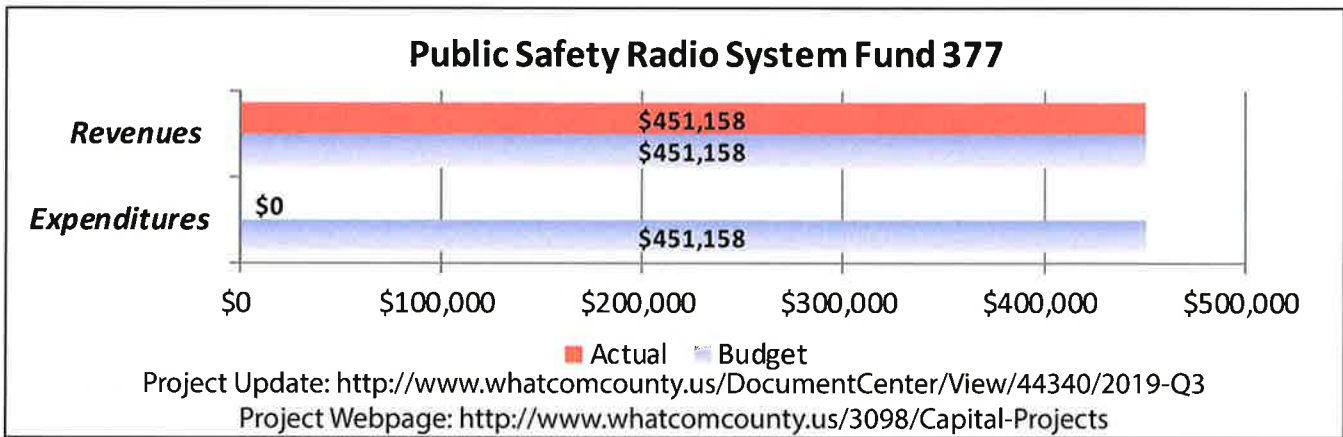
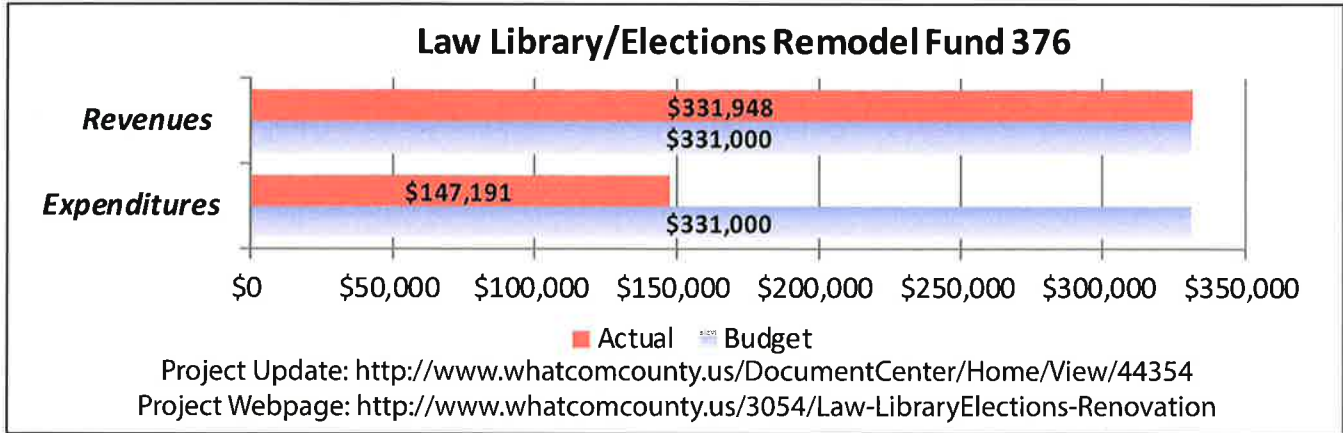


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

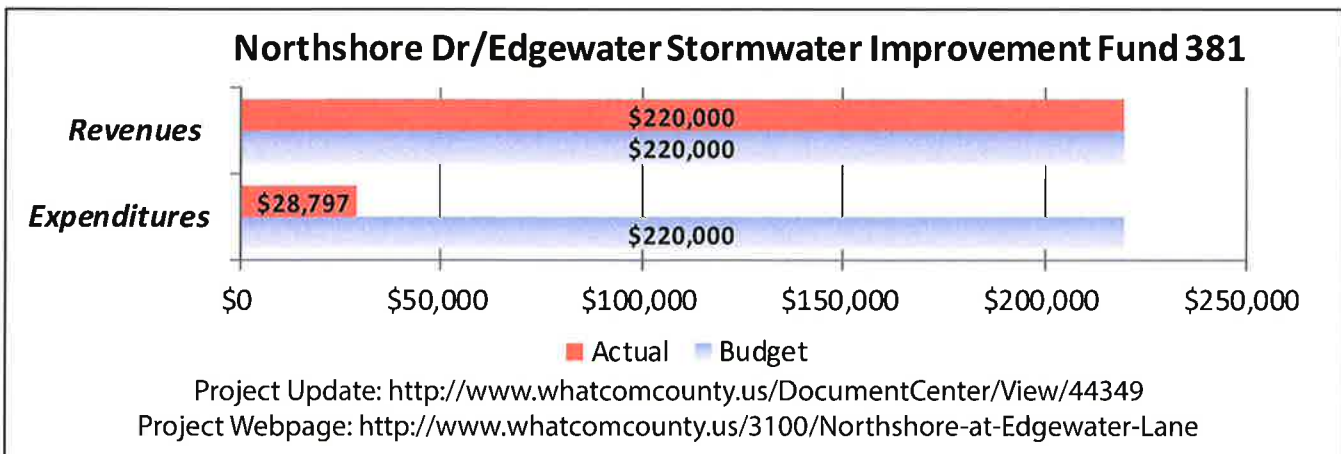
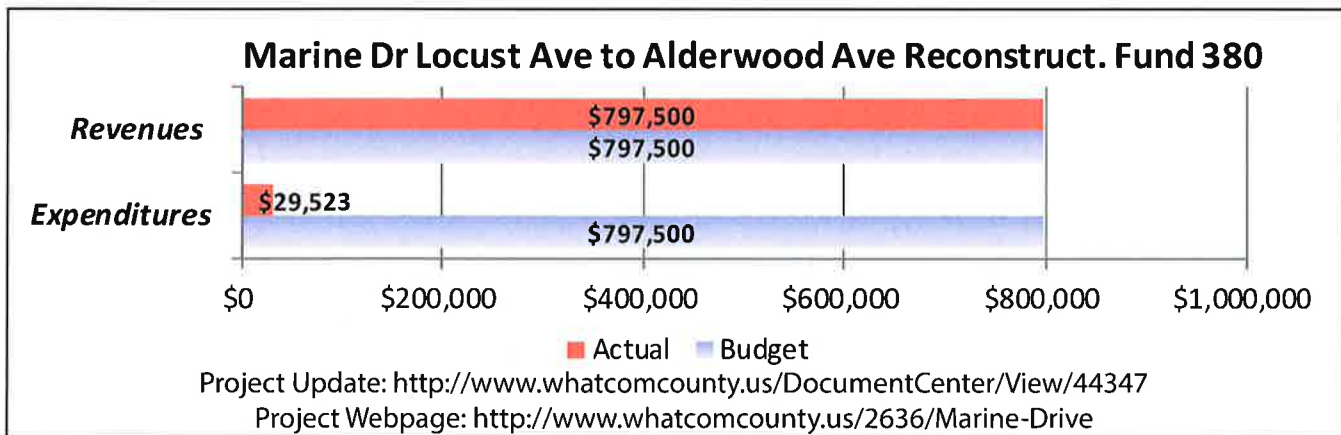
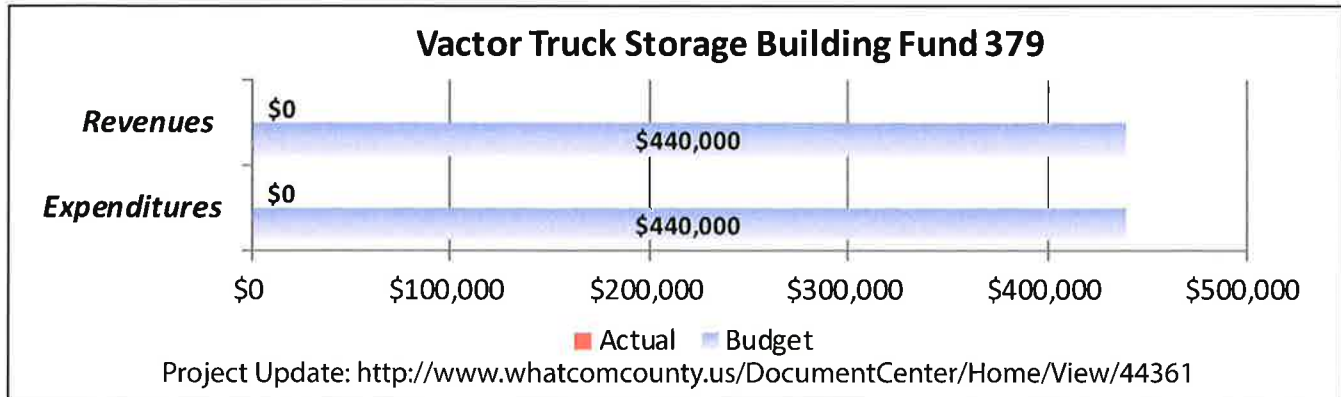


Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued



Whatcom County Third Quarter 2019 Financial Report

For the Quarter Ended September 30, 2019



Project Budget Funds, continued

