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SUBMITTED BY: Brad Bennett
(Finance)
 COUNCIL MEETING
 Finance COMMITTEE
EXHIBIT: _____

**2018
Fourth
Quarter
Financial
Report**



Jack Louws, County Executive
Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

March 6, 2019

Whatcom County Fourth Quarter 2018 Financial Report

For the Quarter Ended December 31, 2018



Executive Summary

The following information presents Whatcom County's fourth quarter 2018 financial report. The General Fund collected 100.4% of its budgeted revenues and year-end adjustments are expected to result in revenues being about \$1.2 million over budget. The General Fund expended 92.4% of its 2018 budget. Year-end adjustments and continuing appropriations into 2019 will increase expenditures to approximately 94% of budget.

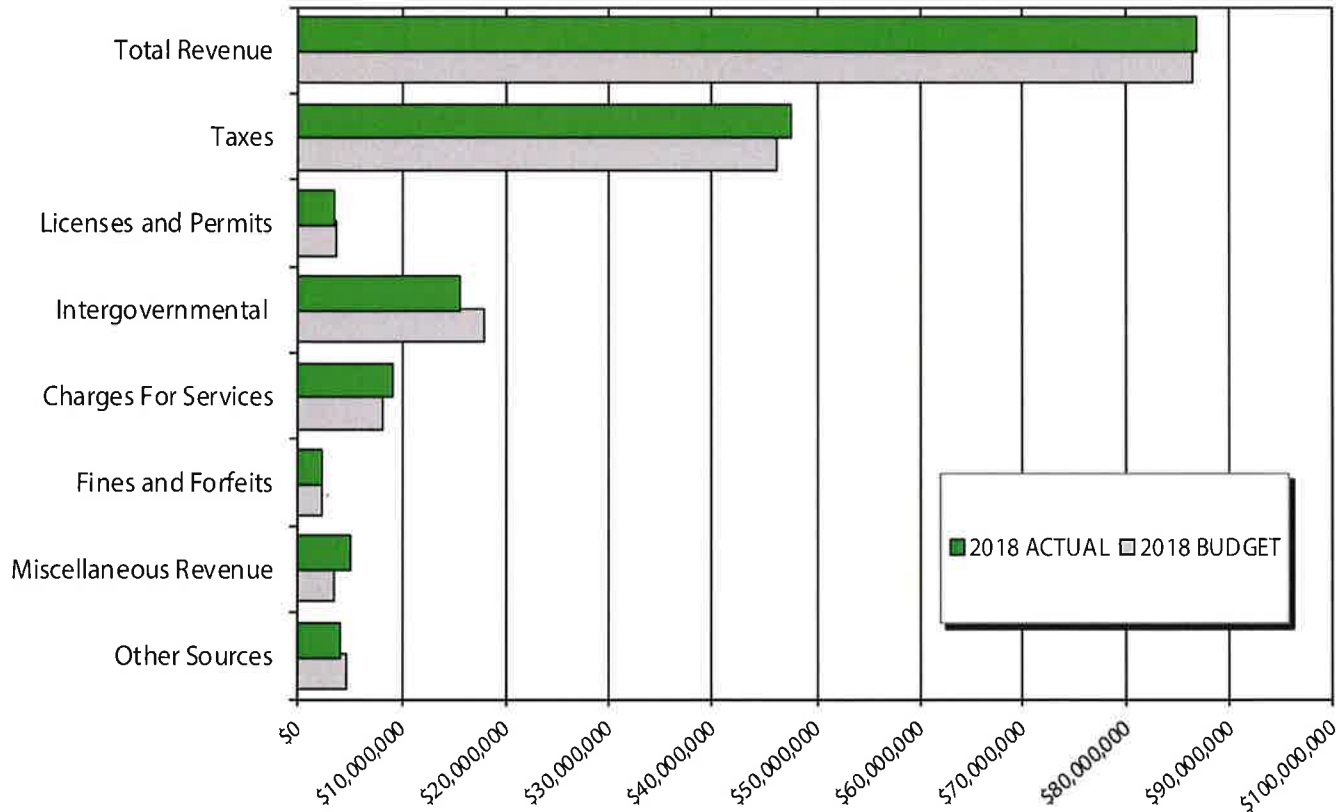
The estimated 2018 General Fund ending fund balance is projected to be approximately \$16.9 million.

Whatcom County Fourth Quarter 2018 Financial Report

For the Quarter Ended December 31, 2018



General Fund Revenue - Budget vs. Actual



	2018 Budget Adopted	2018 Budget Supp'ls	2018 Budget Amended	Actual as of 12/31/2018	% Collected To Date
Taxes	45,244,980	1,030,000	46,274,980	47,522,275	102.70%
Licenses and Permits	3,459,894	252,000	3,711,894	3,386,133	91.22%
Intergovernmental	14,510,133	3,371,850	17,881,983	15,516,724	86.77%
Charges For Services	8,208,045	(43,887)	8,164,158	8,998,351	110.22%
Fines and Forfeits	2,239,750	(25,000)	2,214,750	2,224,596	100.44%
Miscellaneous Revenue	3,466,361	51,000	3,517,361	5,019,426	142.70%
Other Sources	4,499,213	154,973	4,654,186	4,086,835	87.81%
Total Revenue	81,628,376	4,790,936	86,419,312	86,754,340	100.39%

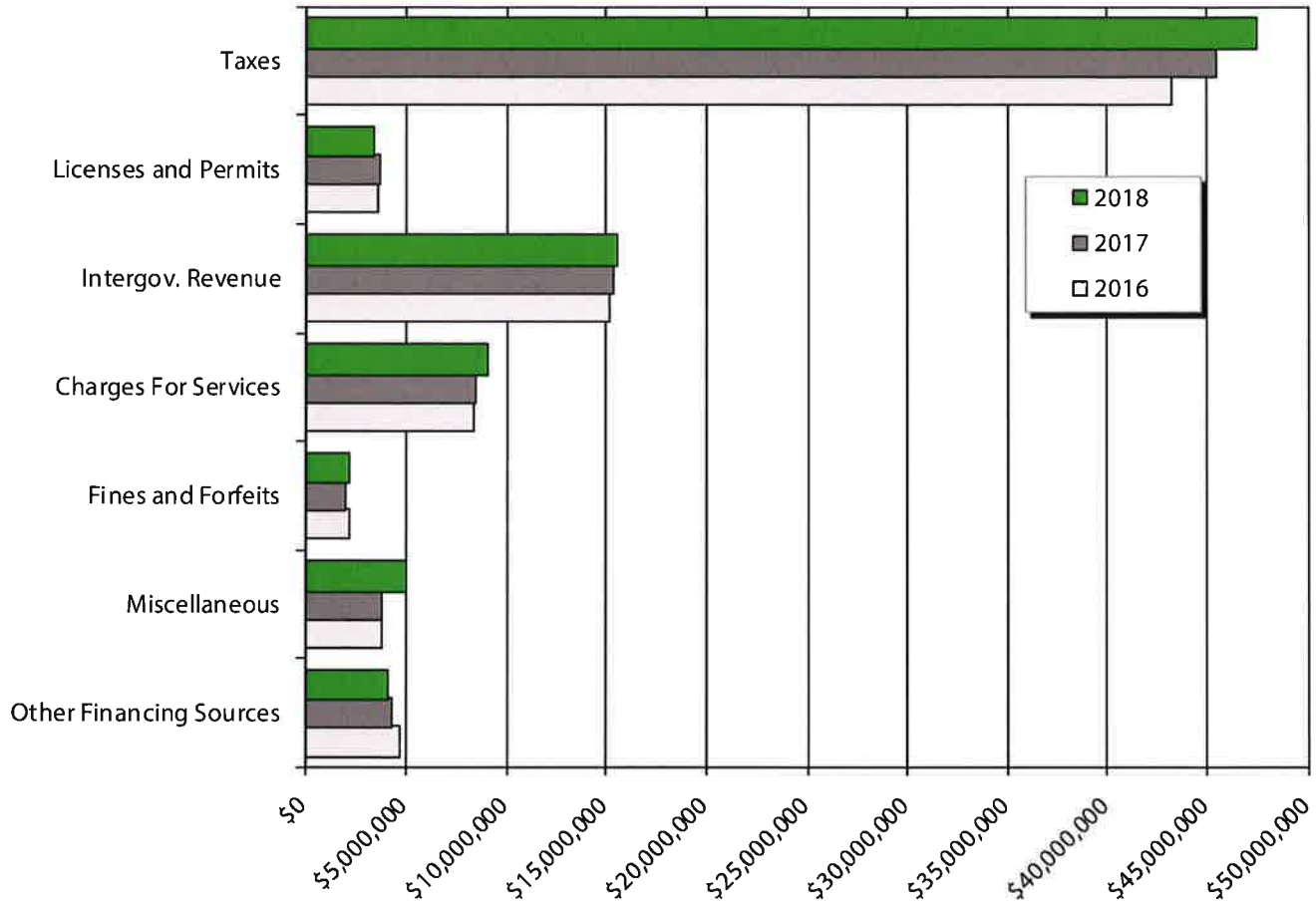
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2016	2017	2018
Taxes	43,270,745	45,510,508	47,522,275
Licenses and Permits	3,623,562	3,680,204	3,386,133
Intergov. Revenue	15,140,500	15,329,143	15,516,724
Charges For Services	8,386,007	8,494,703	8,998,351
Fines and Forfeits	2,212,212	2,057,707	2,224,596
Miscellaneous	3,802,349	3,759,349	5,019,426
Other Financing Sources	4,708,276	4,327,026	4,086,835
Total Revenue	81,143,651	83,158,640	86,754,340

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 \$2 million, or 4.4%, more than 2017 amounts. There is a \$1.4 million increase in sales tax attributable to a prosperous economy and new remote sellers' sales tax provisions. Property taxes have increased \$553,505 due to new construction valuations added to the tax rolls.

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 currently \$294,000 less than prior year amounts, and \$326,000 less than budget. Fourth quarter cable franchise fee accruals should bring in another \$180,000 before 2018 accounts are closed. Building permit revenues are \$135,000 less than 2017 amounts. License & Permits after year-end adjustments will total \$3,566,000, or 96% of the 2018 budget.

Intergovernmental Revenue

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

Revenues collected as of year-end are \$187,583 more than 2017 amounts. Additional adjustments recorded during the year-end closing process will result in several hundred thousand dollars more revenue being accrued. The County received a retroactive payment in support of marijuana enforcement activities and increased quarterly payments from the state which are \$216,533 greater than 2017 receipts. In addition, the annual payment in lieu of taxes (PILT) payment from the federal government is \$394,000 more than the 2017 payment. After year-end adjustments, Intergovernmental Revenue will likely exceed the 2018 budget.

Charges for Services

"Charges for Services" include document recording fees (Auditor), motor vehicle license fees (Auditor), plan check fees (Planning & Development Services), adult probation fees (District Court Probation), Medicaid administration fees (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.

Currently, Charges for Services are \$503,651 greater than 2017 amounts. Charges for Services will decrease by approximately \$500,000 as the result of adjustment of 2019 Medicaid administration revenues received in advance. Charges for Service will be approximately the same as last year.

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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 are \$166,893 greater than 2017. Fines and Forfeits revenue is 100% of 2018 budget. District Court traffic infraction collections have increased by \$80,000 and property tax penalty collections have increased by \$77,000.

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 currently up \$1,260,000 over 2017 amounts. Year-end adjustments are expected to reduce that amount by about \$400,000. 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%).

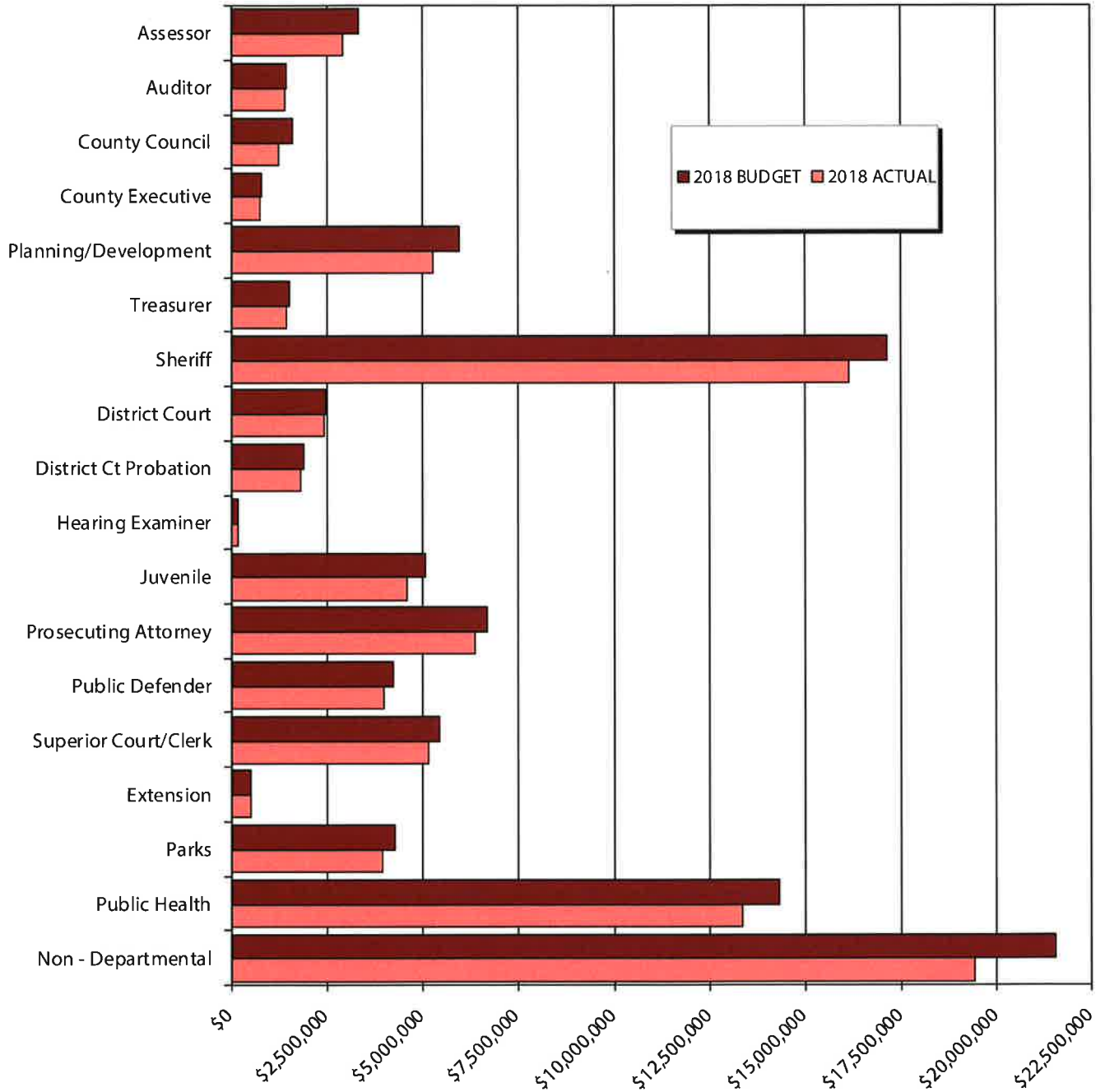
The Other Financing Sources are currently \$240,000 less than 2017 amounts. Timber sales revenue increased \$207,000. Timber sales fluctuate based on harvest plans and market conditions. Operating transfers are \$352,000 less than prior year but year-end adjustments will result in increased amounts being recorded.

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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 12/31/18	% Expended To Date
Assessor	3,096,851	228,688	3,325,539	2,925,467	87.97%
Auditor	1,367,654	84,251	1,451,905	1,399,474	96.39%
County Council	1,288,444	312,369	1,600,813	1,248,592	78.00%
County Executive	732,667	44,997	777,664	750,823	96.55%
Planning & Development	5,470,416	482,596	5,953,012	5,259,661	88.35%
Treasurer	1,500,968	38,234	1,539,202	1,463,092	95.06%
Sheriff	14,967,526	2,159,822	17,127,348	16,179,833	94.47%
District Court	2,394,946	66,968	2,461,914	2,405,452	97.71%
District Court Probation	1,709,449	169,486	1,878,935	1,819,919	96.86%
Hearing Examiner	196,593	4,554	201,147	200,126	99.49%
Juvenile	4,902,110	152,260	5,054,370	4,596,950	90.95%
Prosecuting Attorney	6,585,840	135,488	6,721,328	6,373,531	94.83%
Public Defender	4,091,868	131,664	4,223,532	3,972,827	94.06%
Superior Court/Clerk	5,144,798	314,514	5,459,312	5,170,490	94.71%
Extension	486,554	28,675	515,229	492,723	95.63%
Parks	4,089,396	166,432	4,255,828	3,948,719	92.78%
Public Health	12,648,363	1,693,187	14,341,550	13,358,841	93.15%
Non - Departmental	15,975,542	5,587,454	21,562,996	19,422,276	90.07%
Total General Fund Exp	86,649,985	11,801,639	98,451,624	90,988,796	92.42%

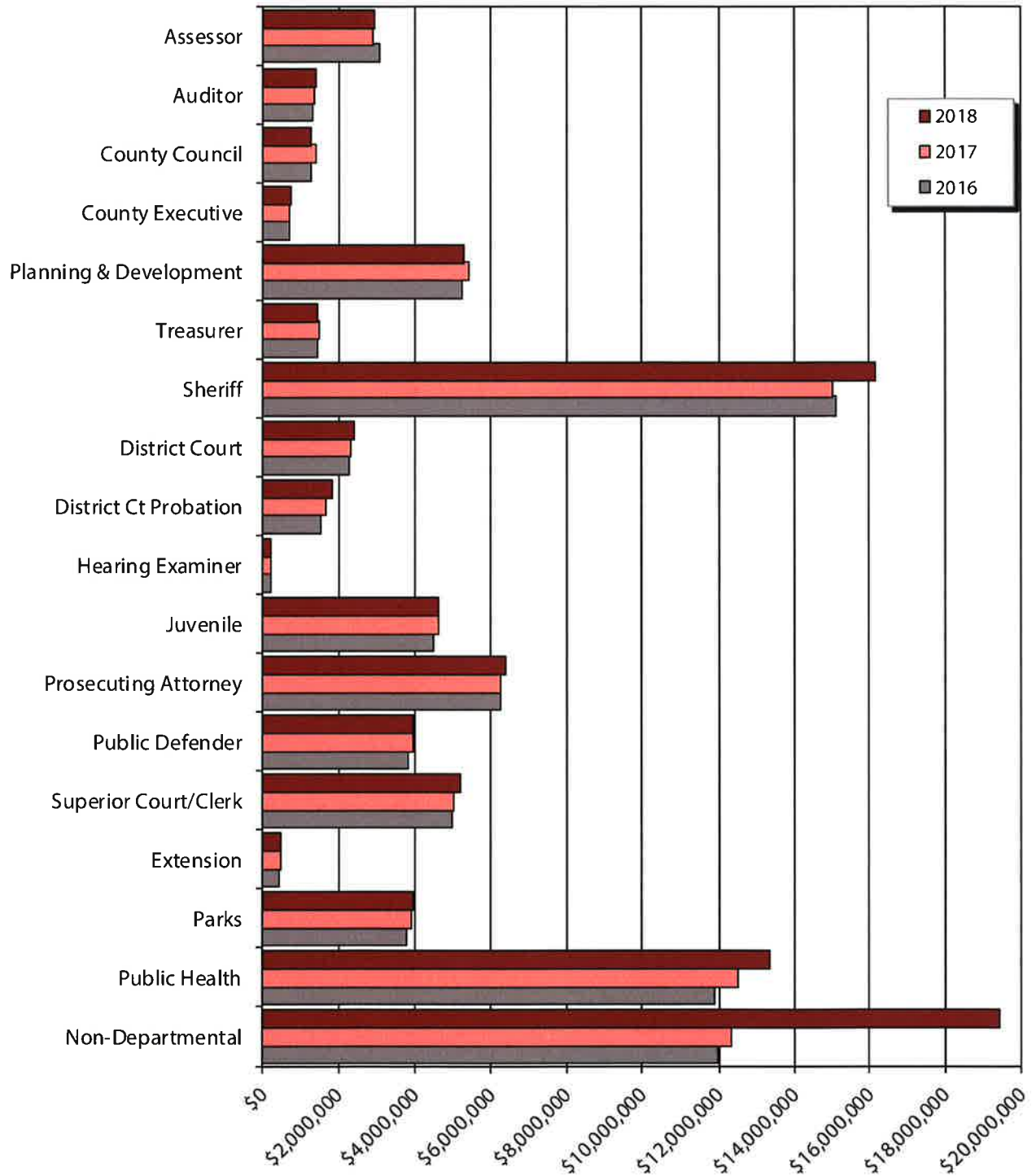
See page 9 for General Fund Expenditure Notes.

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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	3,068,302	2,911,148	2,925,467
Auditor	1,332,333	1,361,766	1,399,474
County Council	1,253,972	1,391,304	1,248,592
County Executive	692,790	706,964	750,823
Planning & Development	5,238,543	5,394,452	5,259,661
Treasurer	1,448,280	1,476,649	1,463,092
Sheriff	15,089,778	15,022,272	16,179,833
District Court	2,282,810	2,333,871	2,405,452
District Ct Probation	1,549,847	1,678,451	1,819,919
Hearing Examiner	194,107	196,109	200,126
Juvenile	4,501,880	4,607,726	4,596,950
Prosecuting Attorney	6,259,193	6,231,502	6,373,531
Public Defender	3,823,759	3,938,638	3,972,827
Superior Court /Clerk	4,971,338	5,030,729	5,170,490
Extension	452,679	468,670	492,723
Parks	3,779,518	3,906,675	3,948,719
Public Health	11,873,775	12,481,756	13,358,841
Non-Departmental	11,962,393	12,320,556	19,422,276
TOTAL	79,775,297	81,459,238	90,988,796

General Fund Expenditure Notes

Currently, expenditures for 2018 for the General Fund are at 92.4% of the approved budget. Continuing appropriations will move \$1,170,349, or another 1.2% of the 2018 appropriation, over into 2019. The remaining amount of budget "lapse" is in line with prior year-end percentage amounts. Departmental spending is within budget limits for each department. Significant increases in departmental spending occurred between 2017 and 2018 in the Sheriff's Office due to Guild wage and benefit settlements, in Non Departmental due to increased transfers in support of Jail operations and capital projects, and in Health due to adding staff and increased human services programming. The Sheriff's Office 2018 budget lapse is related to lapsing of appropriation related to a Federal grant.

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General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/18	<u>20,902,784</u>
Revenues	
Budgeted Revenues 2018	81,628,376
Increased Revenue Estimates	1,240,000
Continuing Appropriations from 2017	254,183
Supplemental Budgets 2018	<u>4,536,753</u>
Total Revenue	<u><u>87,659,312</u></u>
Expenditures	
Budgeted Expenditures 2018	86,649,985
Continuing Appropriations from 2017	435,867
Supplemental Budgets 2018	<u>11,365,772</u>
Total Expenditures	<u><u>98,451,624</u></u>
Adjusted Surplus (Deficit)	(10,792,312)
Other Considerations	
Estimated Budget Lapse ¹	<u>6,793,162</u>
Projected Ending Fund Balance 12/31/18	<u><u><u>16,903,634</u></u></u>

Notes:

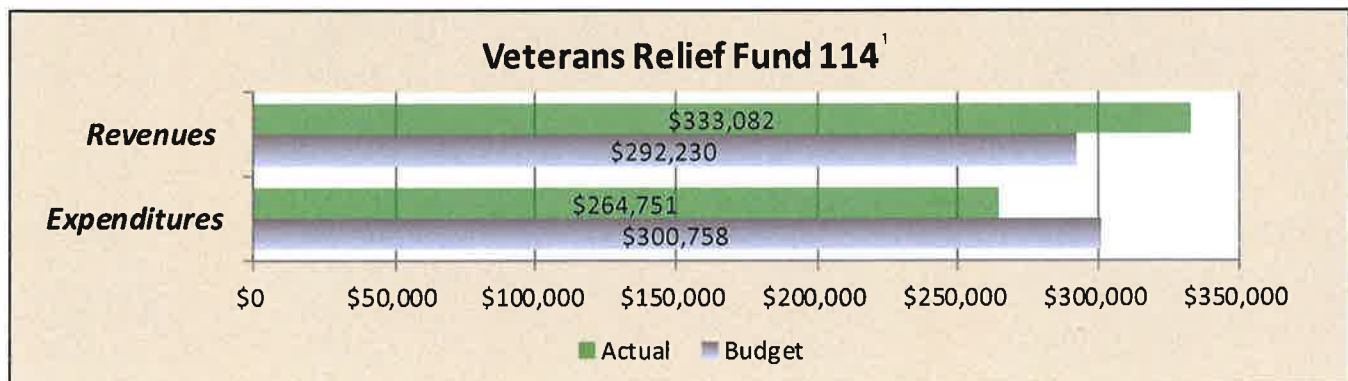
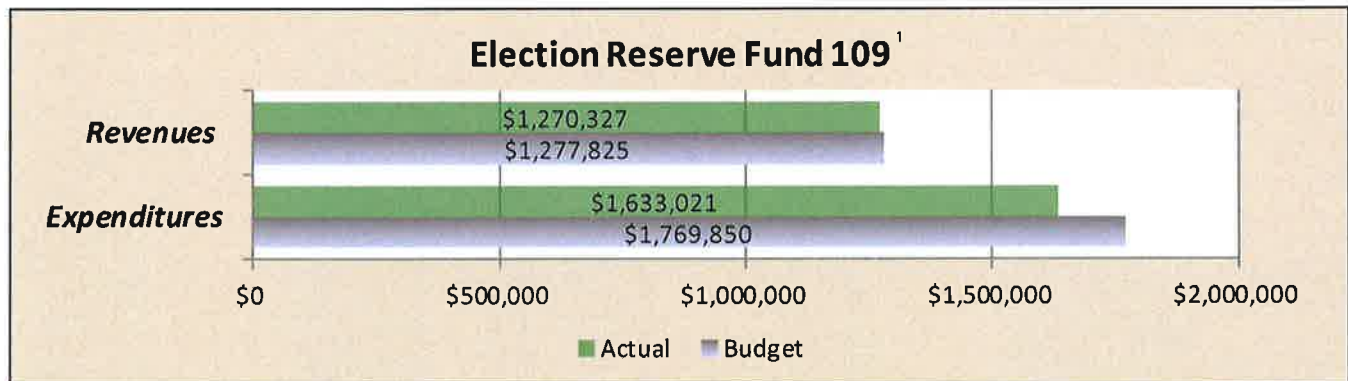
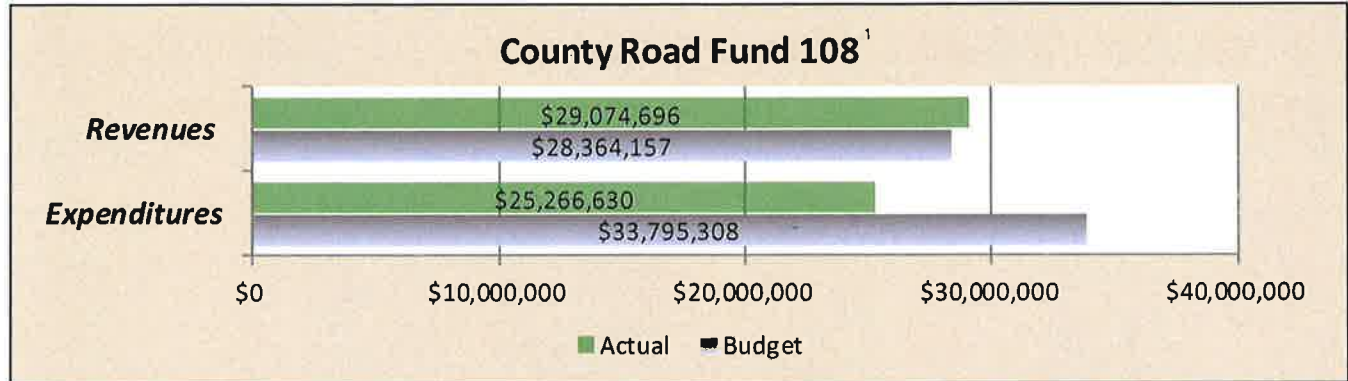
¹ The estimated budget lapse is 6.9% of expenditures.

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Special Revenue Funds and Other Funds



Note:

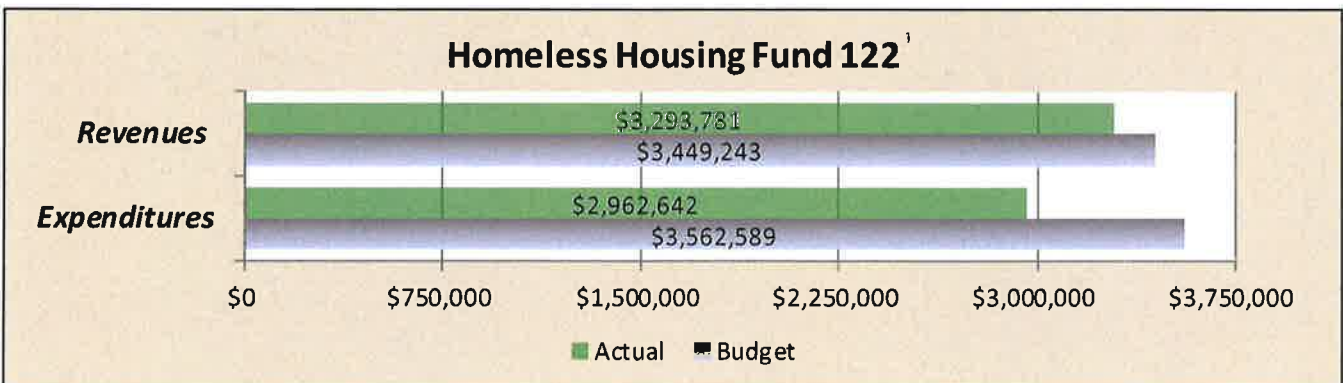
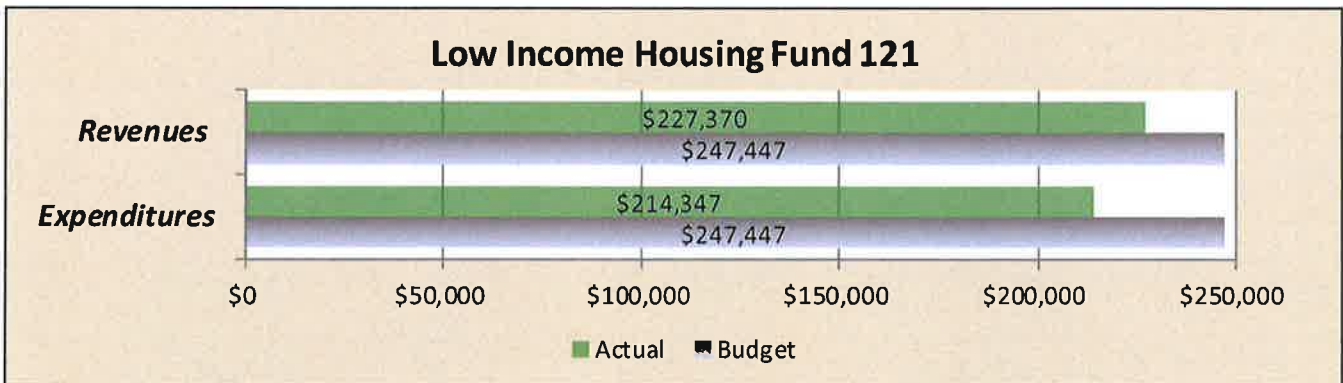
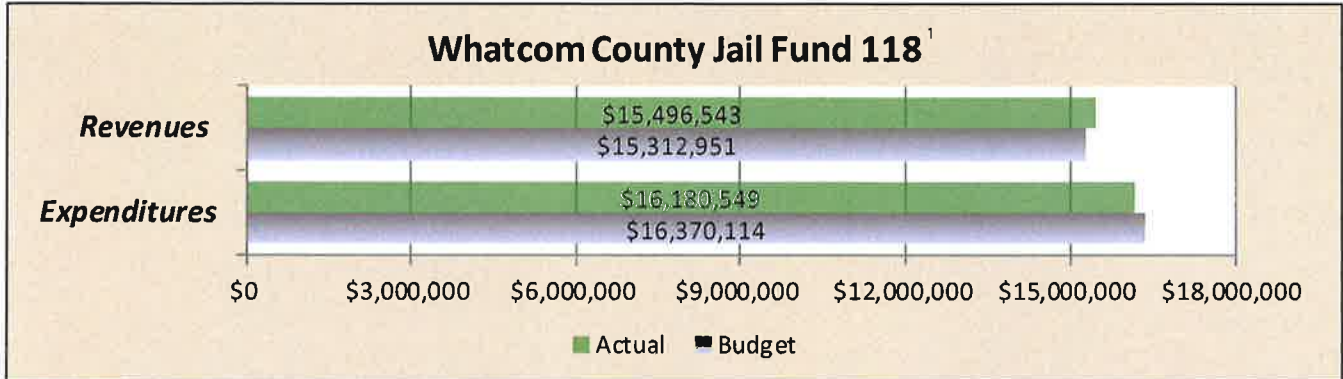
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



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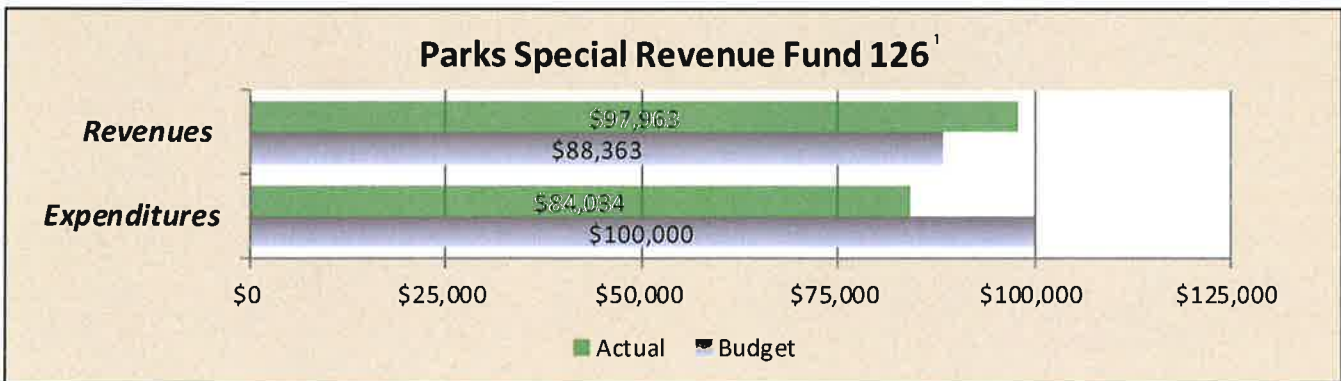
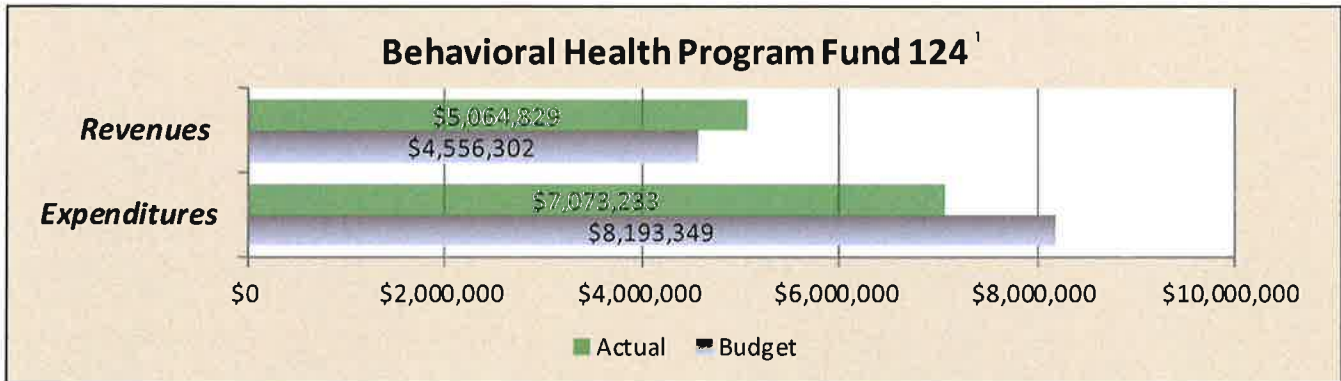
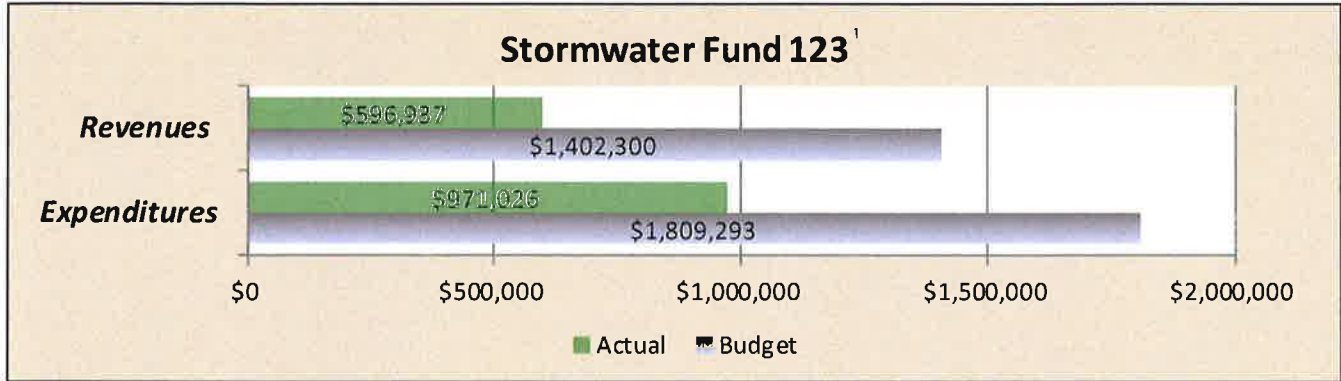
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Special Revenue Funds and Other Funds, continued



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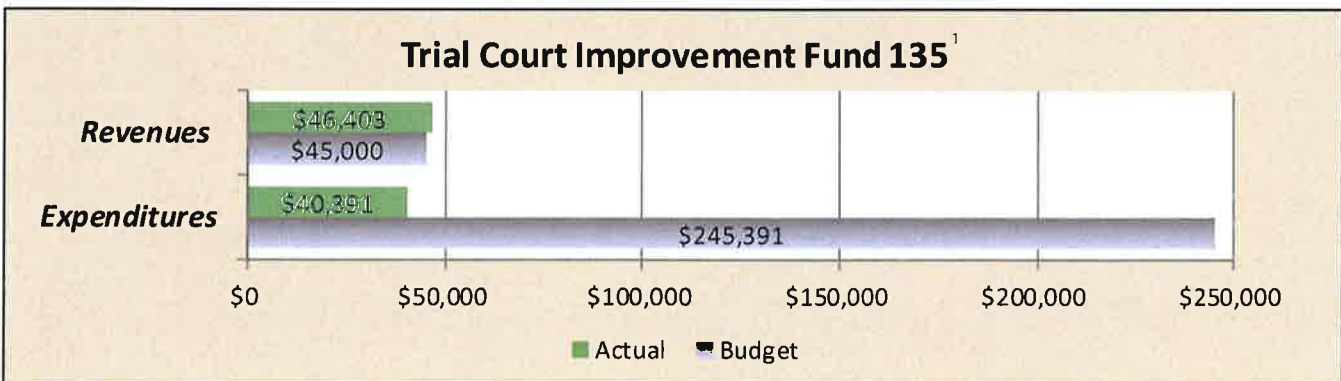
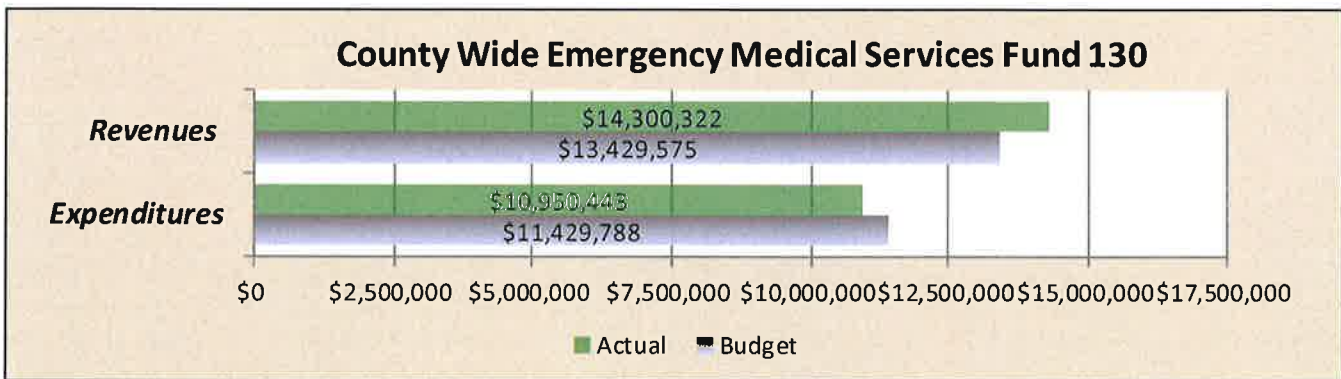
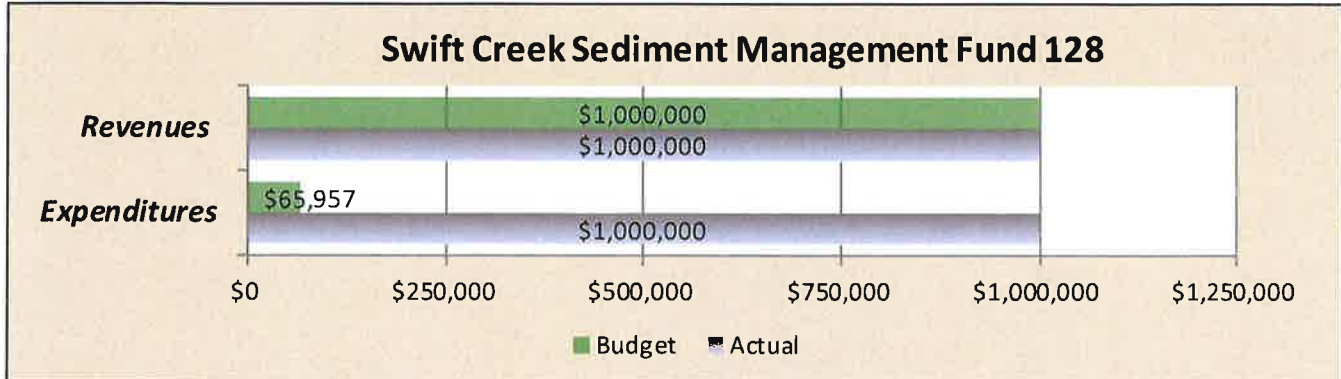
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Special Revenue Funds and Other Funds, continued



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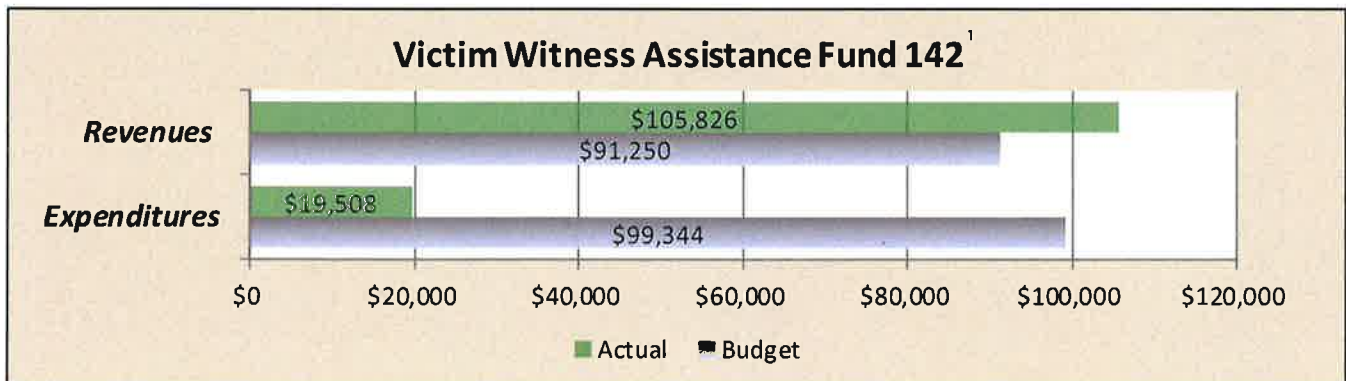
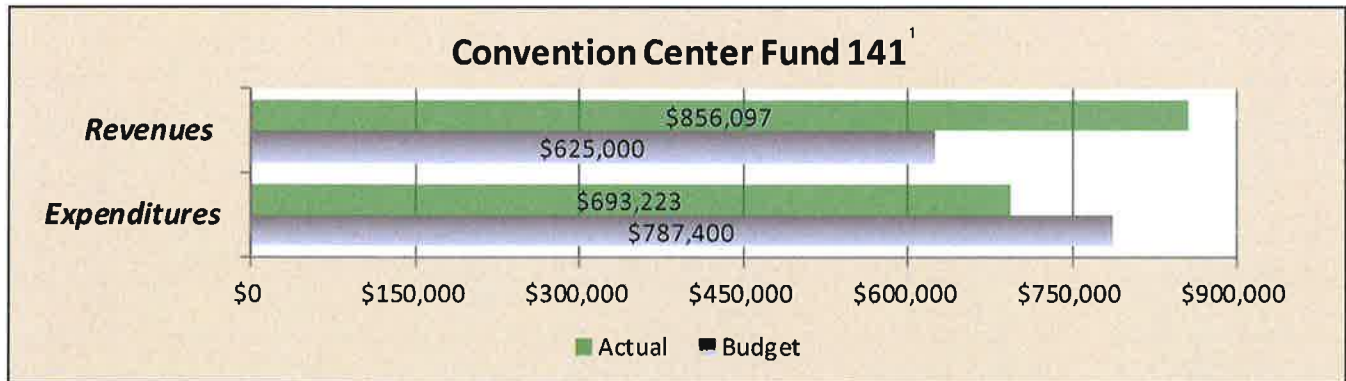
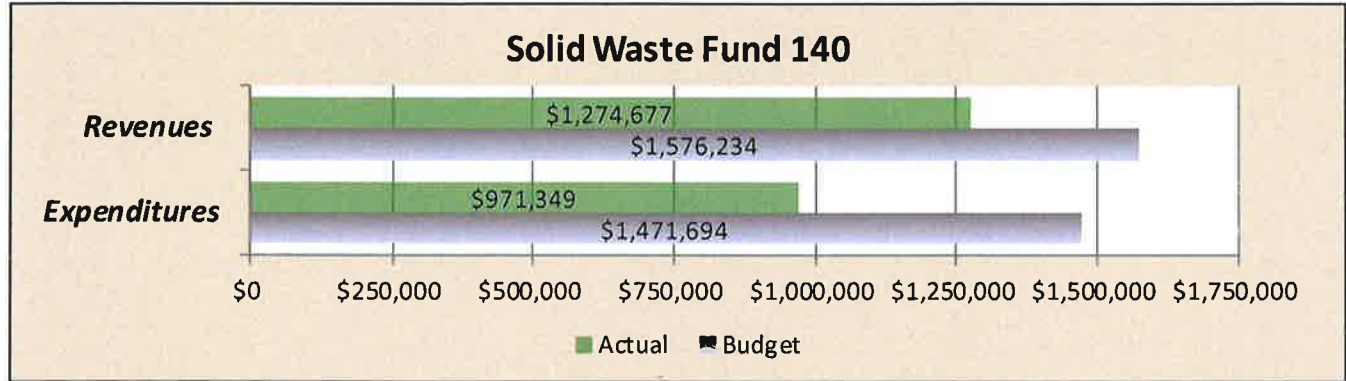
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Special Revenue Funds and Other Funds, continued



Notes:

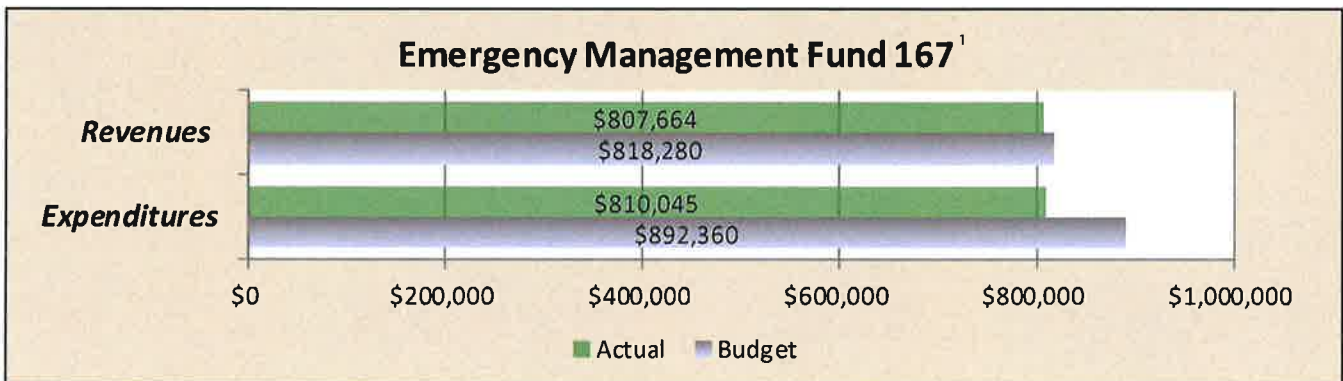
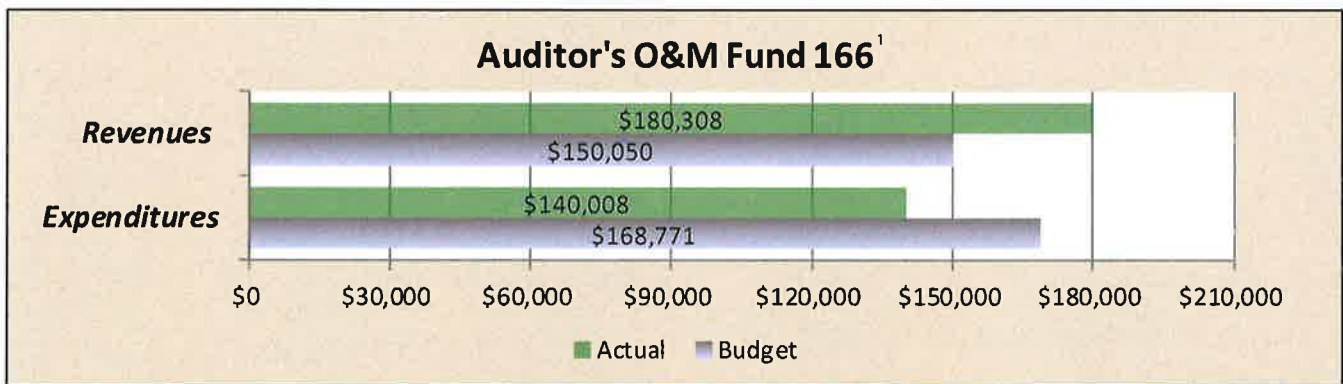
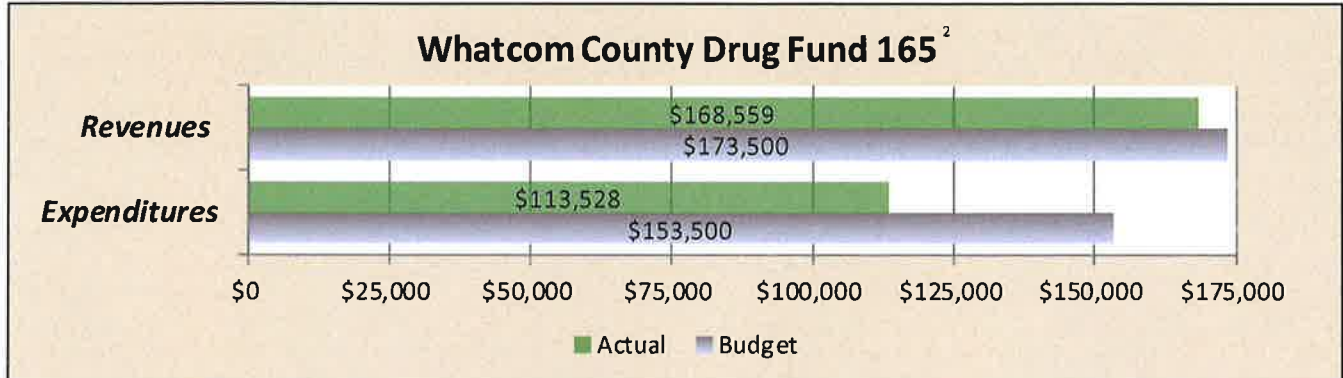
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Special Revenue Funds and Other Funds, continued



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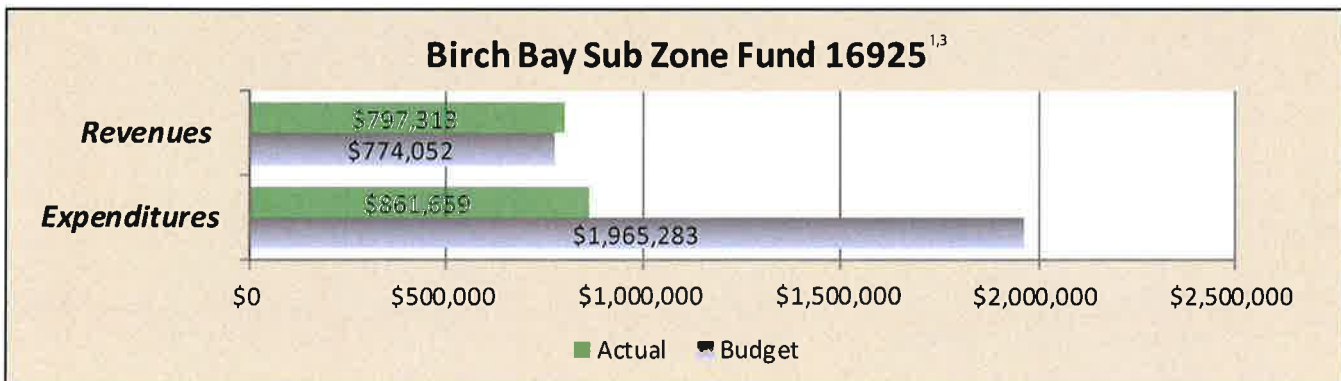
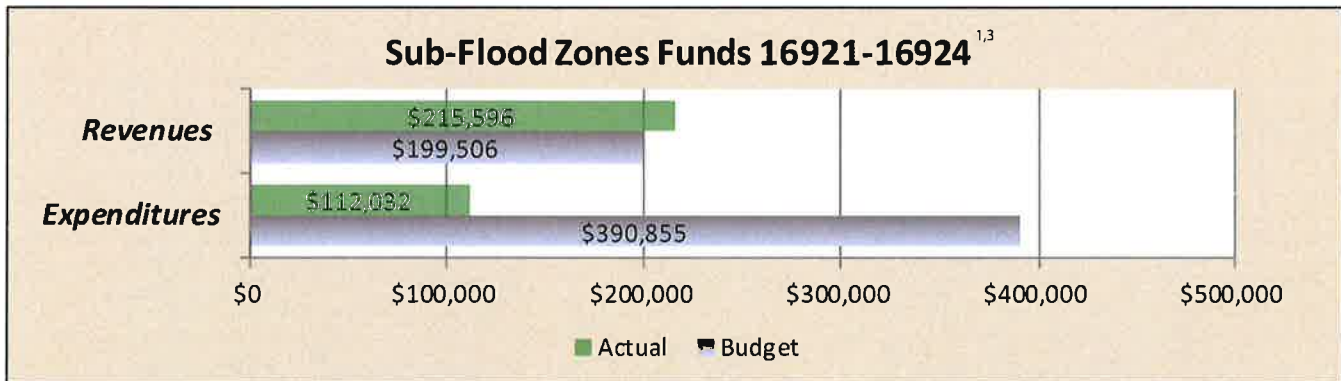
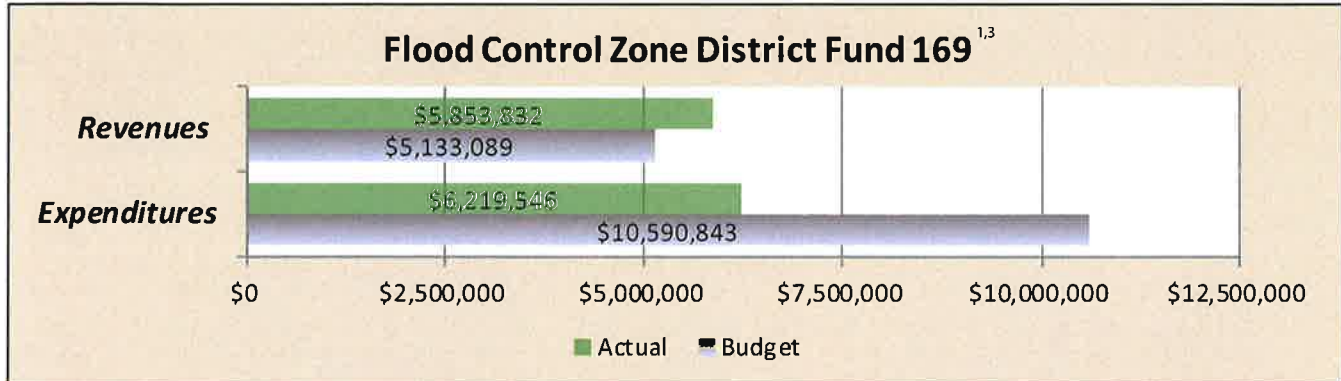
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

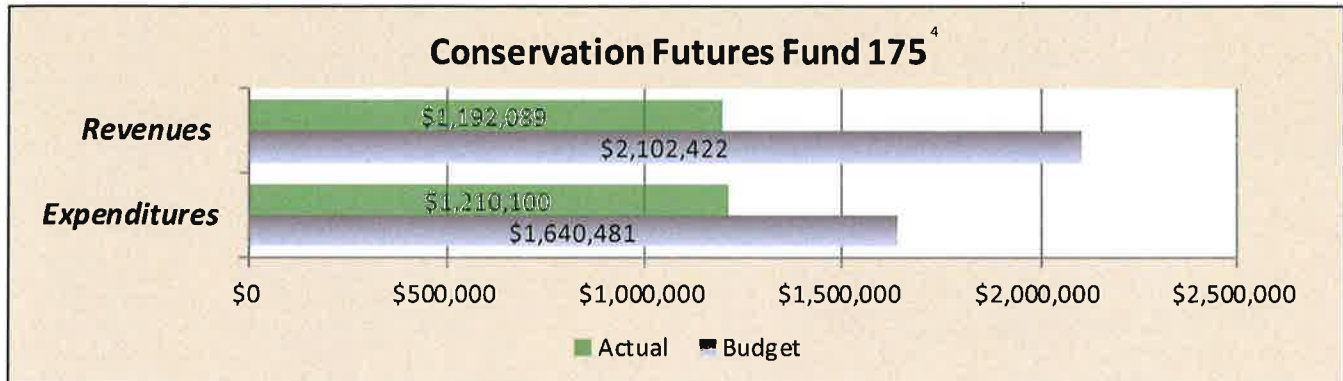
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



Notes:

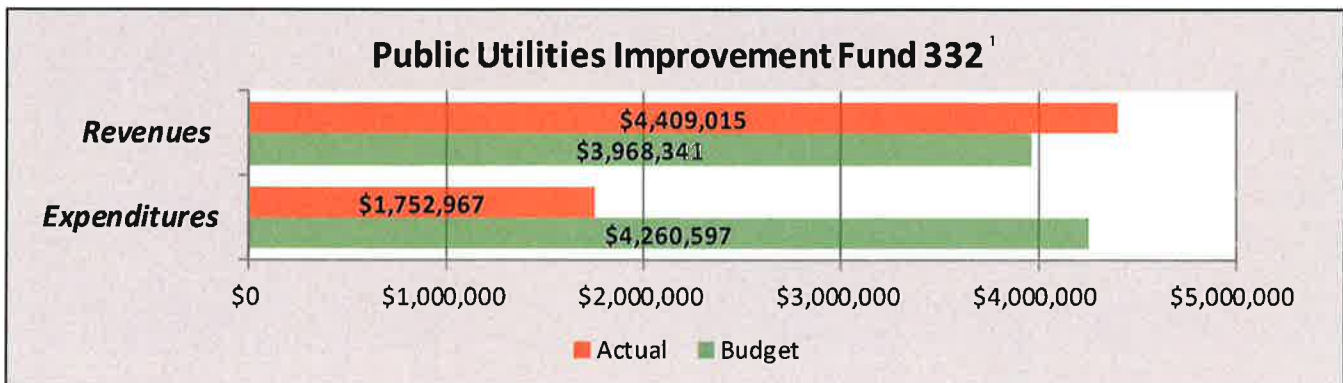
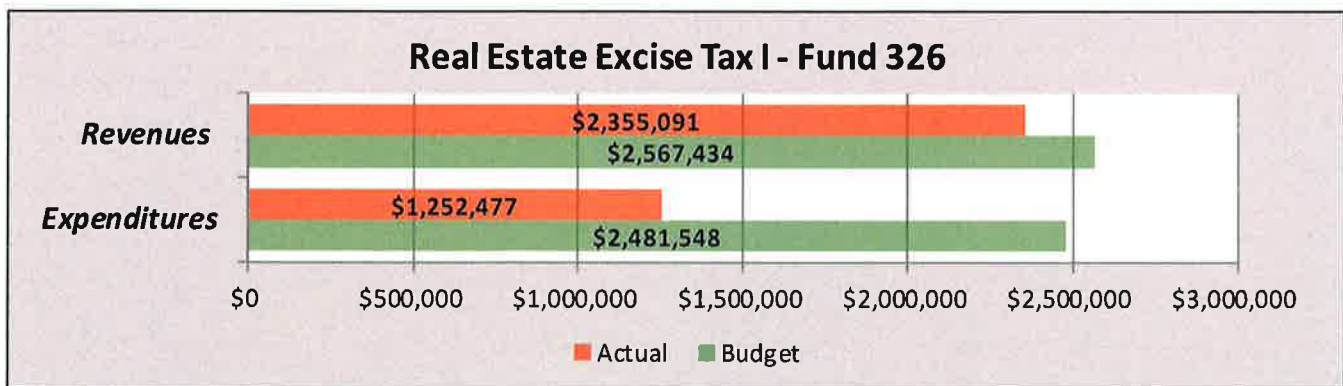
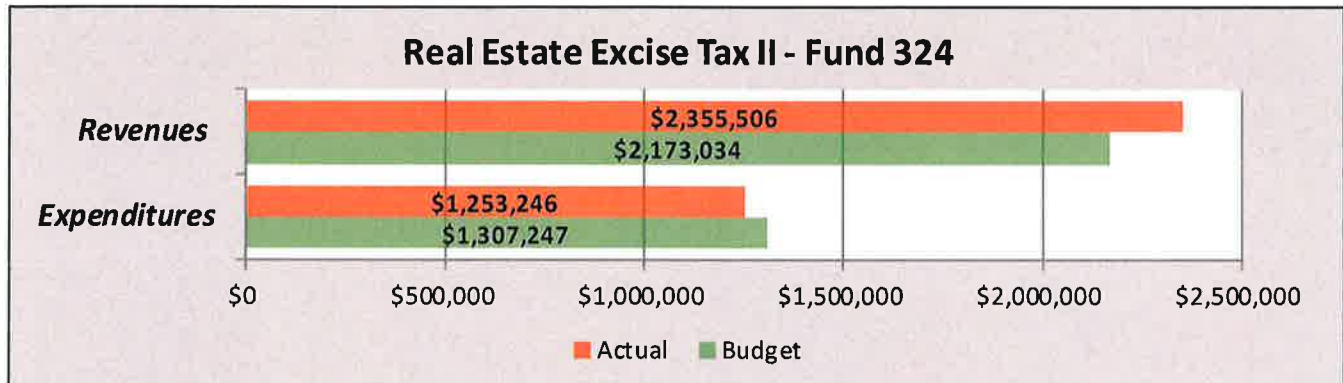
⁴ Most Conservations Futures funding is used to purchase development rights or land. These purchases are budgeted on a transaction by transaction basis as they occur.

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Capital Project Funds



Note:

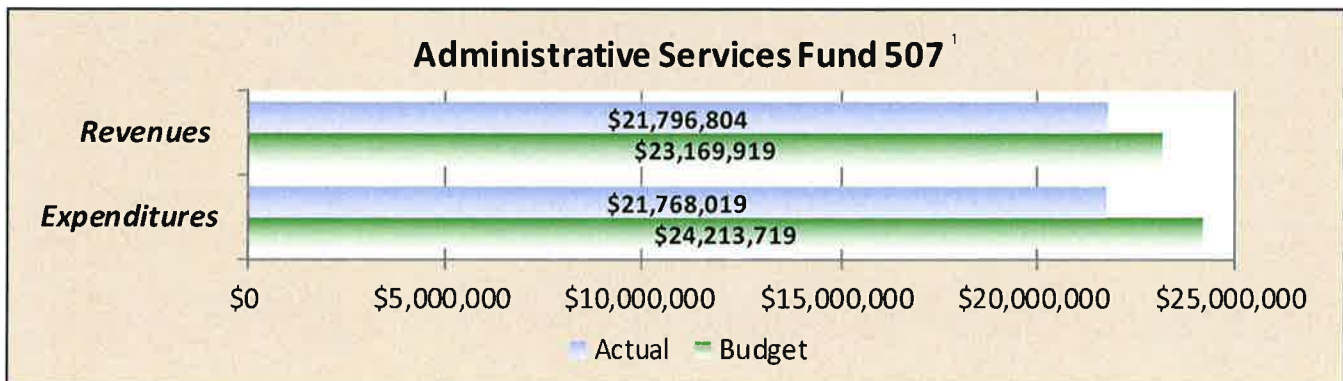
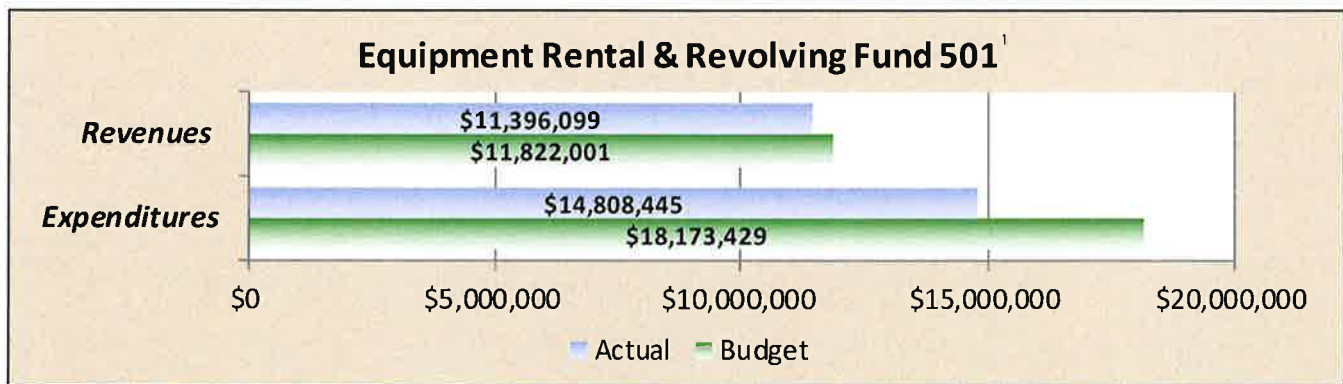
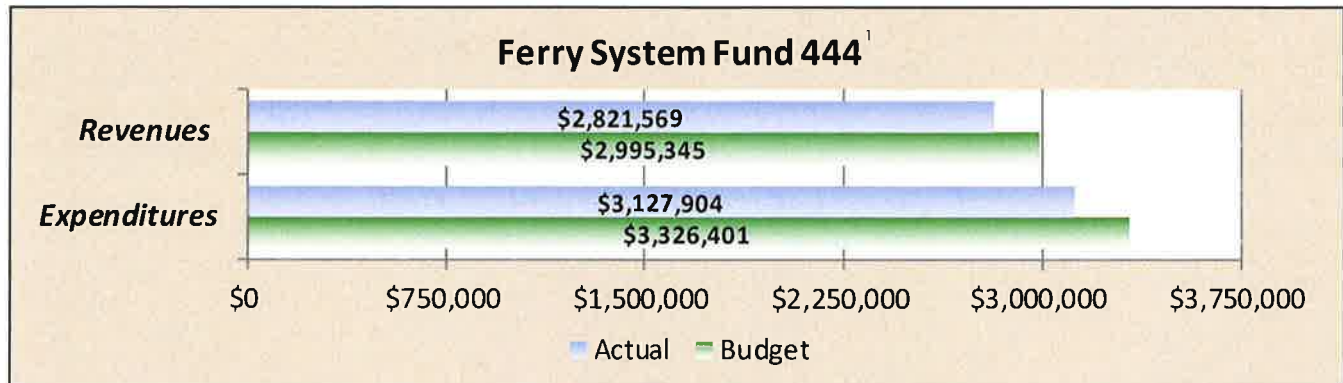
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Enterprise and Internal Service Funds



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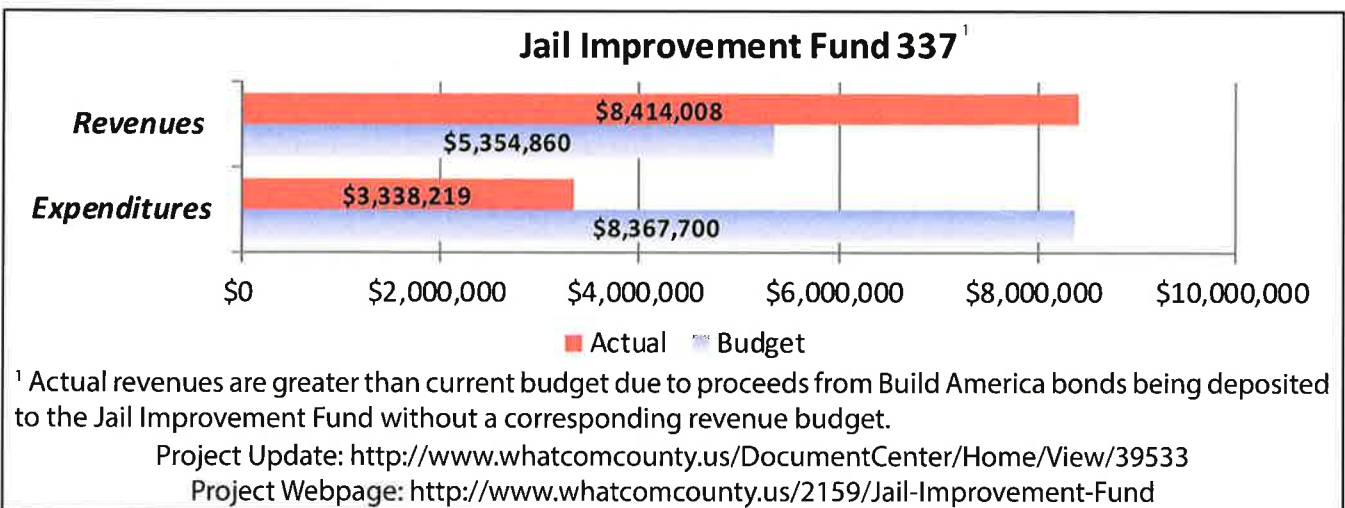
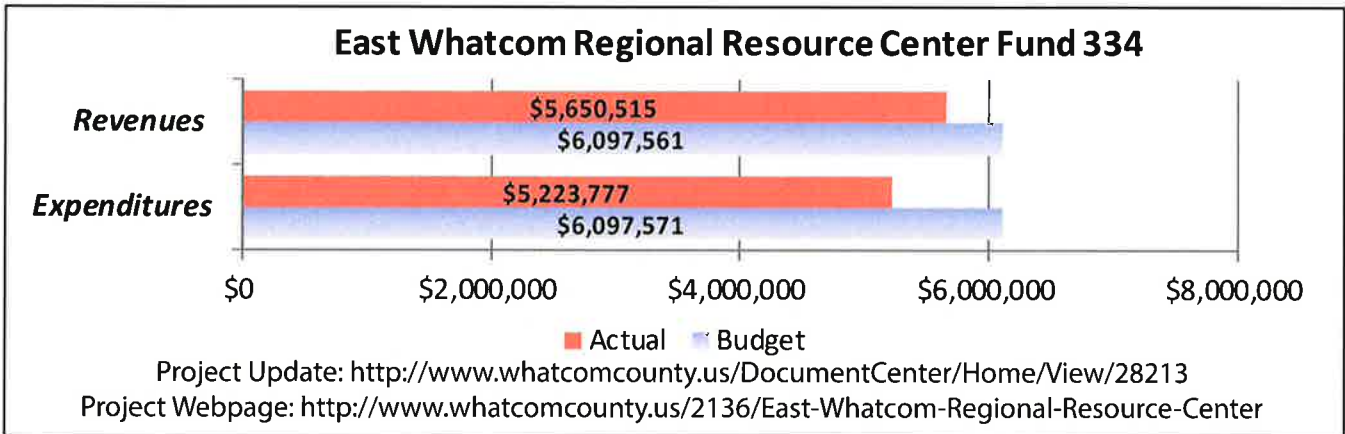
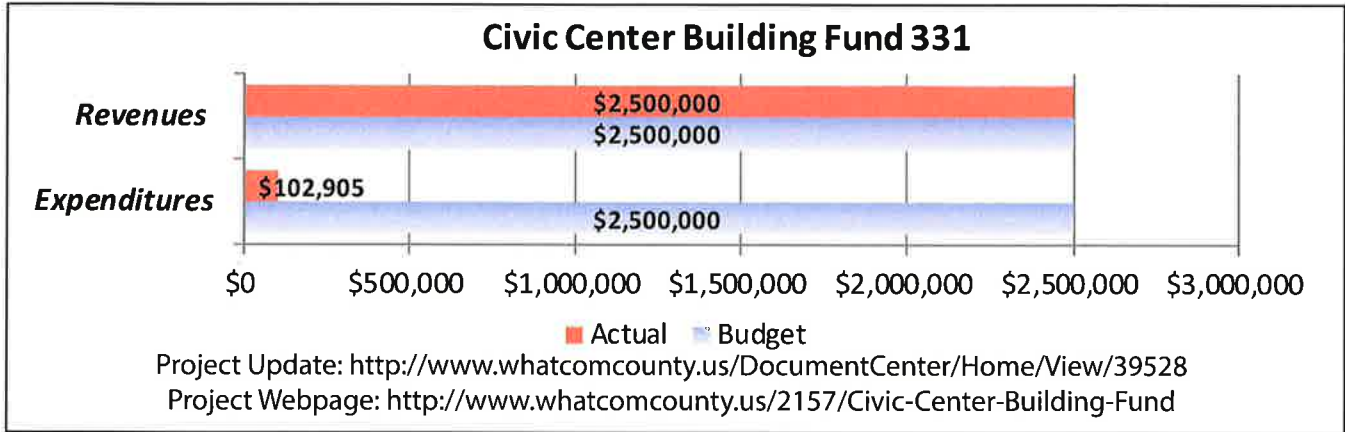
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Project Budget Funds

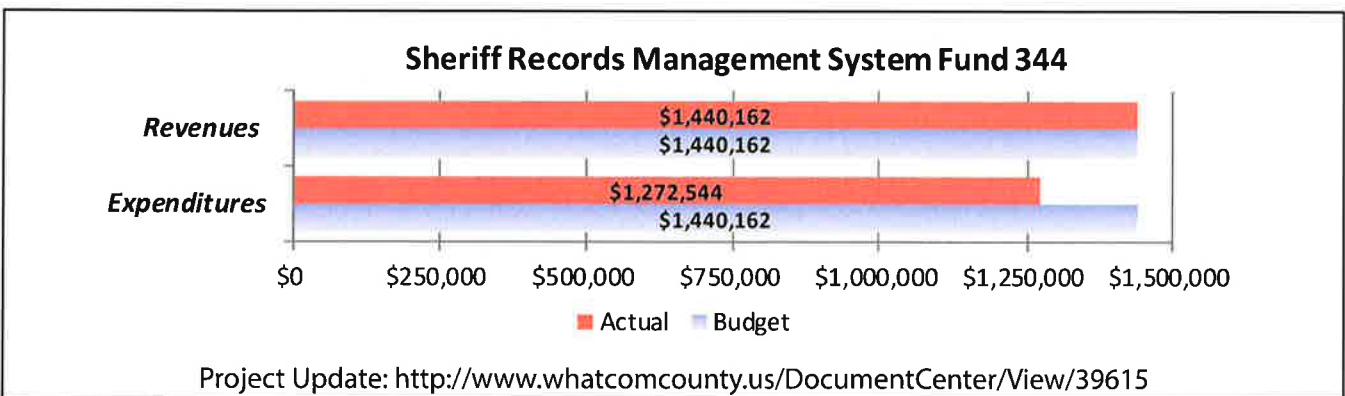
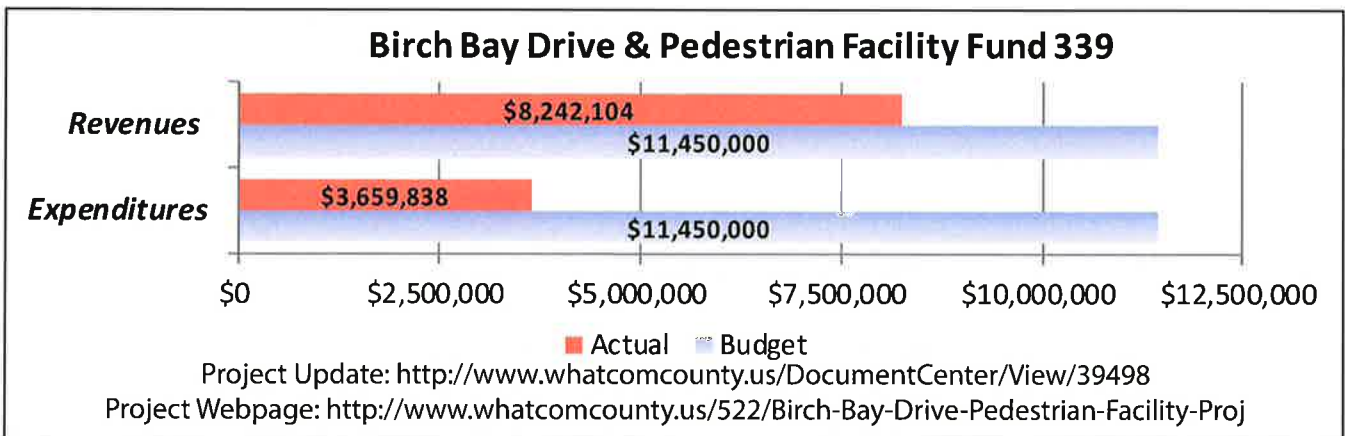
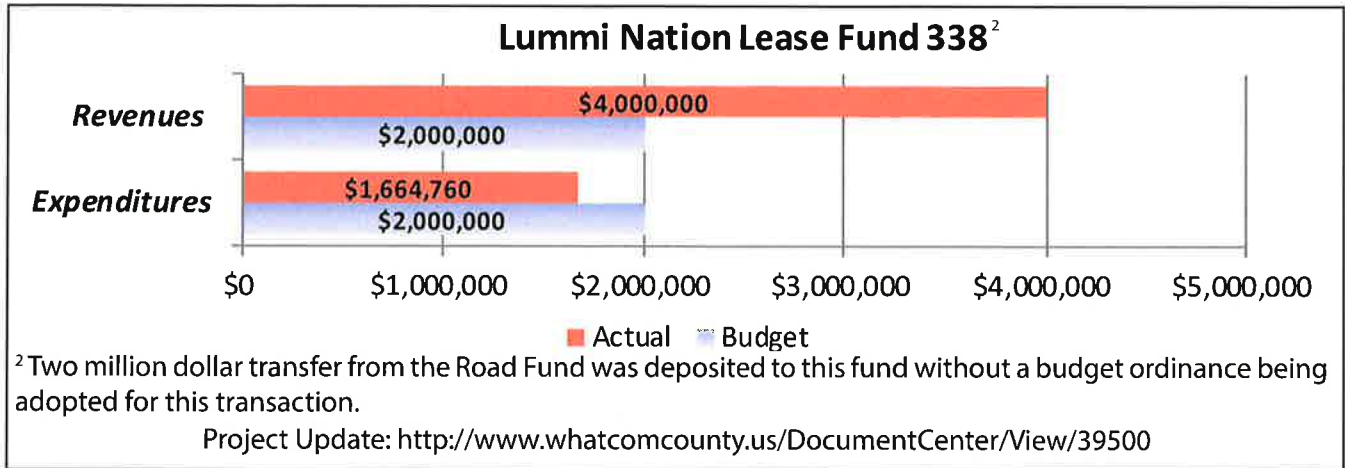


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Project Budget Funds, continued

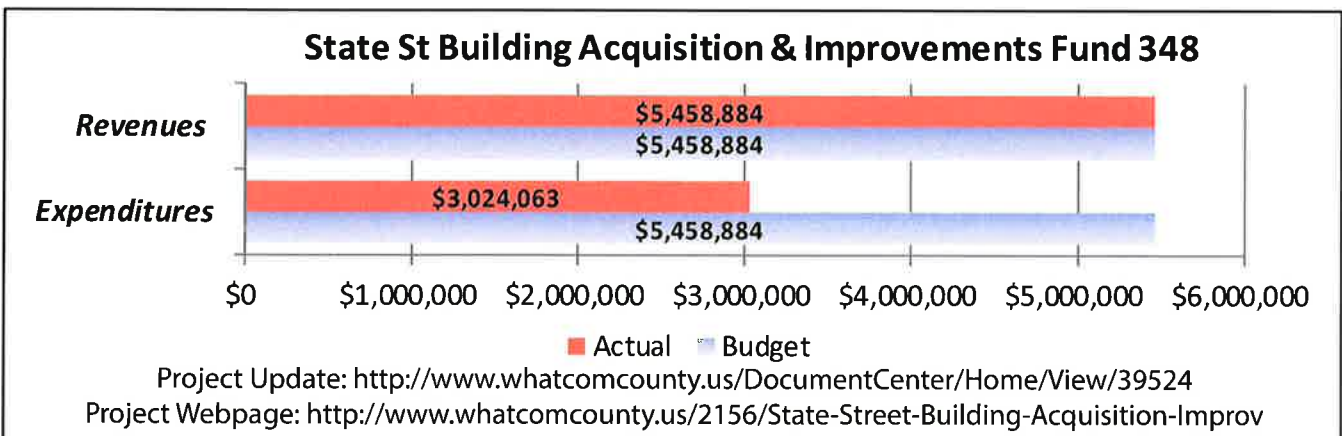
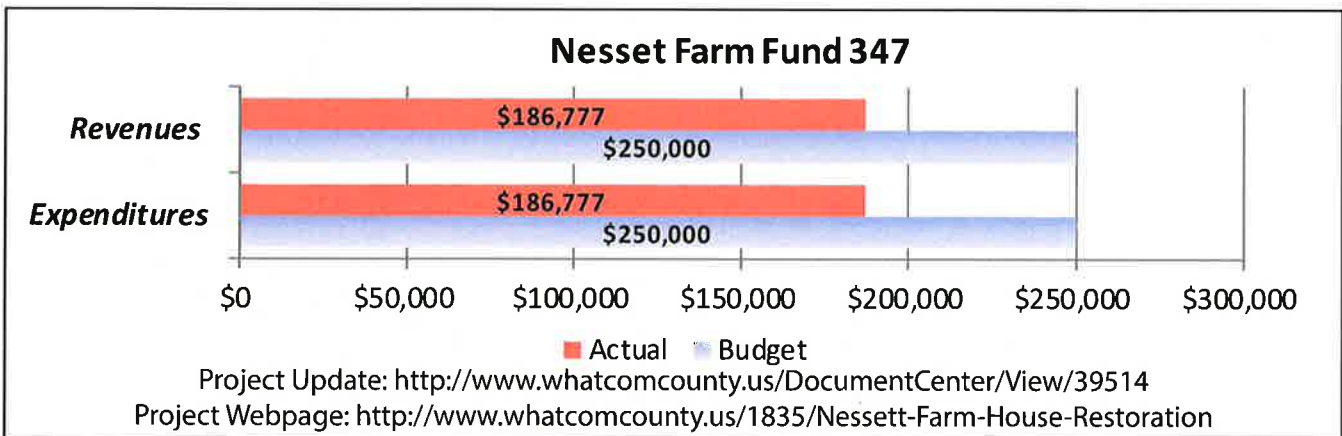
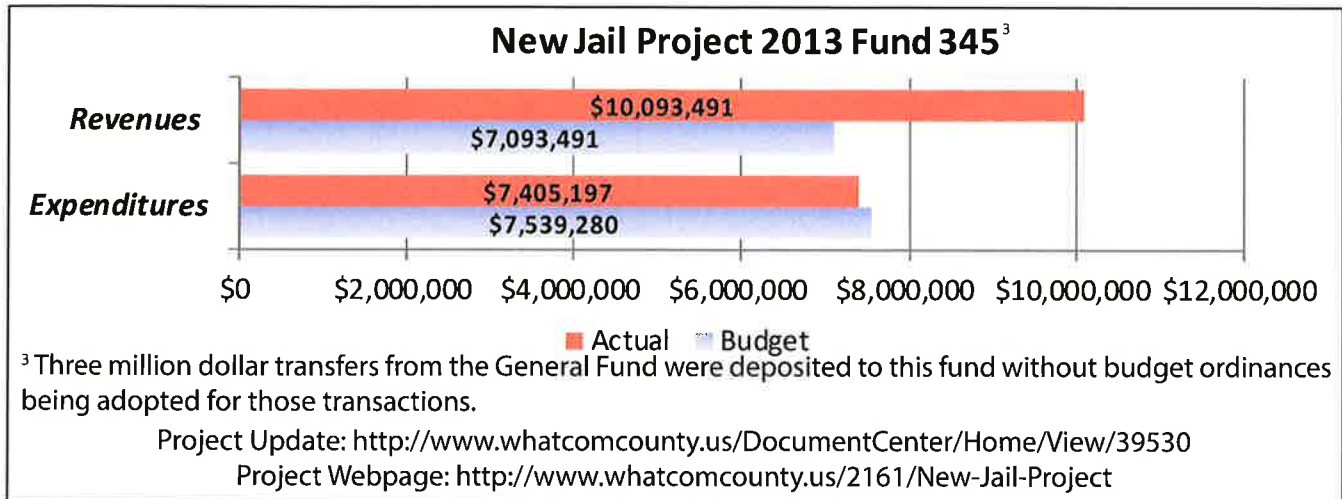


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Project Budget Funds, continued

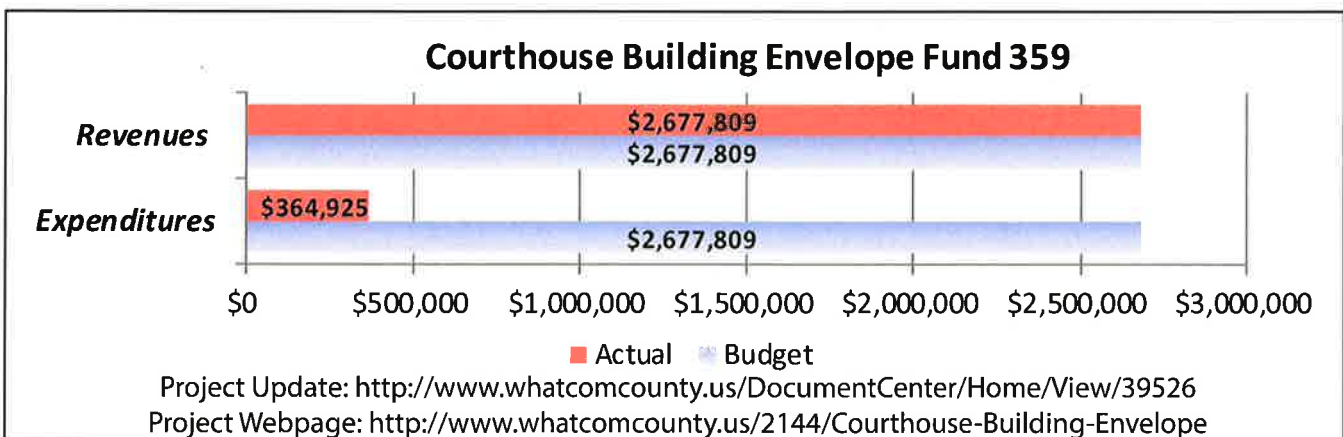
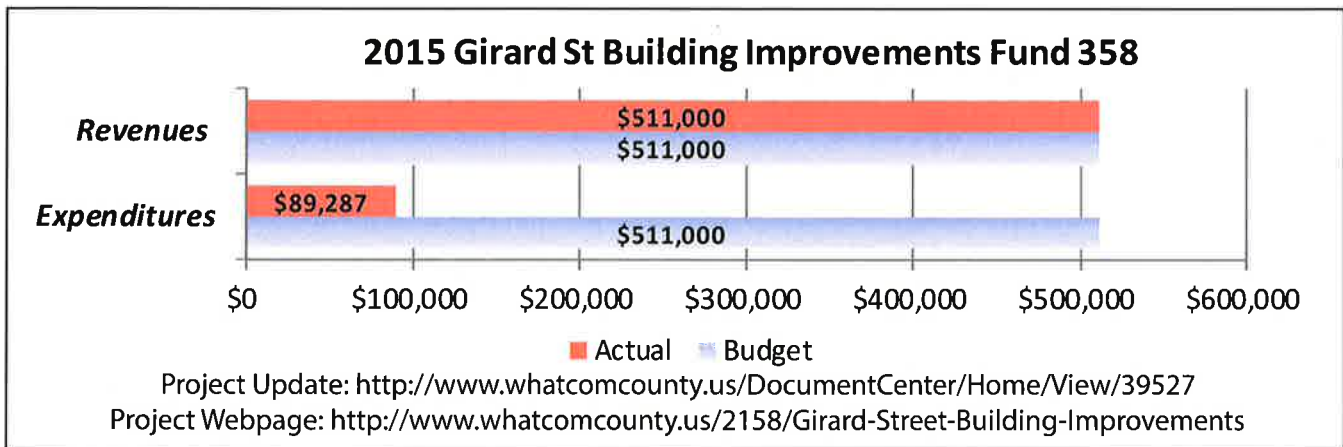
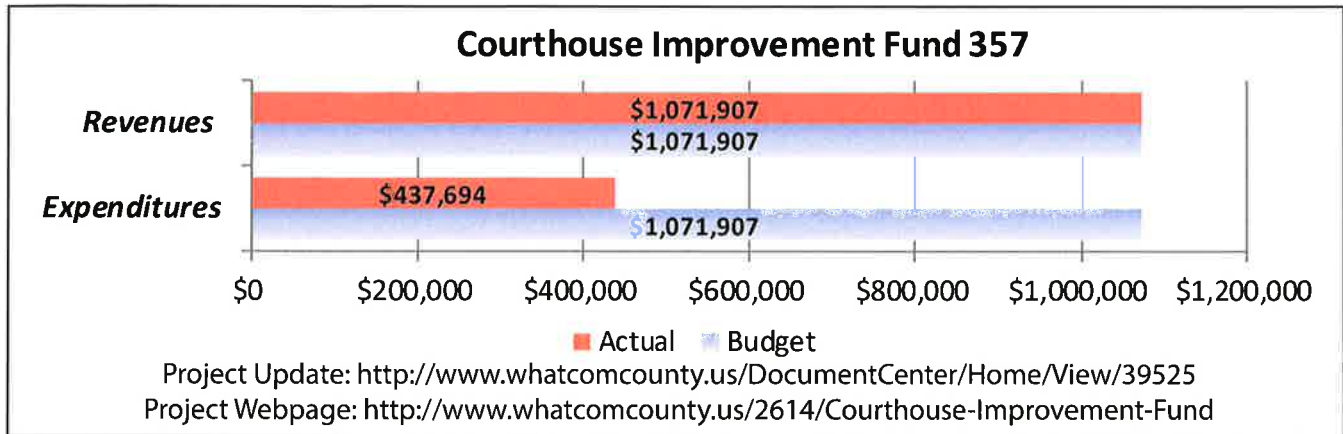


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Project Budget Funds, continued

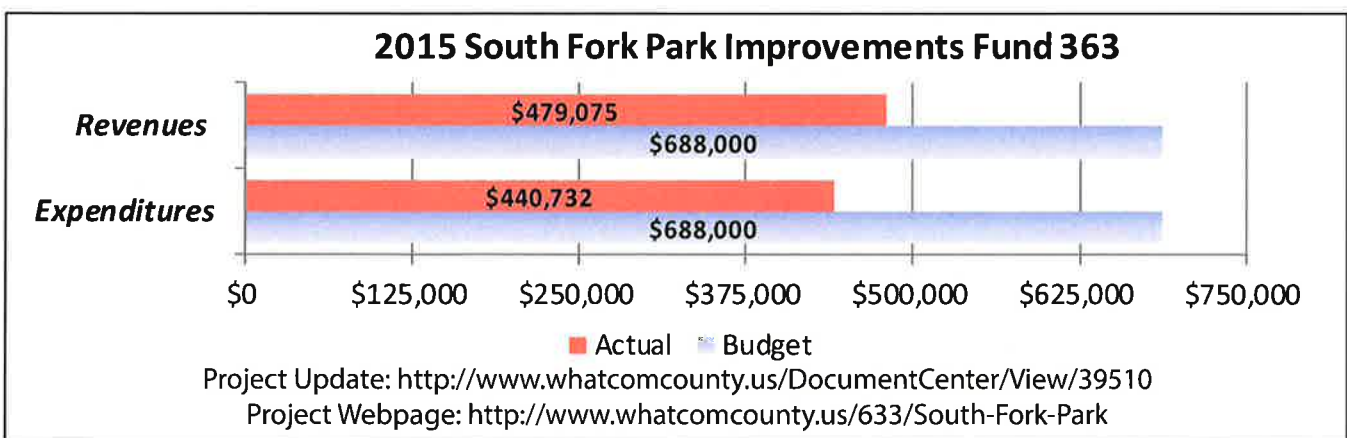
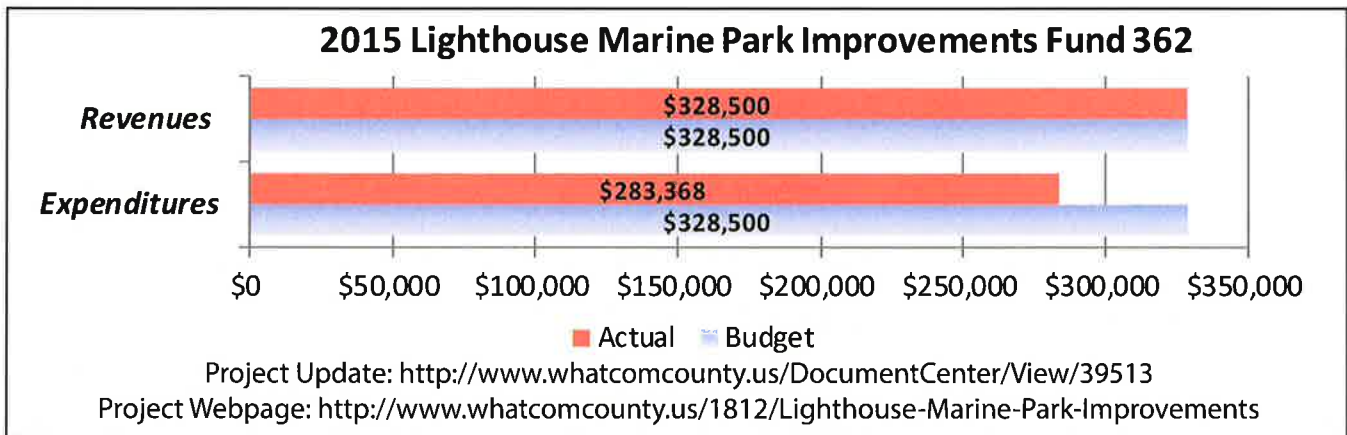
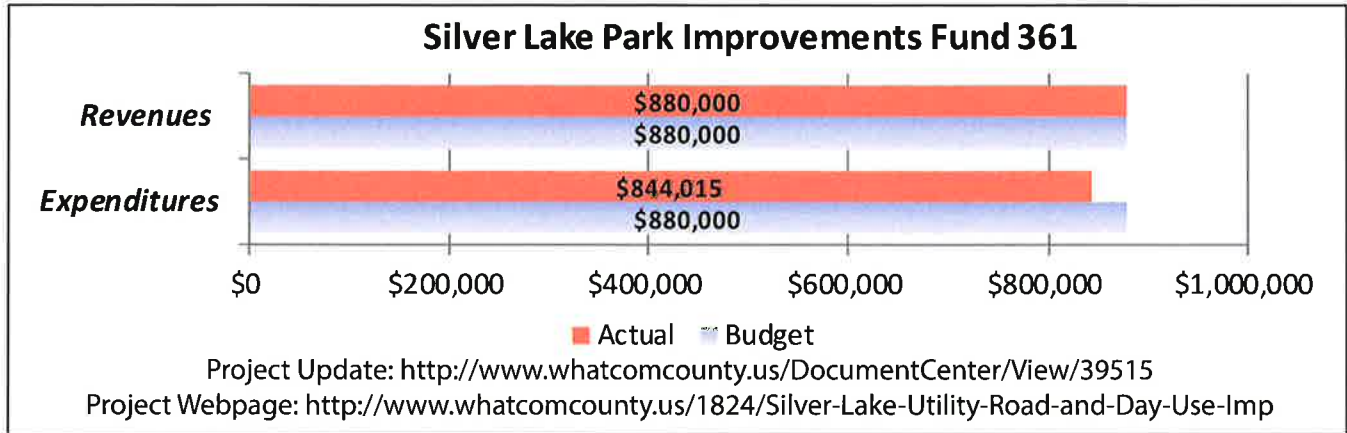


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For the Quarter Ended December 31, 2018



Project Budget Funds, continued

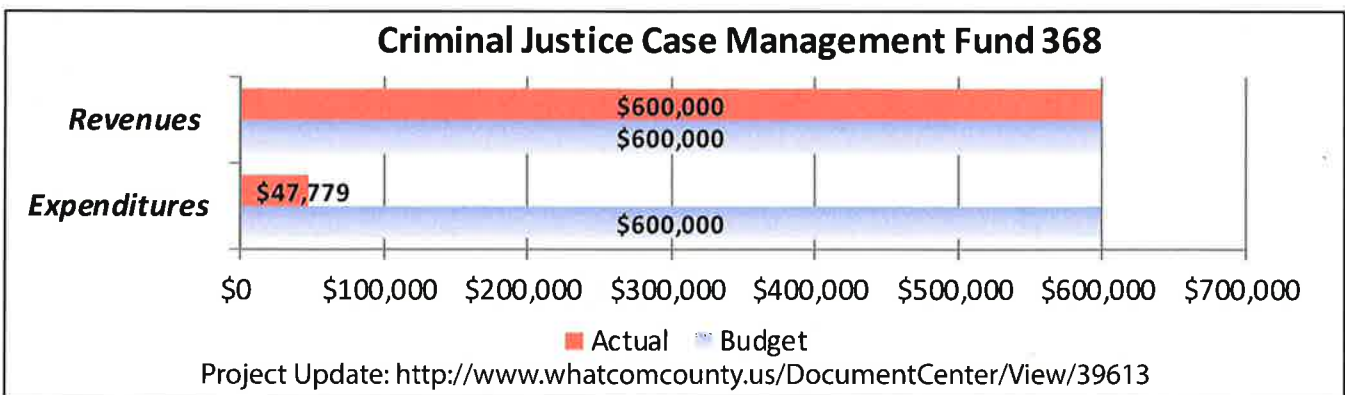
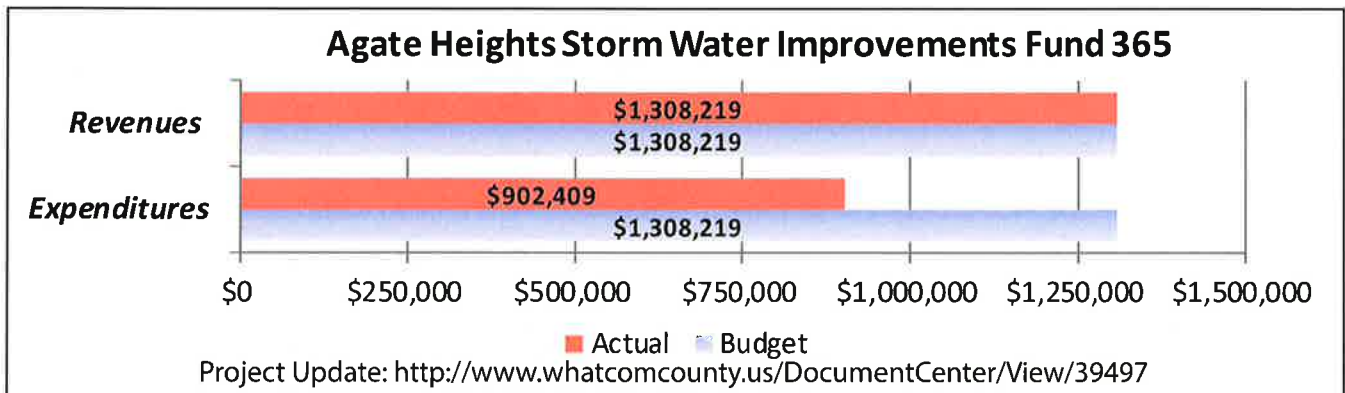
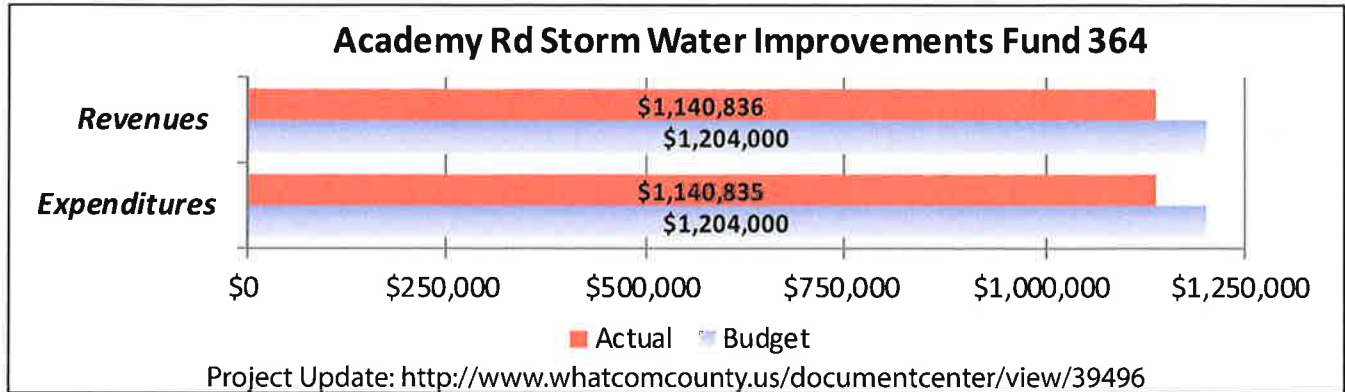


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For the Quarter Ended December 31, 2018



Project Budget Funds, continued

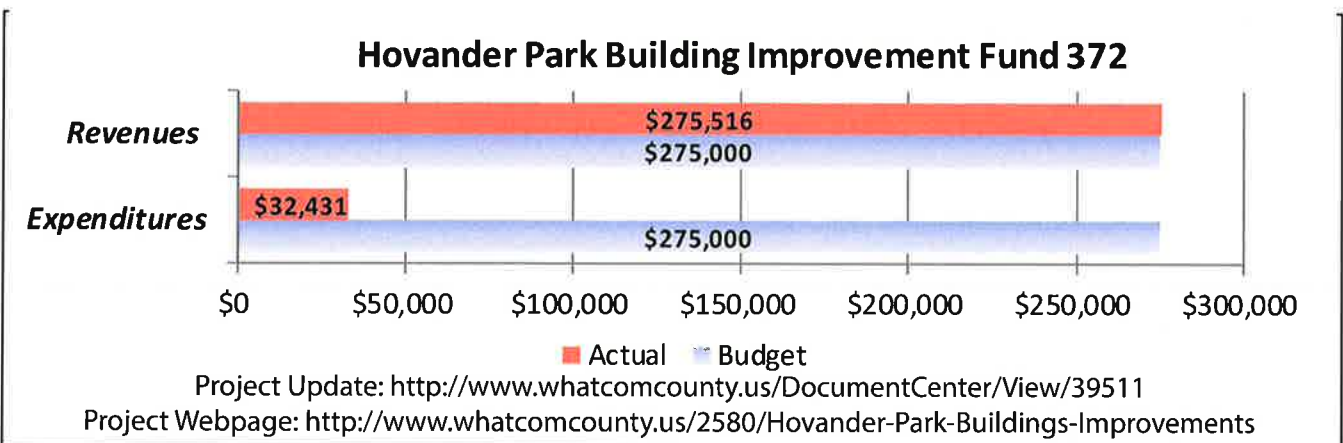
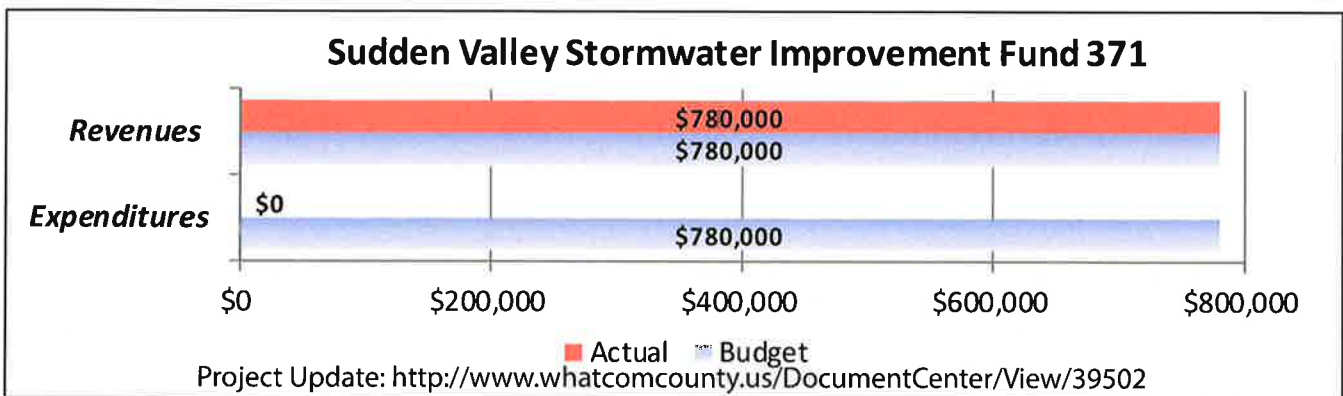
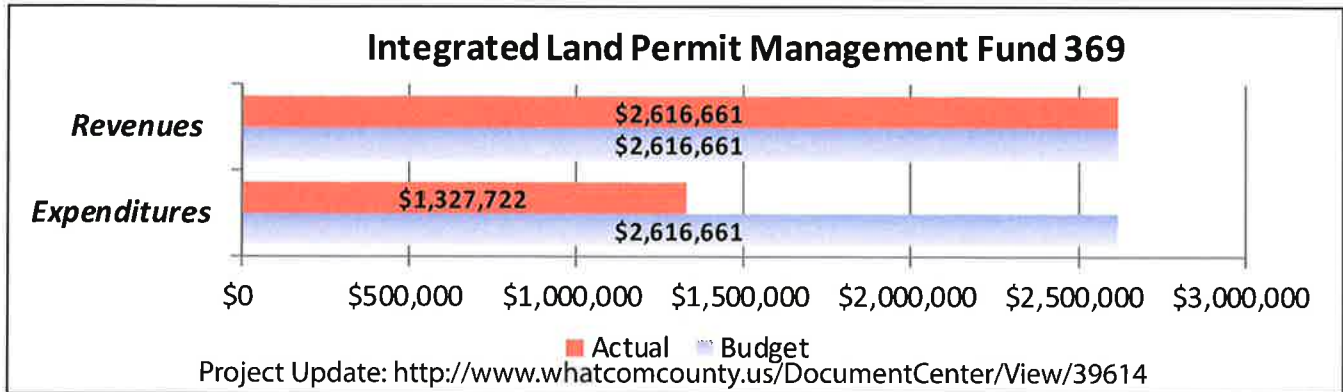


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Project Budget Funds, continued

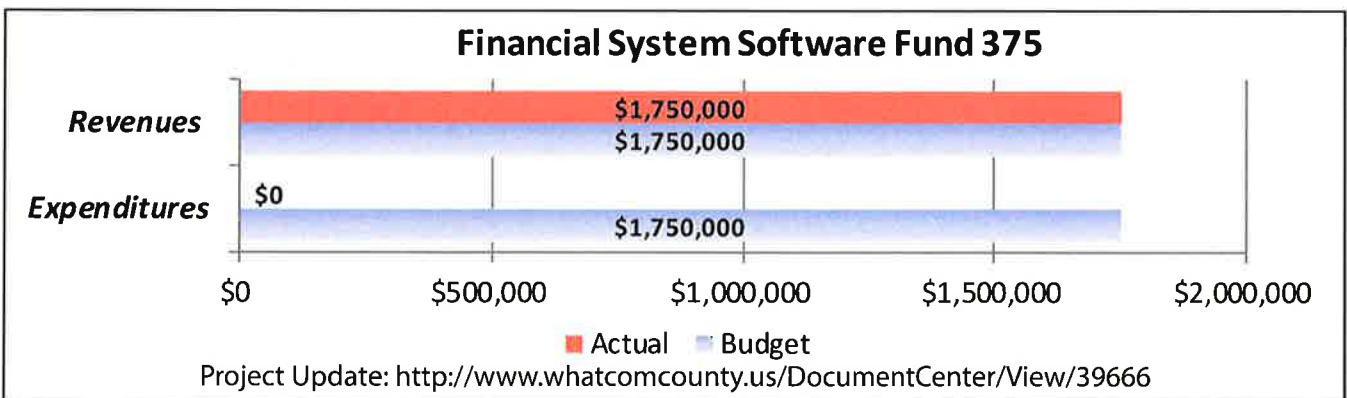
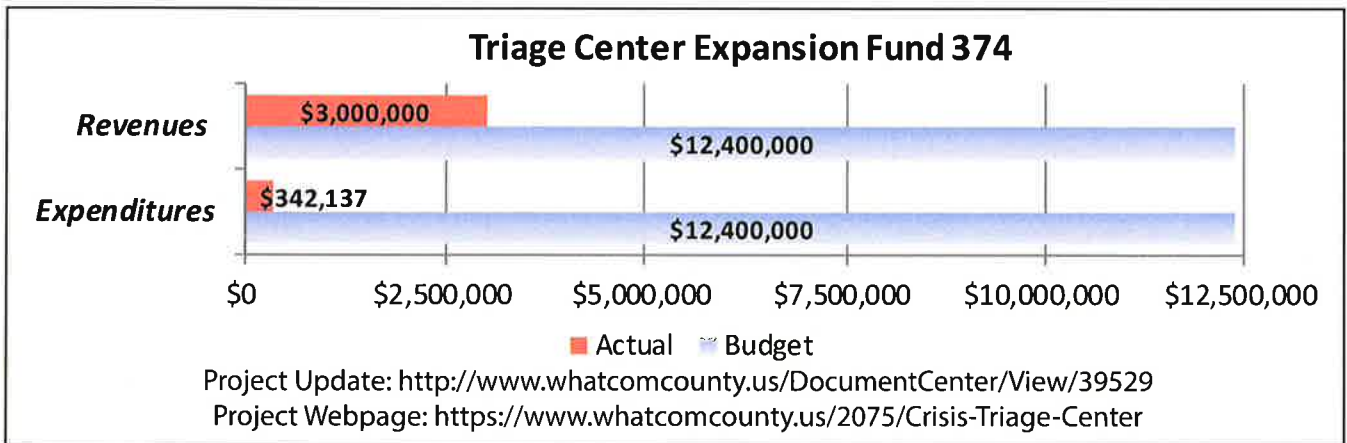
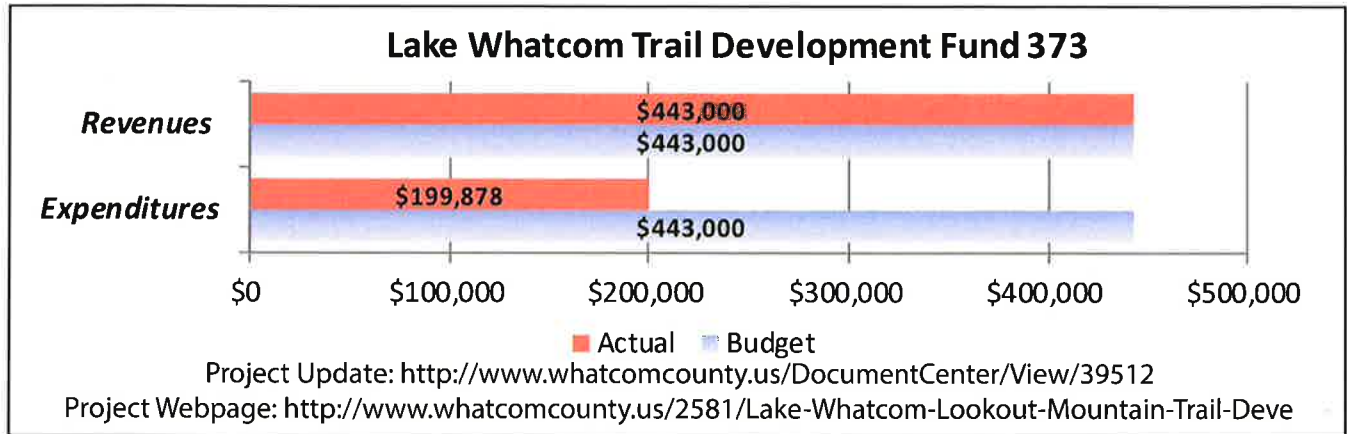


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Project Budget Funds, continued



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Project Budget Funds, continued

