

FILE UNDER AB 2020 - 113
DATE RECEIVED: 3/10/2020
SUBMITTED BY: Brad Bennett
(Finance)
 COUNCIL MEETING
 Finance COMMITTEE
EXHIBIT: _____



**2019
Fourth
Quarter
Financial
Report**

Satpal Sidhu, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

March 9, 2020

Whatcom County Fourth Quarter 2019 Financial Report

For the Quarter Ended December 31, 2019



Executive Summary

The following information presents Whatcom County's fourth quarter 2019 financial report. The General Fund collected 100.5% of its budgeted revenues and year-end adjustments are expected to result in revenues being about \$1.6 million over budget. The General Fund expended 92.3% of its 2019 budget. Continuing appropriations will carry over about \$1,070,000 of 2019 budget authority into 2020.

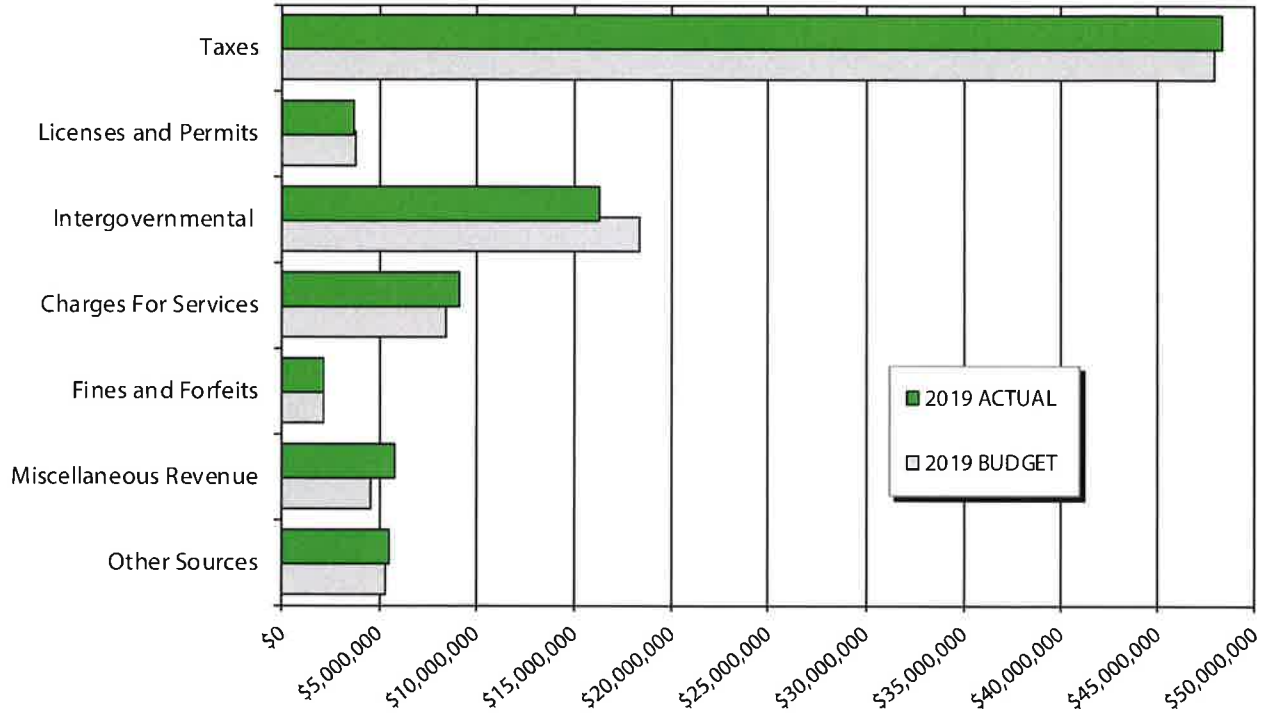
The estimated 2019 General Fund ending fund balance is projected to be approximately \$20 million.

Whatcom County Fourth Quarter 2019 Financial Report

For the Quarter Ended December 31, 2019



General Fund Revenue - Budget vs. Actual



| | 2019 Budget Adopted | 2019 Budget Suppl's | 2019 Budget Amended | Actual as of 12/31/2019 | % Collected To Date |
|-----------------------|---------------------------|---------------------------|---------------------------|-------------------------------|------------------------|
| Taxes | 47,864,051 | | 47,864,051 | 48,301,028 | 100.91% |
| Licenses and Permits | 3,802,909 | | 3,802,909 | 3,700,356 | 97.30% |
| Intergovernmental | 15,581,941 | 2,749,917 | 18,331,858 | 16,251,219 | 88.65% |
| Charges For Services | 8,372,564 | 51,900 | 8,424,464 | 9,167,434 | 108.82% |
| Fines and Forfeits | 2,059,100 | | 2,059,100 | 2,108,135 | 102.38% |
| Miscellaneous Revenue | 4,481,755 | 84,736 | 4,566,491 | 5,780,467 | 126.58% |
| Other Sources | 5,373,885 | (37,731) | 5,336,154 | 5,522,217 | 103.49% |
| Total Revenue | 87,536,205 | 2,848,822 | 90,385,027 | 90,830,856 | 100.49% |

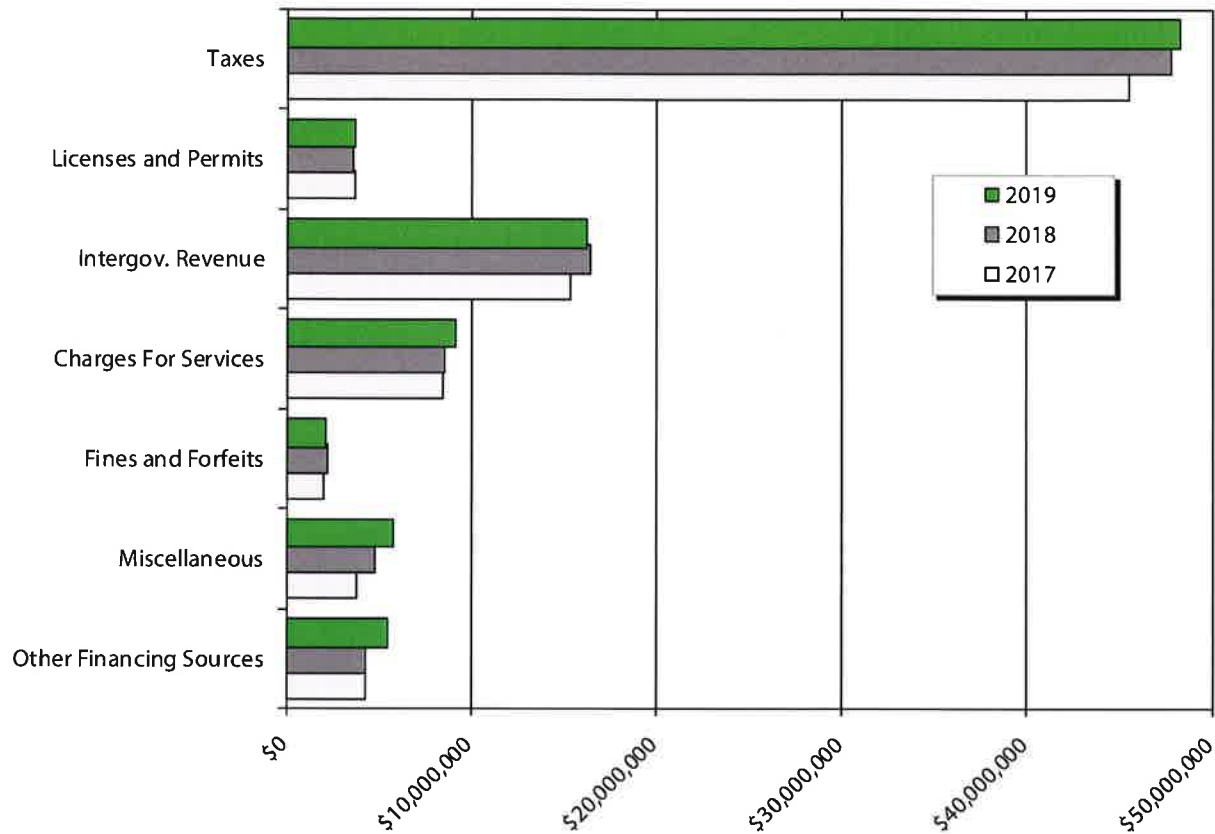
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Fourth Quarter 2019 Financial Report

For the Quarter Ended December 31, 2019



General Fund Revenue to Date - Compared to Prior Years



| | 2017 | 2018 | 2019 |
|-------------------------|-------------------|-------------------|-------------------|
| Taxes | 45,510,508 | 47,761,191 | 48,301,028 |
| Licenses and Permits | 3,680,204 | 3,616,839 | 3,700,356 |
| Intergov. Revenue | 15,329,143 | 16,493,966 | 16,251,219 |
| Charges For Services | 8,494,703 | 8,548,044 | 9,167,434 |
| Fines and Forfeits | 2,057,707 | 2,201,676 | 2,108,135 |
| Miscellaneous | 3,759,349 | 4,743,242 | 5,780,467 |
| Other Financing Sources | 4,327,026 | 4,317,315 | 5,522,217 |
| Total Revenue | 83,158,640 | 87,682,273 | 90,830,856 |

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 \$540,000, or 1.1%, more than 2018 amounts and \$437,000 more than budget. There is an \$1,140,000 increase in sales tax attributable to recent internet sales tax law changes. Property taxes have decreased \$520,516 due to moving the mental health/developmental disability levies to a separate special revenue fund. Excise taxes are currently \$83,000 less than prior year; however, additional year-end adjustments are expected to eliminate the gap.

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 \$83,500 more than 2018 amounts, but \$102,500 less than budget. Building permit revenues are \$73,000 more than 2018 amounts but \$98,000 less than budget.

Intergovernmental Revenue

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

Revenues collected as of year-end are \$243,000 less than 2018 amounts and \$2,080,000 less than budget. The annual payment in lieu of taxes (PILT) payment from the federal government is \$255,000 less than budget. Additional year-end grant revenue adjustments will likely result in intergovernmental revenues comparable to 2018 amounts. Over a million dollars of 2019 grant revenue budget will be re-budgeted in 2020.

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 and on-site septic system administration fees (Health Department), fees charged court, 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.

Charges for Services exceed 2018 amounts by \$619,000 and are \$743,000 greater than the 2019 budget due to a variety of factors. Auditor recording and licensing fees are \$230,000 greater than last year. Treasurer Real Estate Excise Tax processing fees and passport fees are similar to last year but \$130,000 over budgeted amounts. District Court Probation fees are \$31,000 greater than 2018 and \$165,000 more than budget. The County also received an unbudgeted prior year payment of \$47,000 for security services at the Nooksack Tribal Casino. Planning & Development permit review fees collected were close to budgeted amounts but \$133,000 greater than 2018. Health Department fees were \$188,000 more than 2018 and \$95,000 greater than budget due to Medicaid administration revenues.

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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 \$93,544 less than 2018 and \$49,034 greater than 2019 budget. Traffic infraction revenues are moderately up; criminal costs and property tax penalties are moderately down.

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 \$1,037,000 more than 2018 amounts and \$1,214,000 over budget. Increases are due to higher than expected returns on investments.

Other Financing Sources

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

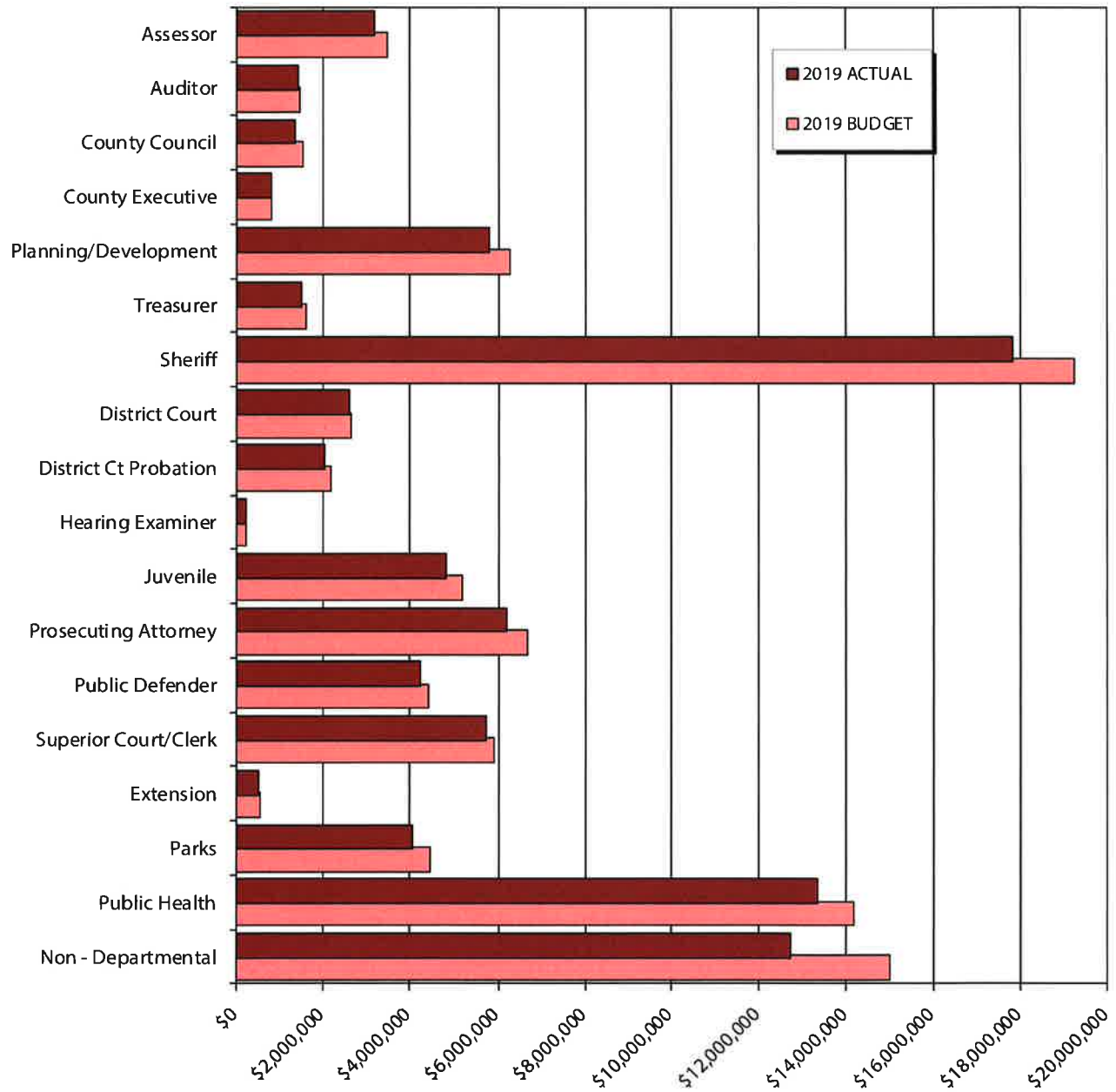
Other Financing Sources are \$1,205,000 more than 2018 amounts and \$186,000 more than budget. Timber sales revenue are \$390,000 which is similar to last year and to budget. Operating transfers fluctuate year to year. Transfers higher than budget occurred in the Health Department due to charges for administrative overhead to other Health Department funds being greater than forecast.

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For the Quarter Ended December 31, 2019



General Fund Expenditures - Budget vs. Actual



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

Whatcom County Fourth Quarter 2019 Financial Report

For the Quarter Ended December 31, 2019



General Fund Expenditures - Budget vs. Actual

| | Adopted 2019 Budget | Budget Supp'ls | Amended Budget | Actual as of 12/31/19 | % Expended To Date |
|--|---------------------------|-------------------|-------------------|-----------------------------|-----------------------|
| Assessor | 3,394,993 | 77,332 | 3,472,325 | 3,203,574 | 92.26% |
| Auditor | 1,424,557 | 17,216 | 1,441,773 | 1,400,180 | 97.12% |
| County Council | 1,512,431 | 15,328 | 1,527,759 | 1,353,371 | 88.59% |
| County Executive | 778,972 | 8,485 | 787,457 | 779,007 | 98.93% |
| Planning & Development | 5,910,561 | 362,133 | 6,272,694 | 5,795,086 | 92.39% |
| Treasurer | 1,563,968 | 19,587 | 1,583,555 | 1,499,973 | 94.72% |
| Sheriff | 17,867,357 | 1,381,901 | 19,249,258 | 17,837,166 | 92.66% |
| District Court | 2,546,145 | 86,183 | 2,632,328 | 2,616,019 | 99.38% |
| District Court Probation Hearing Examiner | 2,029,333 | 153,520 | 2,182,853 | 2,020,830 | 92.58% |
| Juvenile | 201,617 | 1,843 | 203,460 | 202,502 | 99.53% |
| Prosecuting Attorney | 5,015,706 | 161,721 | 5,177,427 | 4,818,593 | 93.07% |
| Public Defender | 6,550,982 | 122,587 | 6,673,569 | 6,203,419 | 92.96% |
| Superior Court/Clerk Extension | 4,318,112 | 87,447 | 4,405,559 | 4,226,819 | 95.94% |
| Park | 5,756,004 | 141,945 | 5,897,949 | 5,725,177 | 97.07% |
| Public Health | 541,708 | 3,444 | 545,152 | 507,772 | 93.14% |
| Non - Departmental | 4,383,264 | 59,465 | 4,442,729 | 4,068,809 | 91.58% |
| Total General Fund Exp | 13,642,352 | 531,971 | 14,174,323 | 13,320,454 | 93.98% |
| | 14,614,557 | 386,965 | 15,001,522 | 12,704,446 | 84.69% |
| | 92,052,619 | 3,619,073 | 95,671,692 | 88,283,197 | 92.28% |

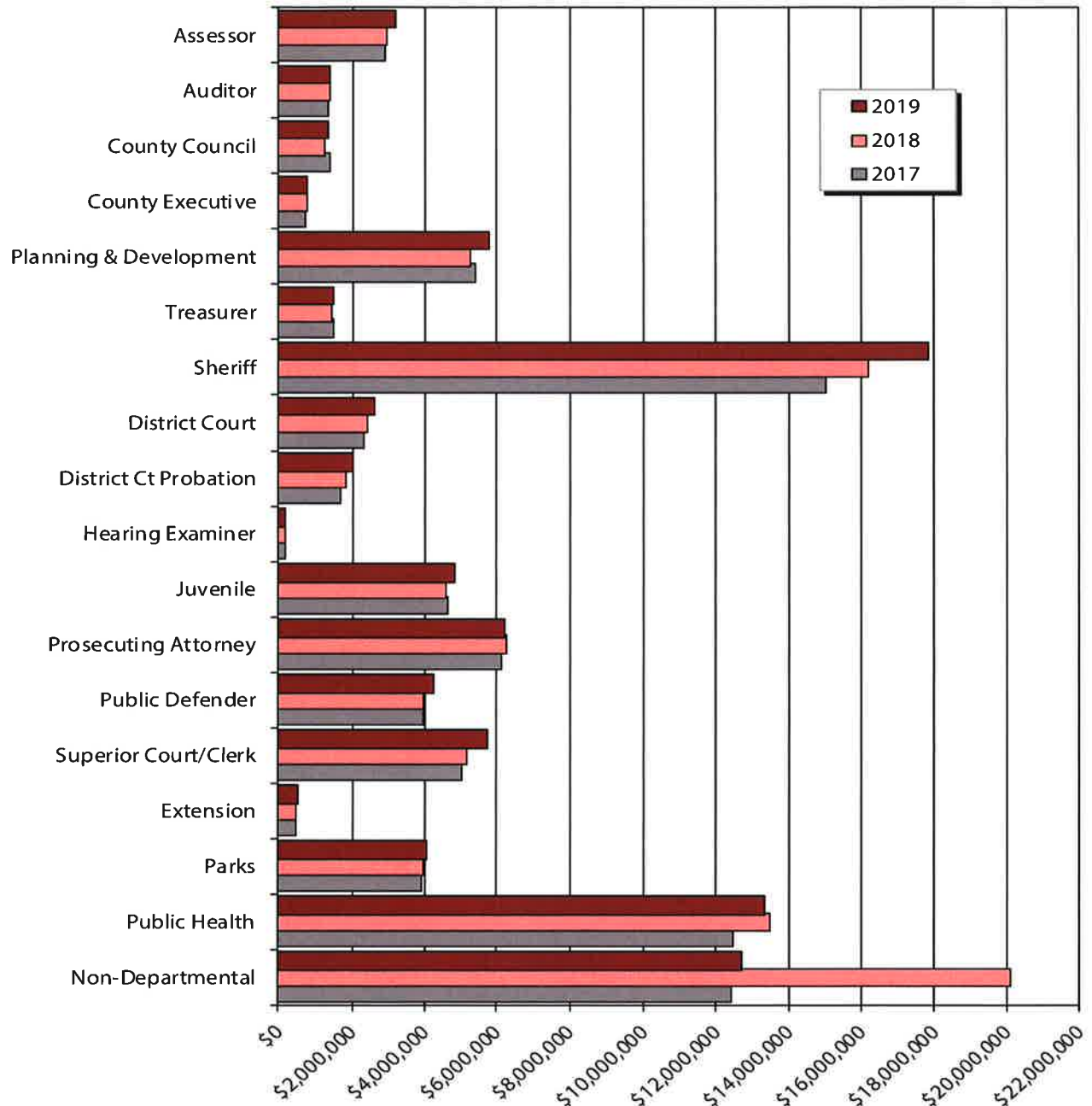
See page 9 for General Fund Expenditure Notes.

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General Fund Expenditures - Compared to Prior Years



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

Whatcom County Fourth Quarter 2019 Financial Report

For the Quarter Ended December 31, 2019



General Fund Expenditures - Compared to Prior Years

| | 2017 | 2018 | 2019 |
|------------------------|-------------------|-------------------|-------------------|
| Assessor | 2,911,148 | 2,925,467 | 3,203,574 |
| Auditor | 1,361,766 | 1,399,474 | 1,400,180 |
| County Council | 1,391,304 | 1,248,592 | 1,353,371 |
| County Executive | 706,964 | 750,823 | 779,007 |
| Planning & Development | 5,394,452 | 5,260,899 | 5,795,086 |
| Treasurer | 1,476,649 | 1,463,092 | 1,499,973 |
| Sheriff | 15,022,272 | 16,207,274 | 17,837,166 |
| District Court | 2,333,871 | 2,405,452 | 2,616,019 |
| District Ct Probation | 1,678,451 | 1,819,919 | 2,020,830 |
| Hearing Examiner | 196,109 | 200,126 | 202,502 |
| Juvenile | 4,607,726 | 4,596,950 | 4,818,593 |
| Prosecuting Attorney | 6,131,245 | 6,276,109 | 6,203,419 |
| Public Defender | 3,938,638 | 3,978,528 | 4,226,819 |
| Superior Court /Clerk | 5,030,729 | 5,178,353 | 5,725,177 |
| Extension | 468,670 | 492,723 | 507,772 |
| Parks | 3,906,675 | 3,948,719 | 4,068,809 |
| Public Health | 12,481,756 | 13,476,397 | 13,320,454 |
| Non-Departmental | 12,420,814 | 20,129,734 | 12,704,446 |
| TOTAL | 81,459,239 | 91,758,631 | 88,283,197 |

General Fund Expenditure Notes

Currently, expenditures for 2019 for the General Fund are at 92.3% of the approved budget. Continuing appropriations will move \$1,072,979, or another 1.1% of the 2019 appropriation, over into 2020. 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 2018 and 2019 in three departments. Planning & Development Services increased \$534,000 due the addition of a new fire inspector, wage and benefit settlements, and planning project consultant contracts. Sheriff's Office increased \$1.6 million due to three new personnel, wage and benefit settlements, vehicle acquisitions, a large software maintenance payment, insurance adjustment and grant-related equipment purchases. Superior Court/ Clerk increased \$547,000 as a result of wage and benefit settlements, two new positions for Pre-Trial Services, increased jury fees and outside attorney services. Non-Departmental decreased significantly as a result of large capital project transfers made in 2018 which were not repeated in 2019.

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General Fund Conclusion

| | Projected |
|---|--------------------------|
| Beginning Fund Balance 1/1/19 | <u>17,080,638</u> |
| Revenues | |
| Budgeted Revenues 2019 | 87,536,205 |
| Increased Revenue Estimates | 1,600,000 |
| Supplemental Budgets 2019 | <u>2,848,822</u> |
| Total Revenue | <u>91,985,027</u> |
| Expenditures | |
| Budgeted Expenditures 2019 | 92,052,619 |
| Supplemental Budgets 2019 | <u>3,619,073</u> |
| Total Expenditures | <u>95,671,692</u> |
| Adjusted Surplus (Deficit) | (3,686,665) |
| Other Considerations | |
| Estimated Budget Lapse ¹ | <u>6,601,347</u> |
| Projected Ending Fund Balance 12/31/19 | <u><u>19,995,320</u></u> |

Notes:

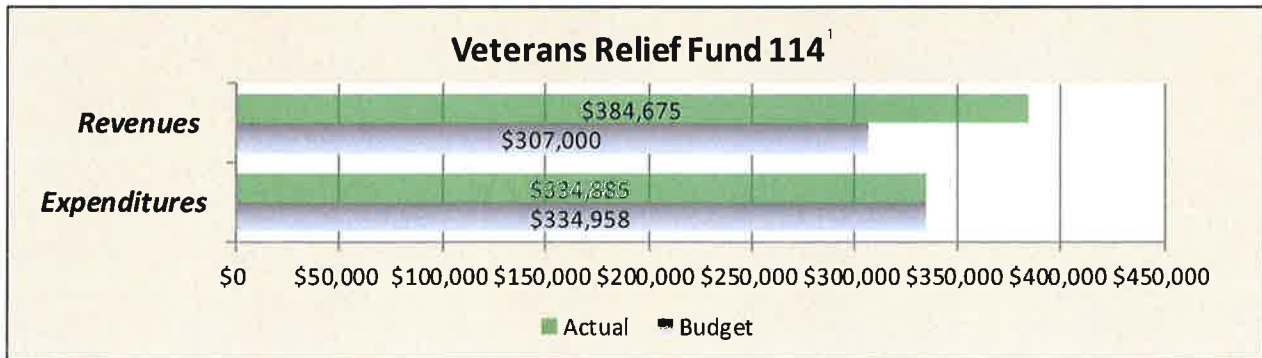
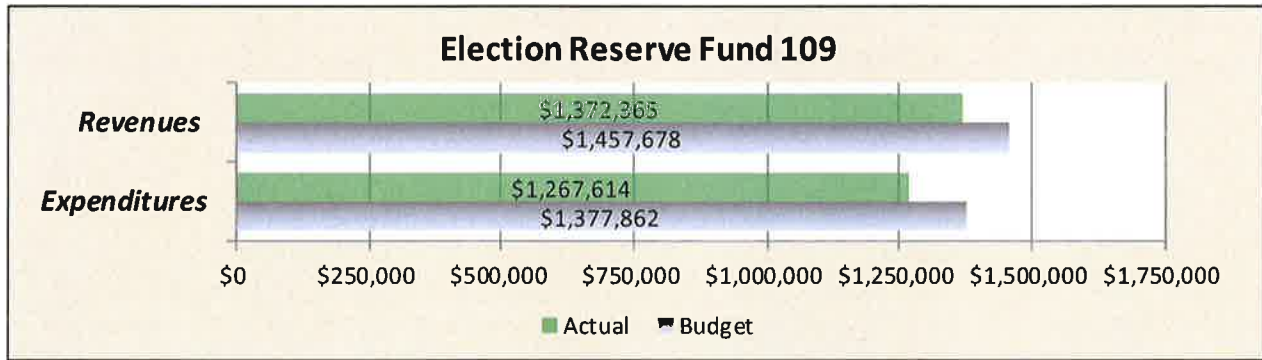
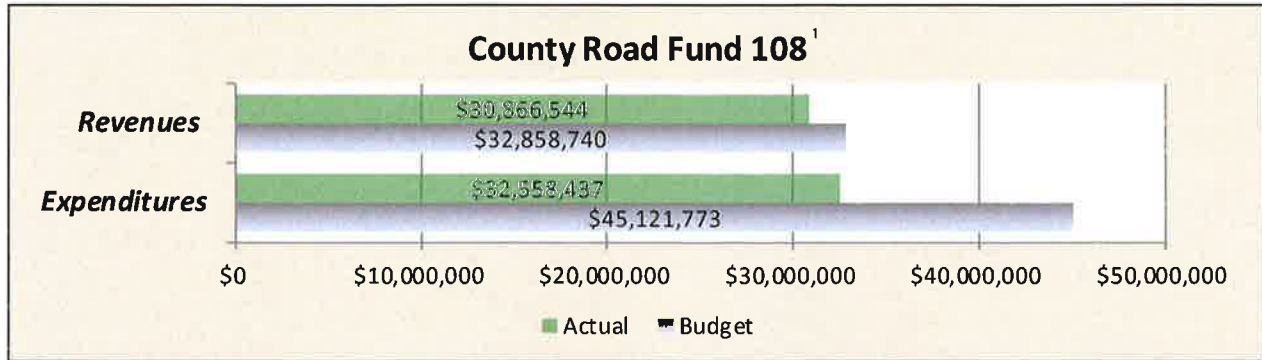
¹ The estimated budget lapse is 6.9% of expenditures.

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Special Revenue Funds and Other Funds



Note:

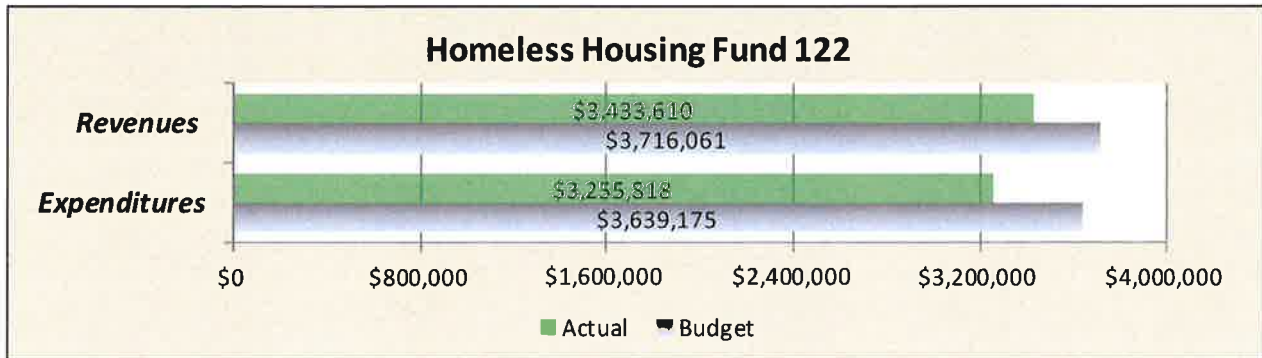
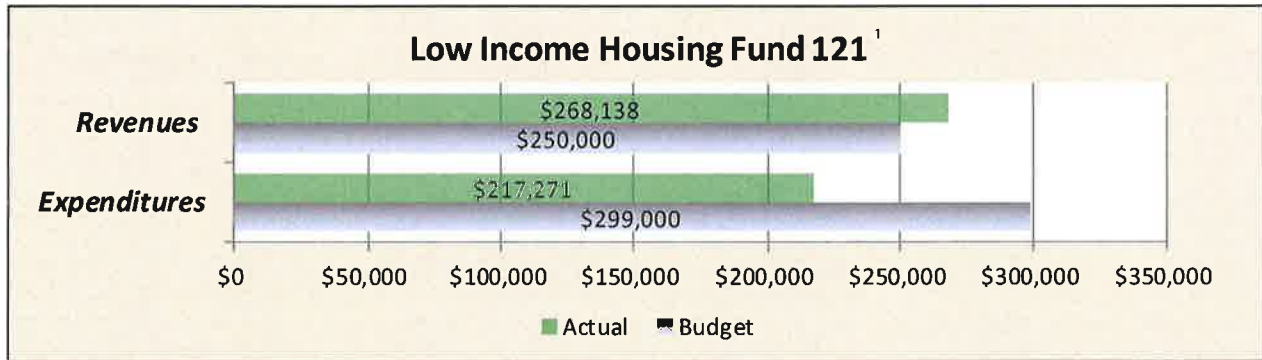
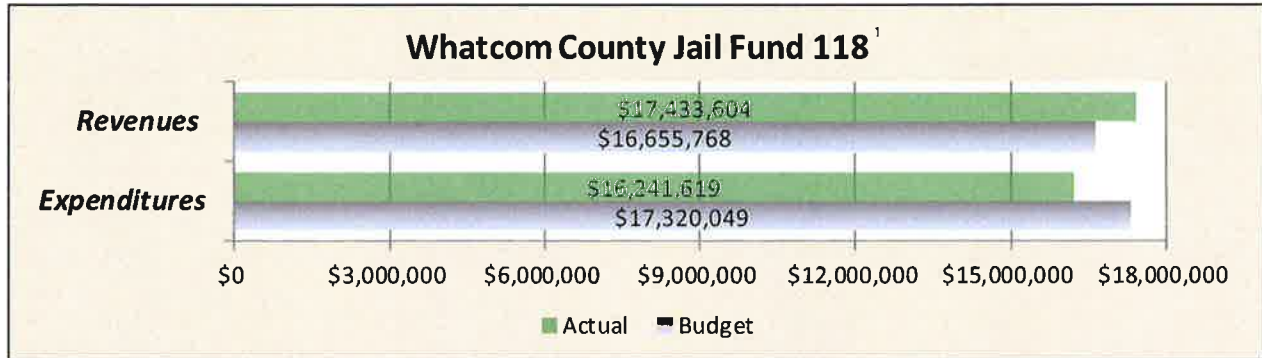
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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For the Quarter Ended December 31, 2019



Special Revenue Funds and Other Funds, continued



Note:

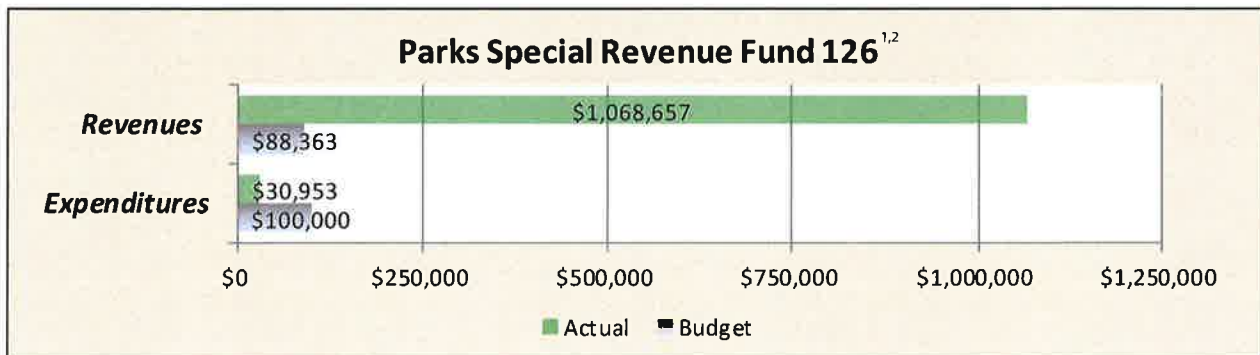
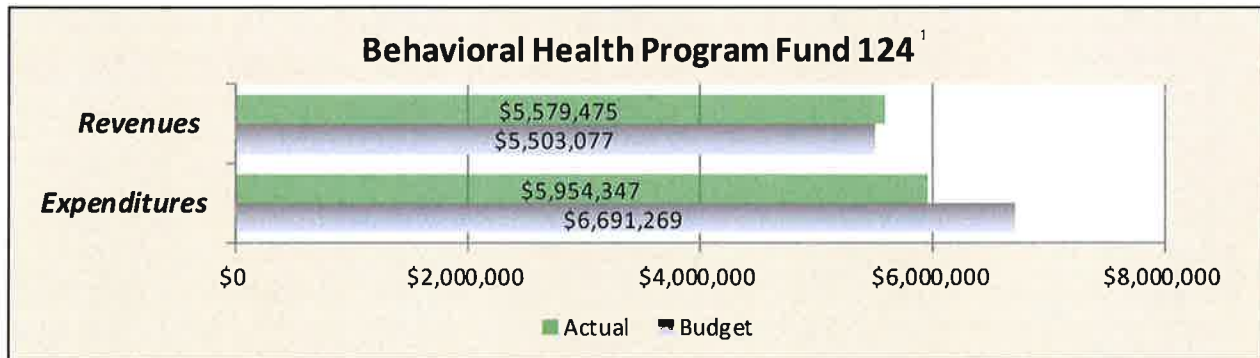
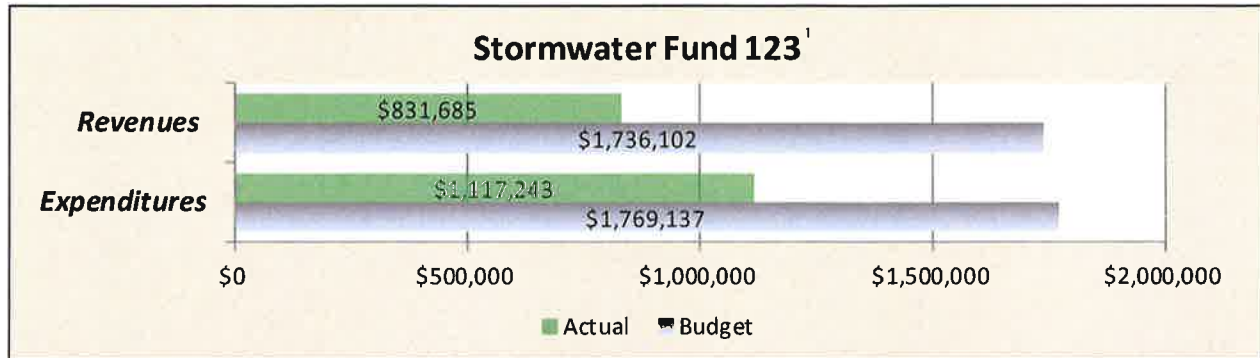
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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For the Quarter Ended December 31, 2019



Special Revenue Funds and Other Funds, continued



Note:

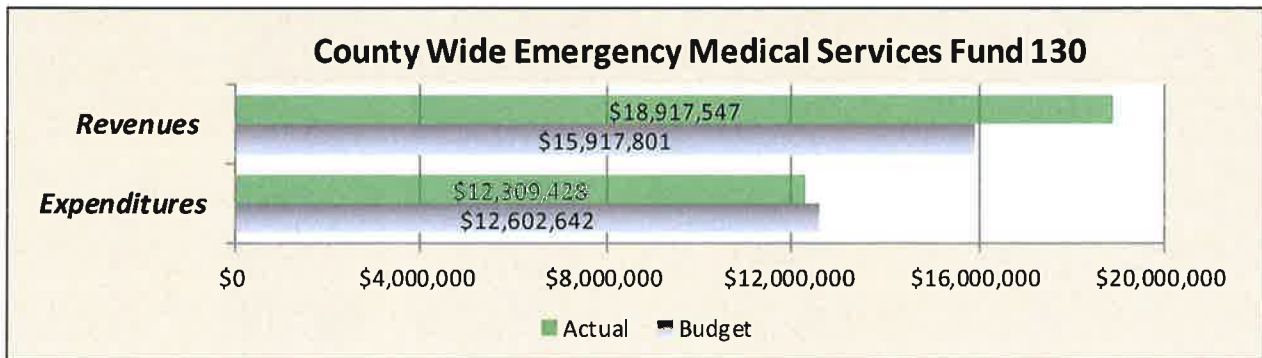
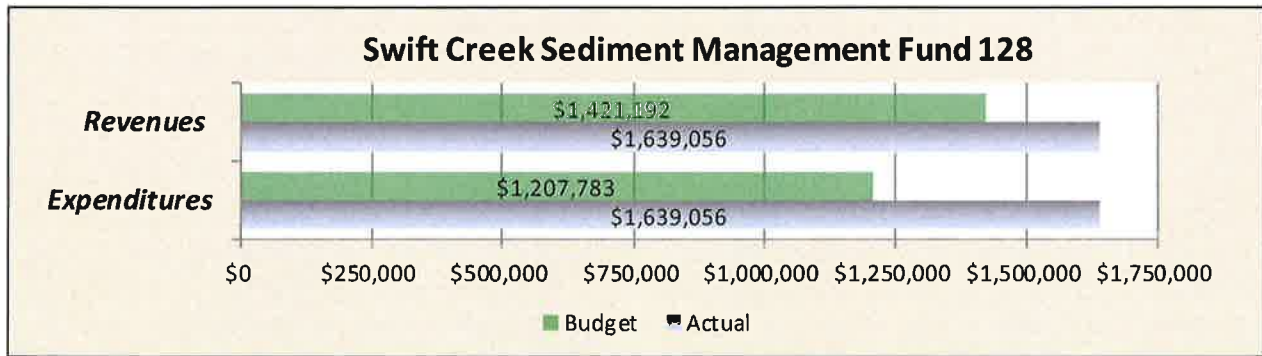
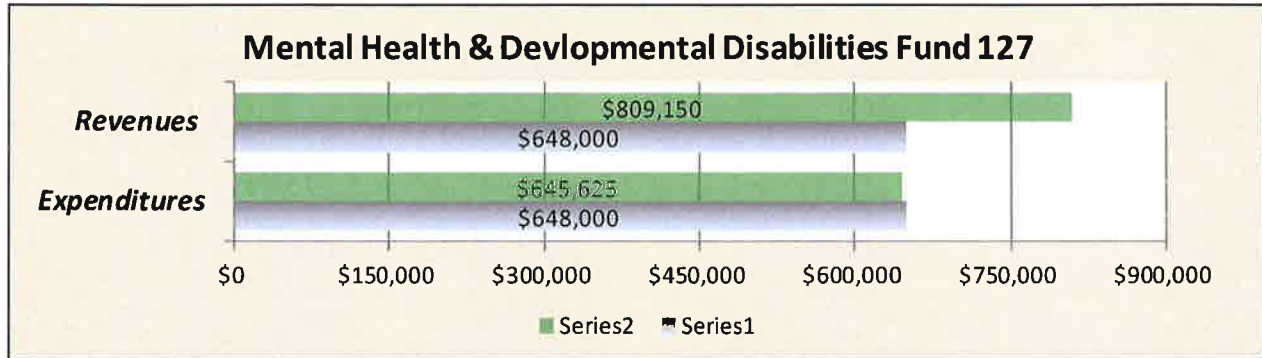
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ² Unbudgeted reimbursement grant for Birch Bay Park purchase deposited here (\$1 million). Funds will be used to develop the park.

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Special Revenue Funds and Other Funds, continued

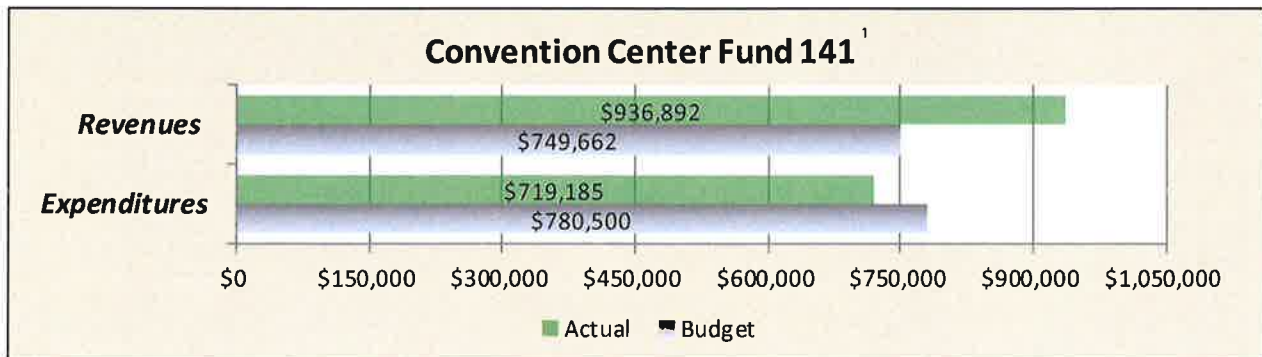
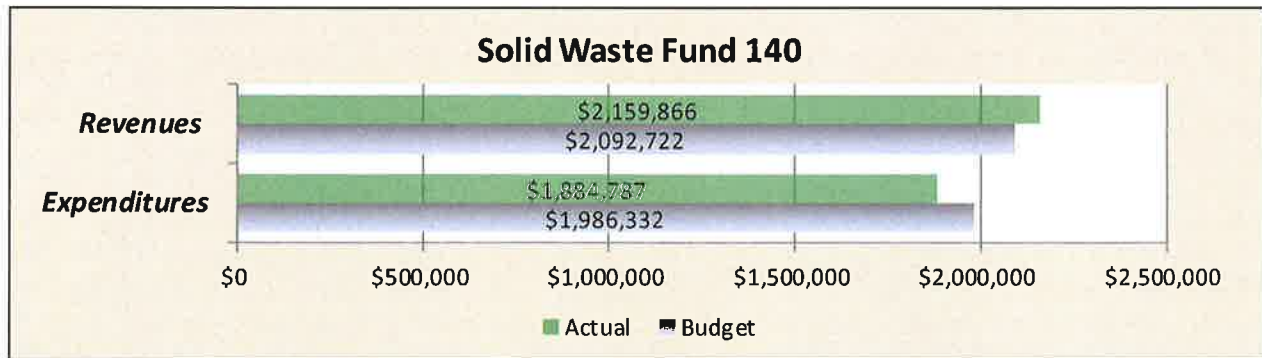
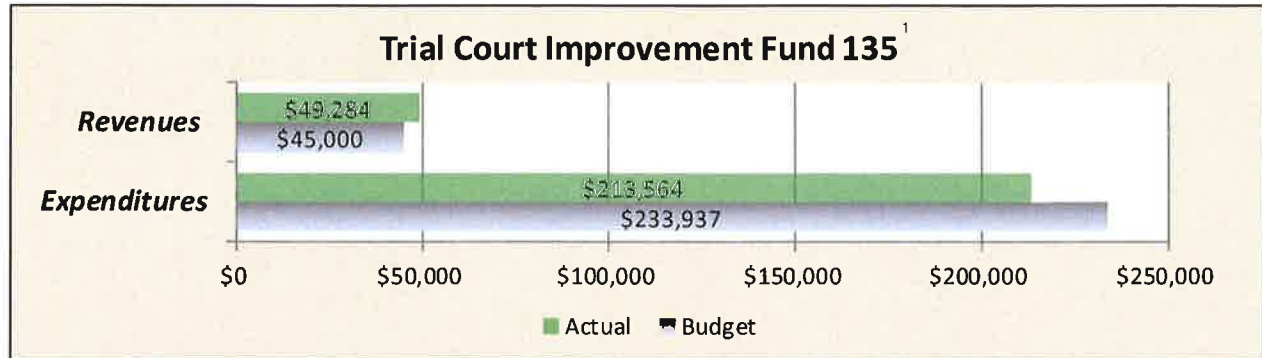


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Special Revenue Funds and Other Funds, continued



Notes:

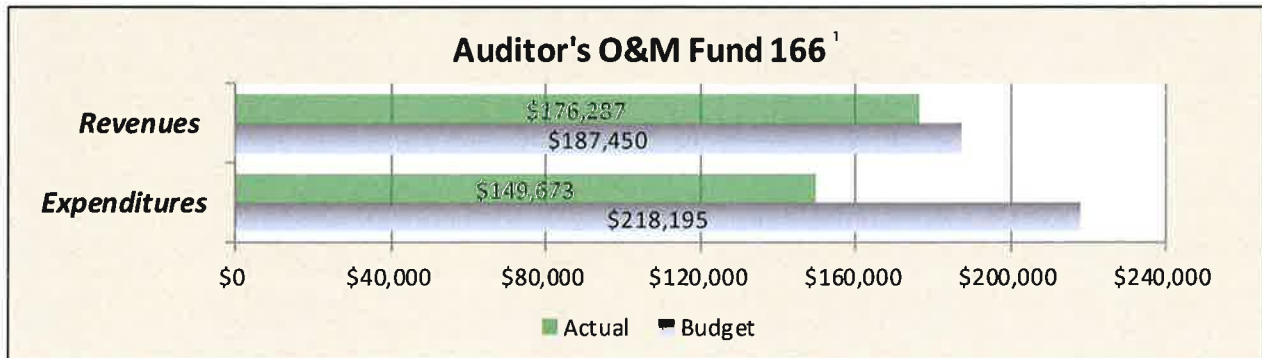
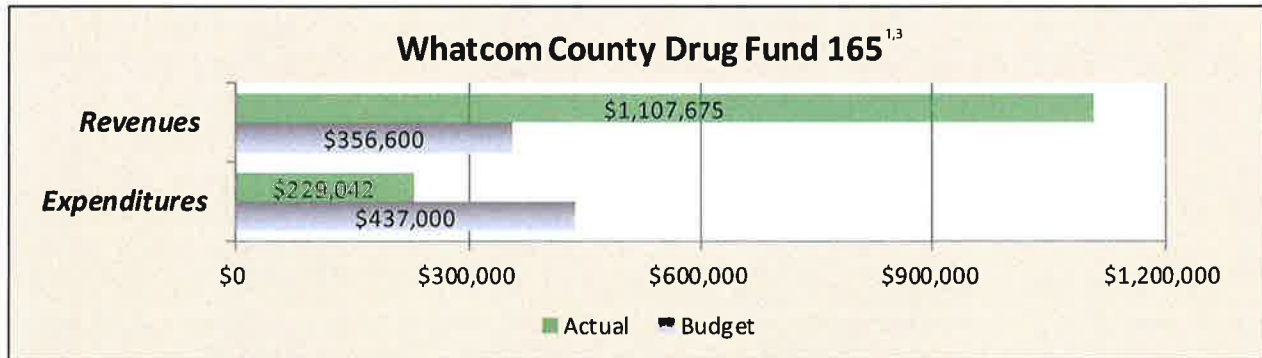
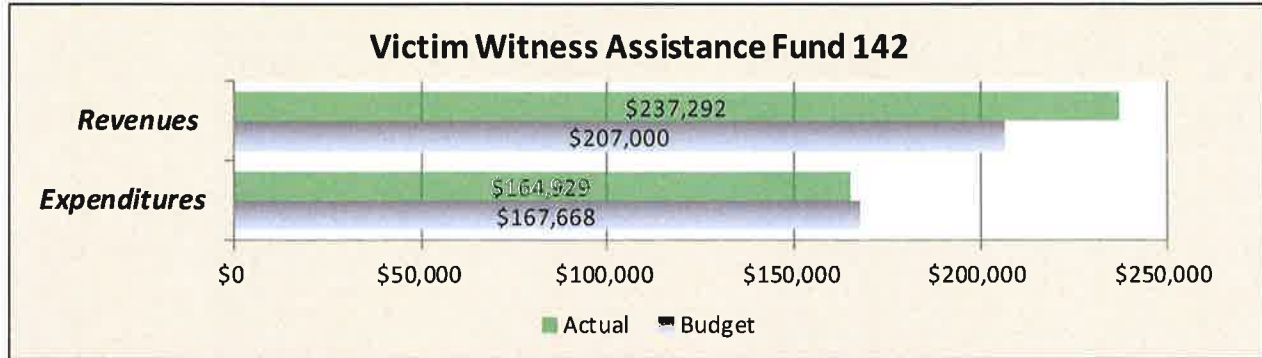
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



Notes:

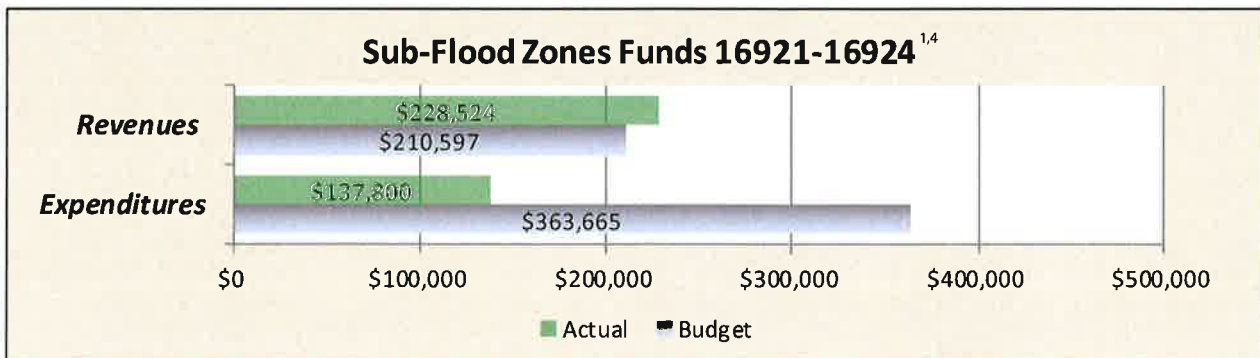
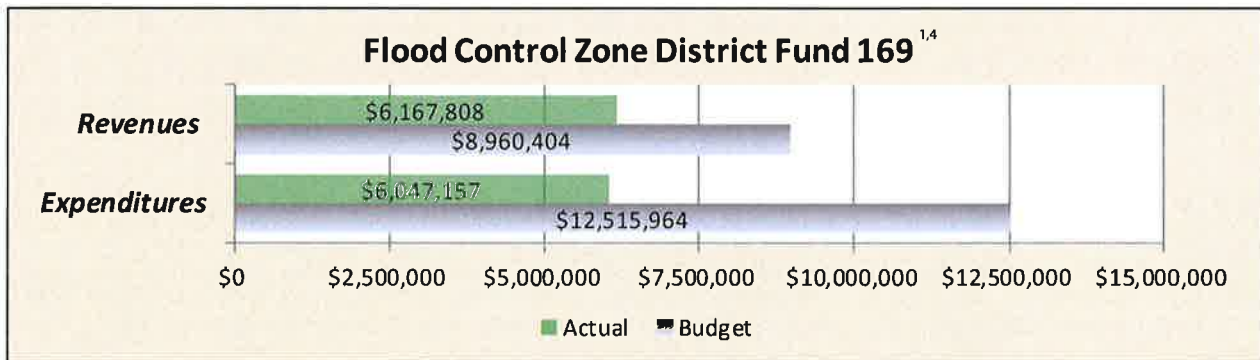
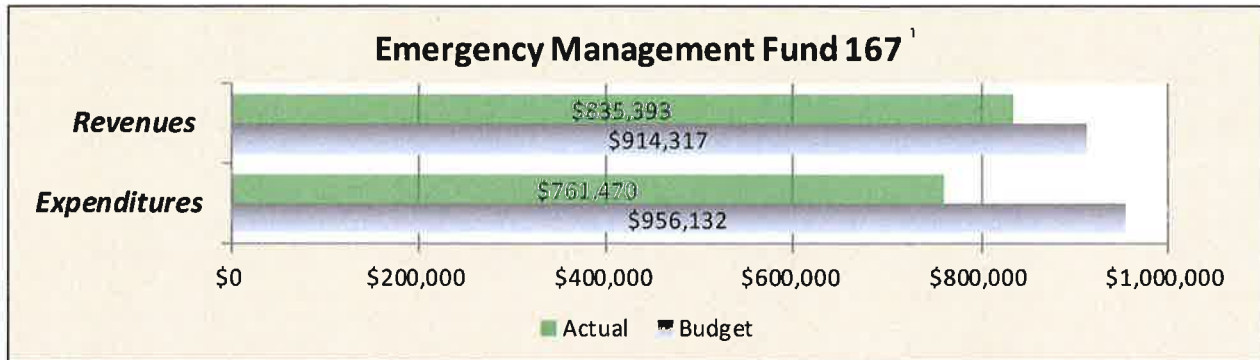
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued



Notes:

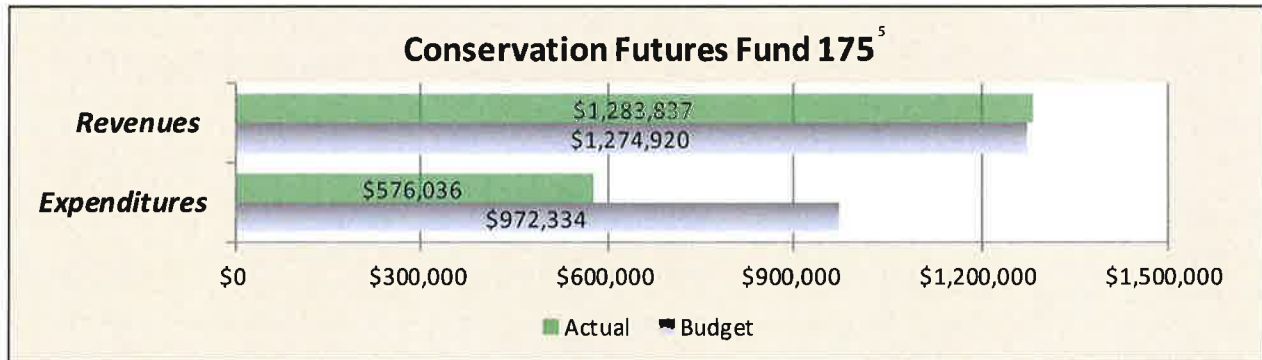
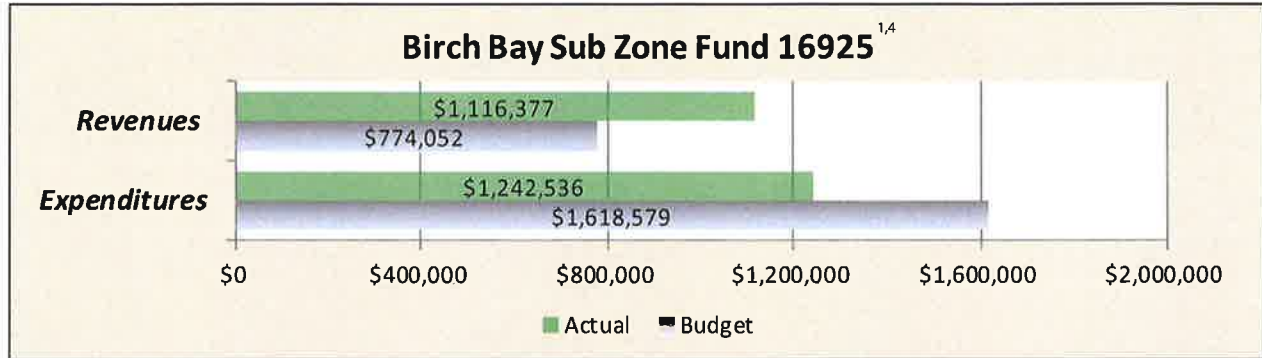
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ⁴ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.

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Special Revenue Funds and Other Funds, continued



Notes:

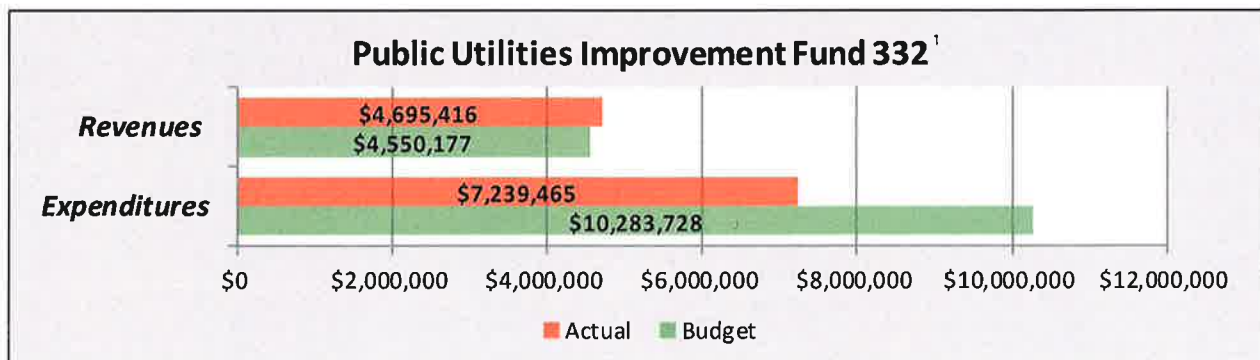
- ⁴ Flood and Sub Zones expenditures are project driven which are dependent on factors such as permitting, fish windows, and state funding.
- ⁵ Most Conservation Futures funding is used to purchase development rights or land. These purchases are budgeted on a transaction by transaction basis as they occur.

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Capital Project Funds



Note:

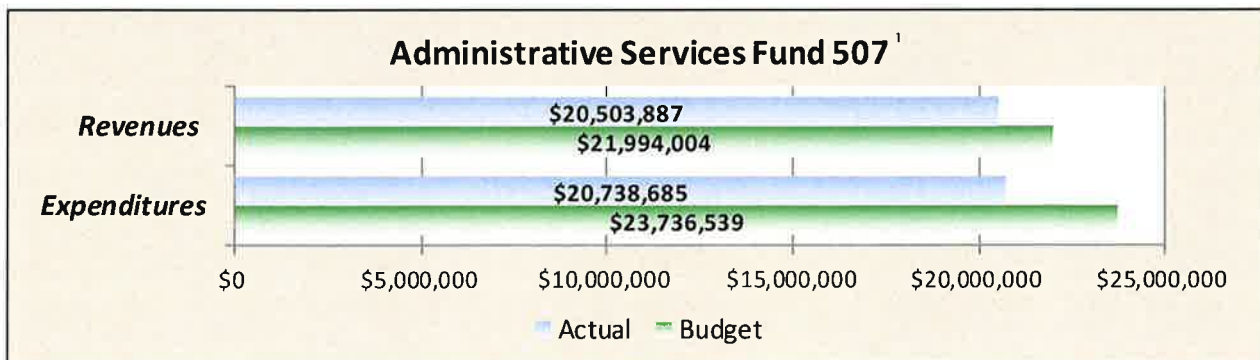
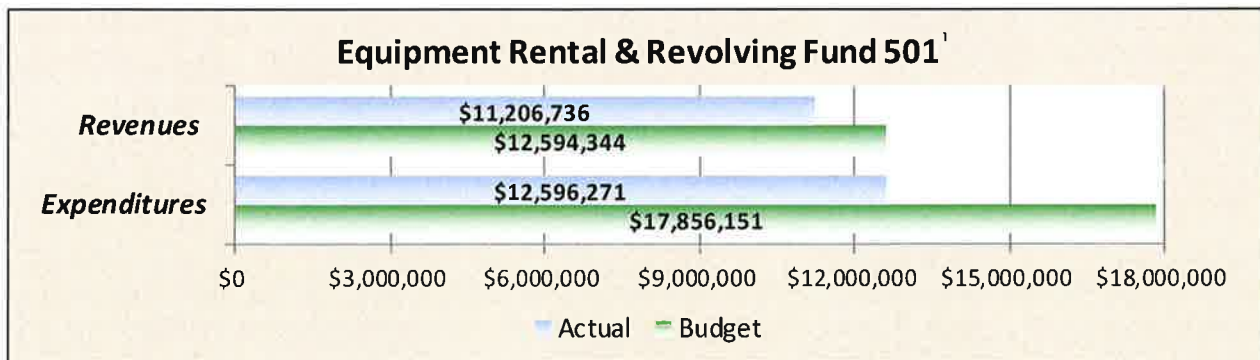
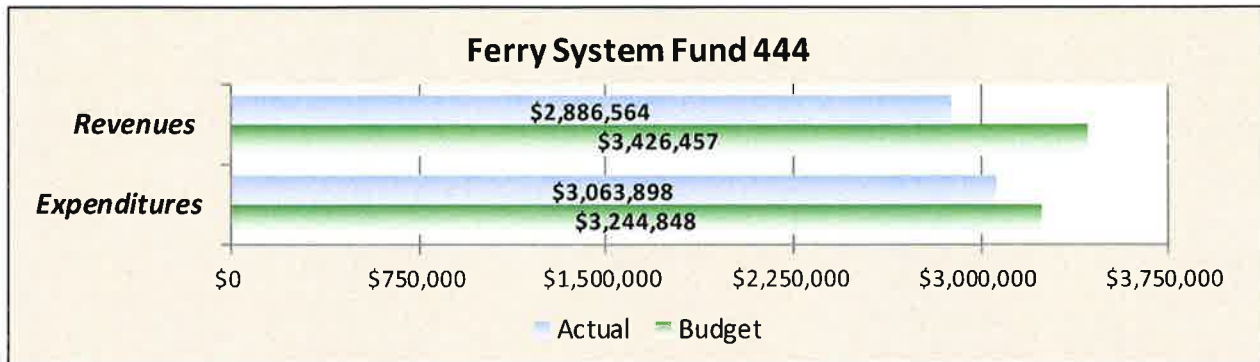
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Enterprise and Internal Service Funds



Note:

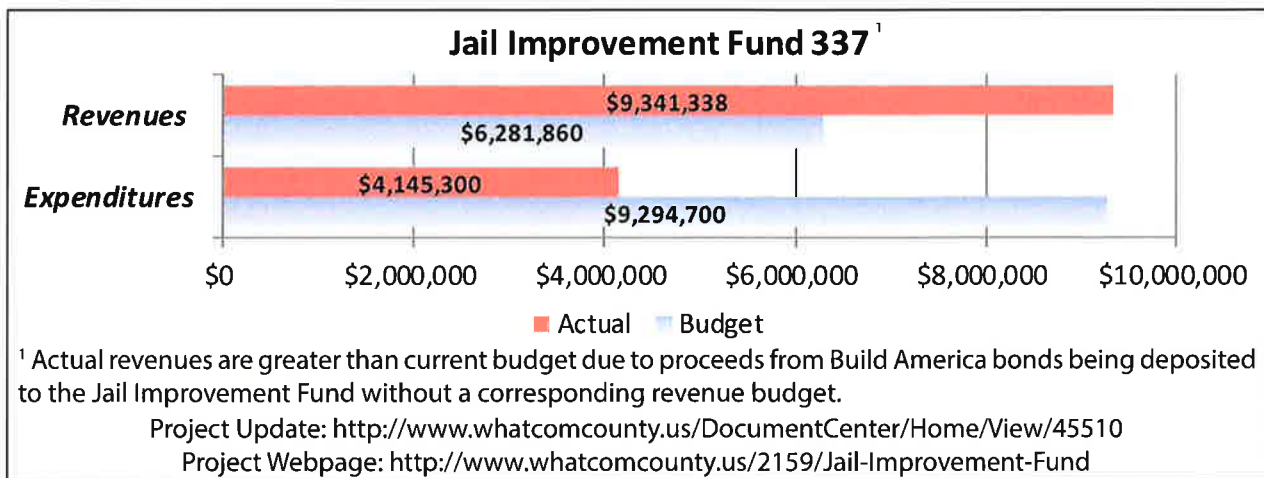
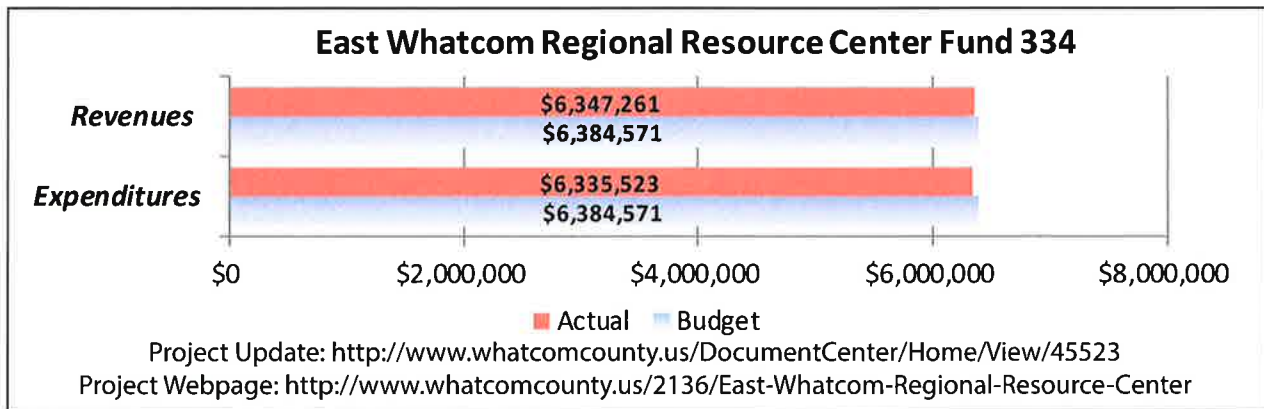
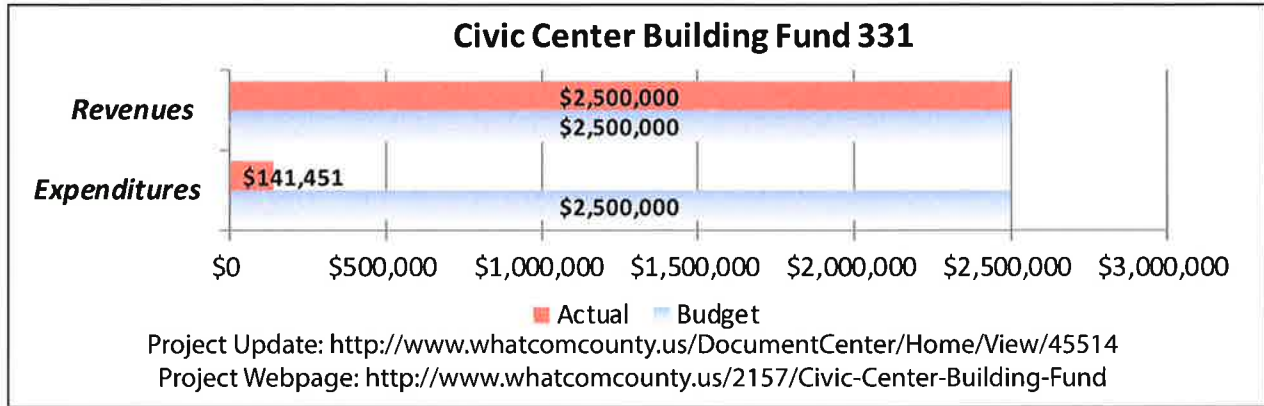
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Project Budget Funds

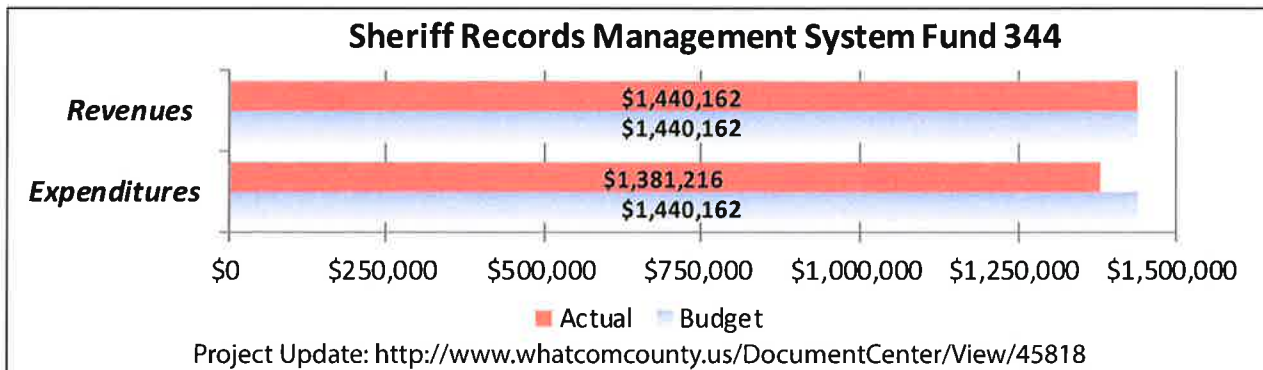
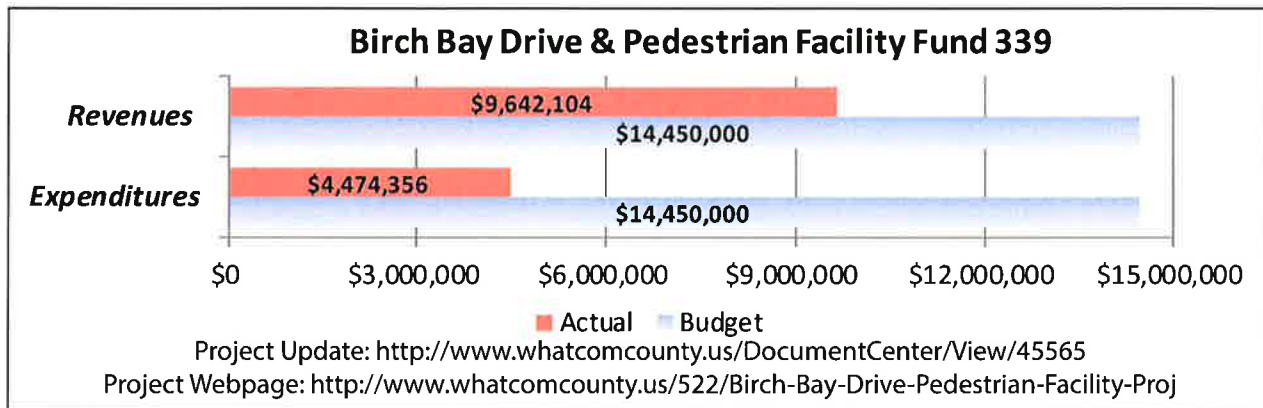
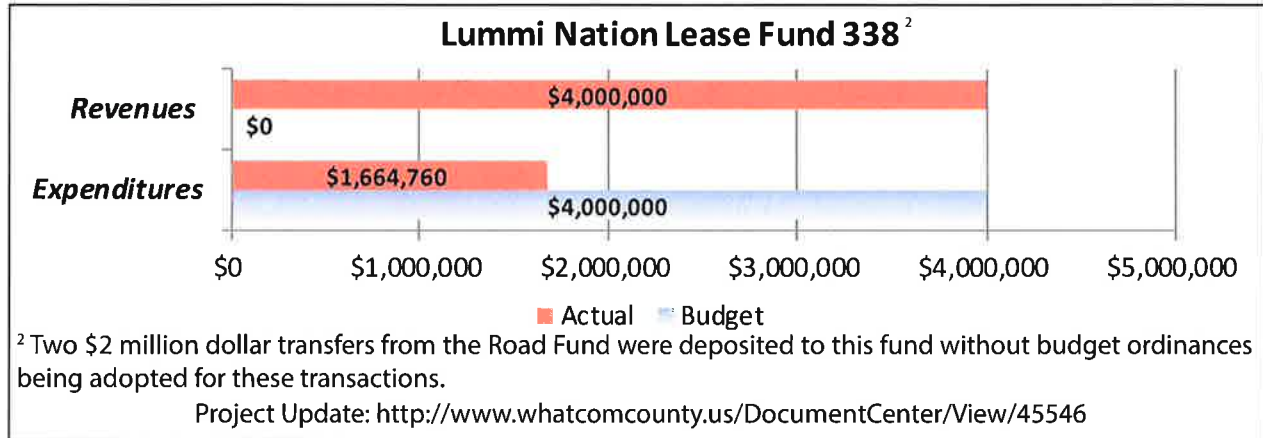


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For the Quarter Ended December 31, 2019



Project Budget Funds, continued

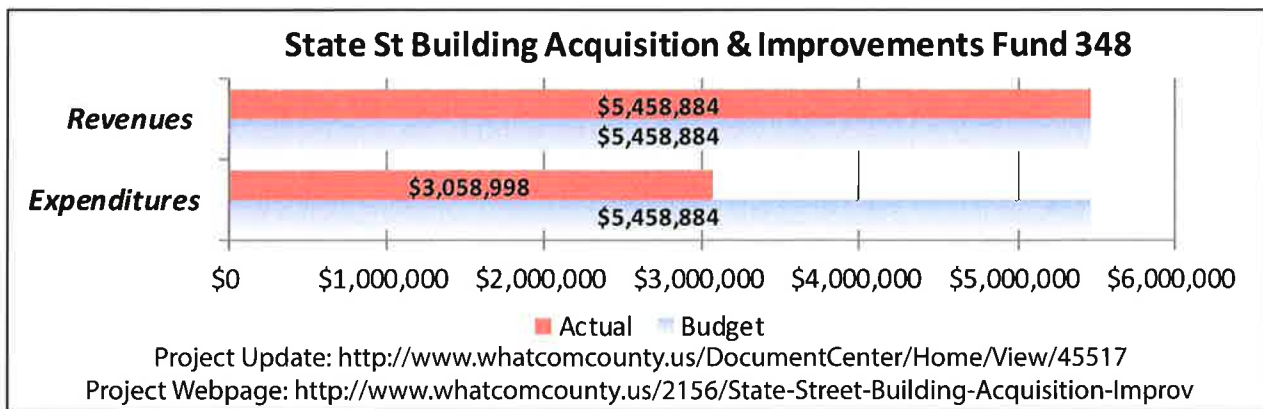
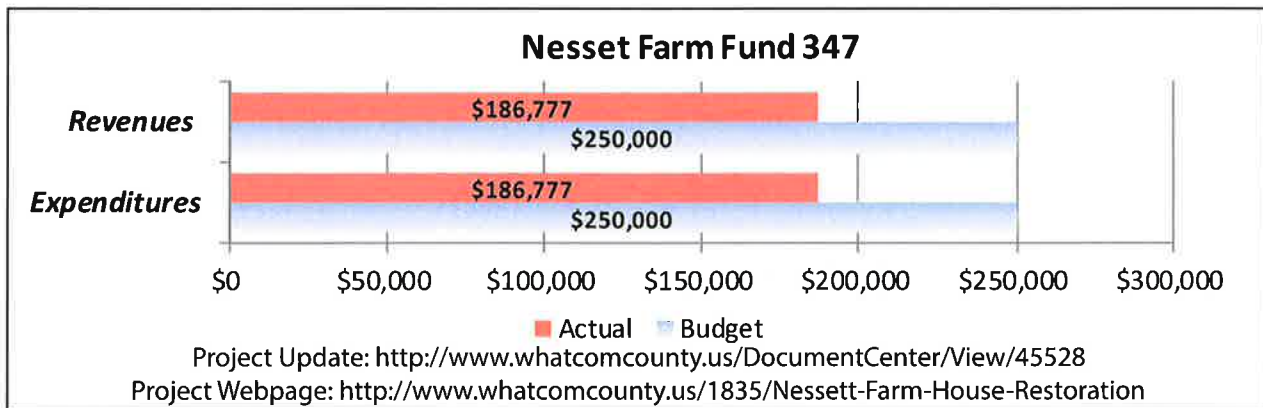
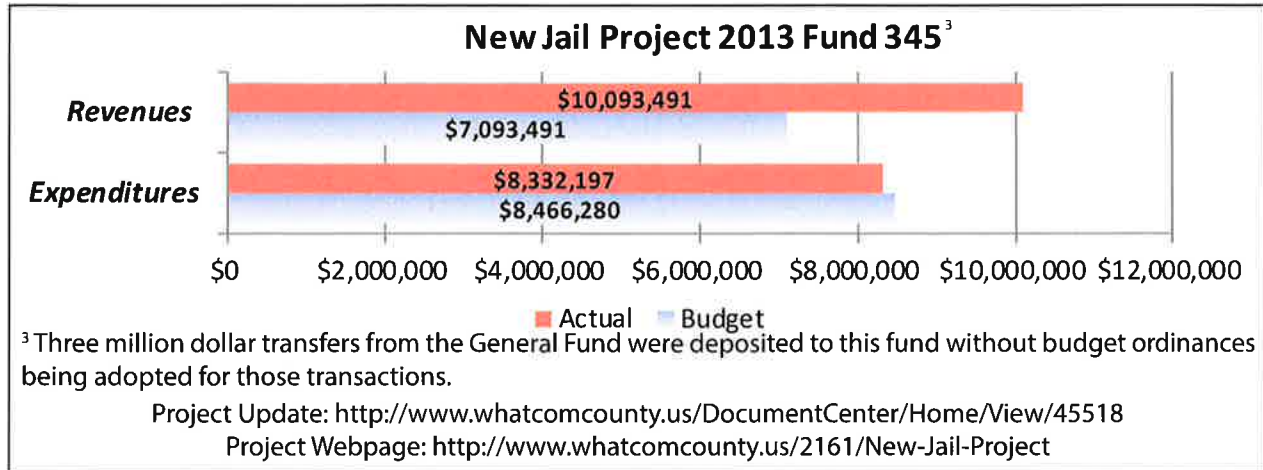


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Project Budget Funds, continued

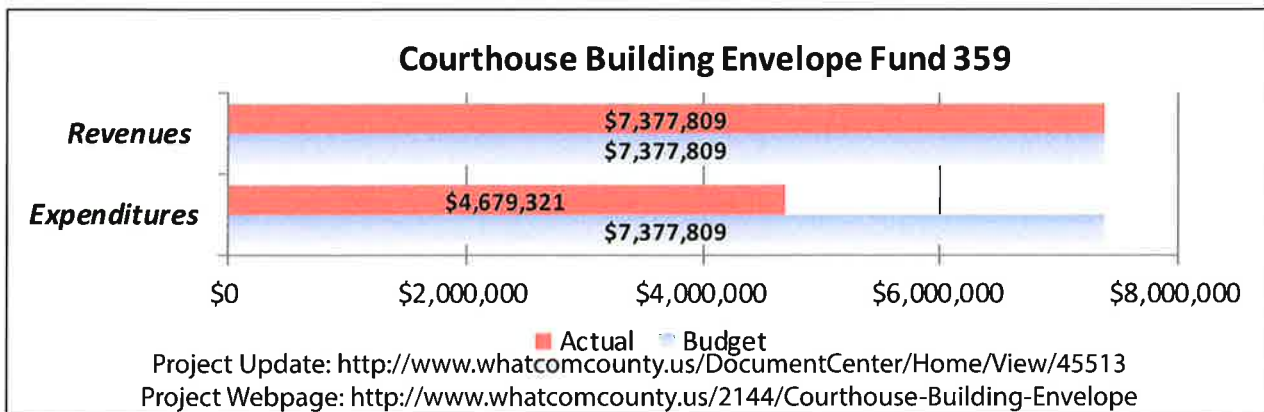
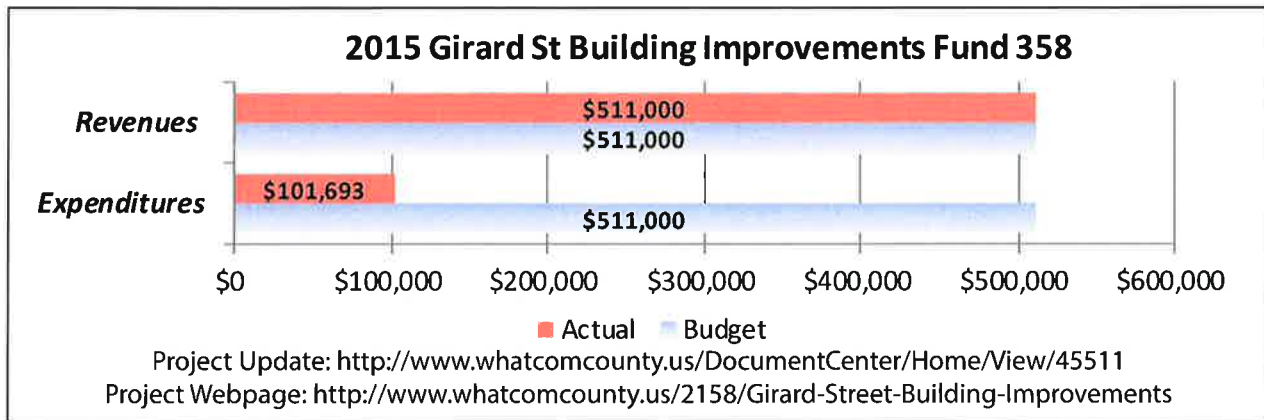
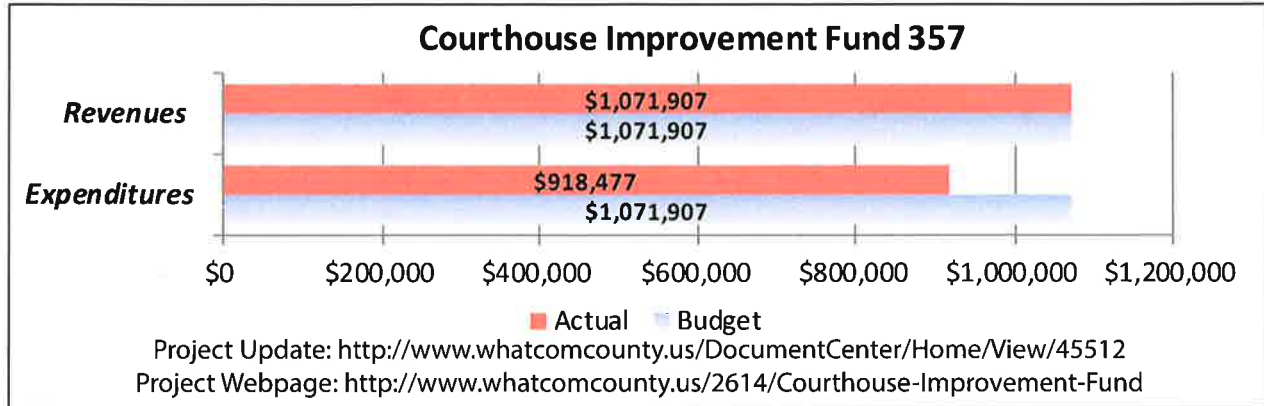


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Project Budget Funds, continued

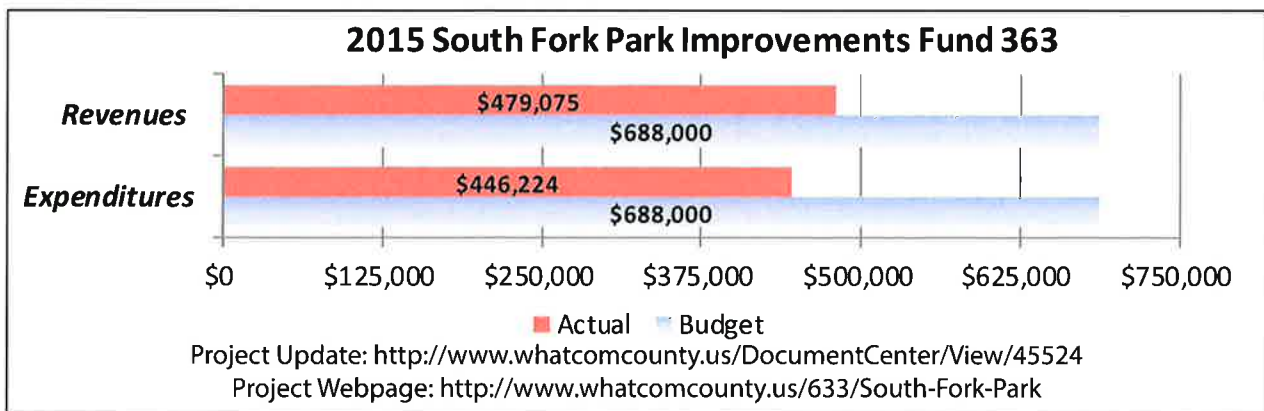
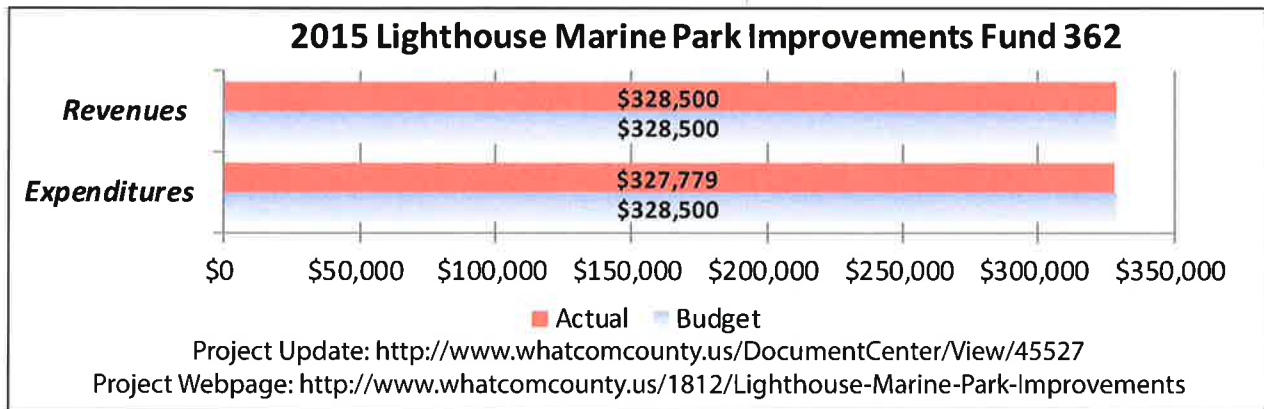
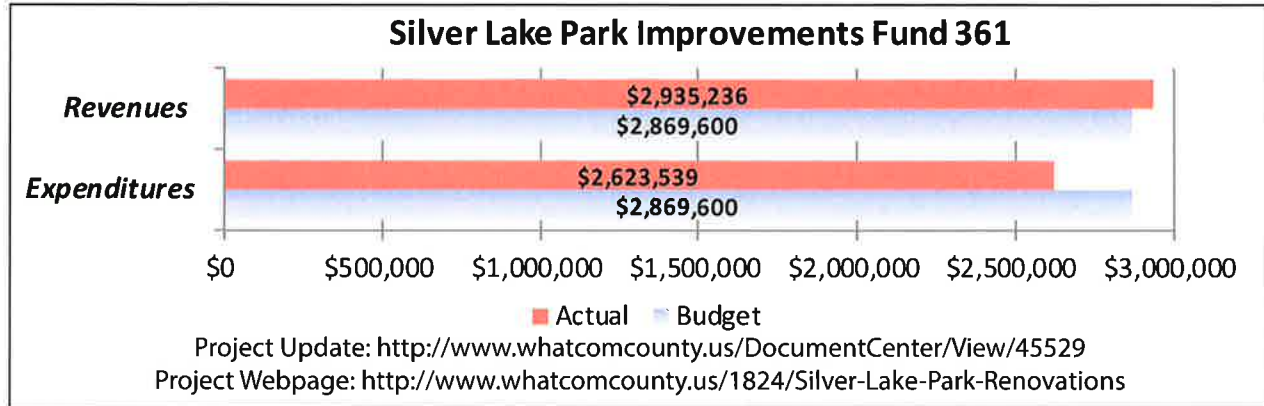


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Project Budget Funds, continued

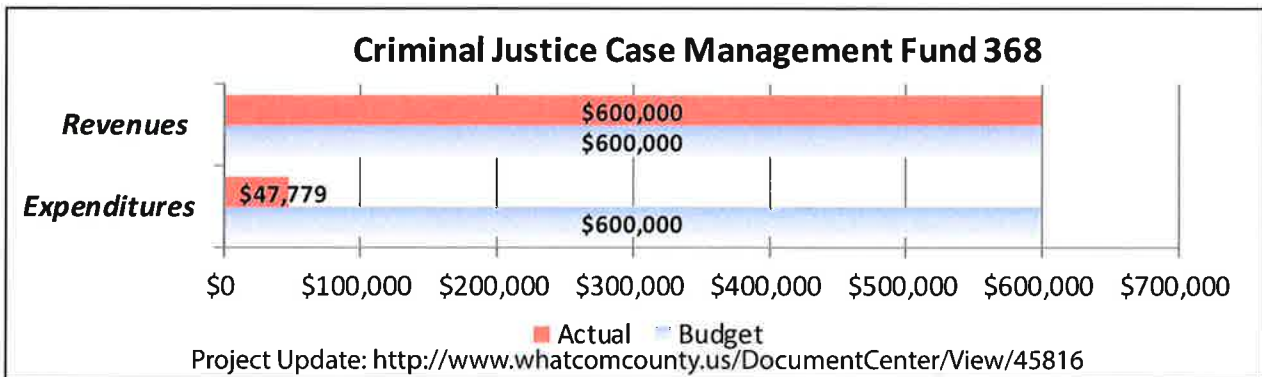
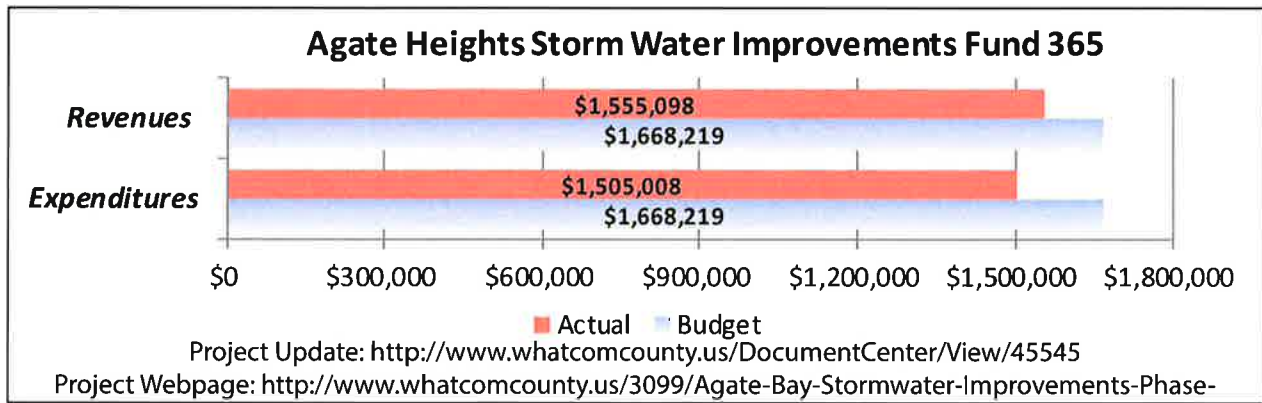
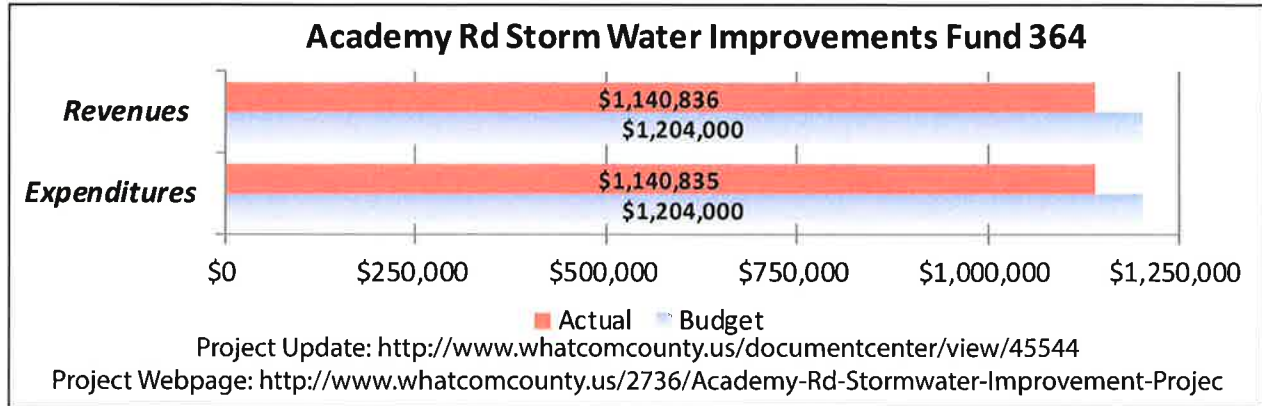


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For the Quarter Ended December 31, 2019



Project Budget Funds, continued

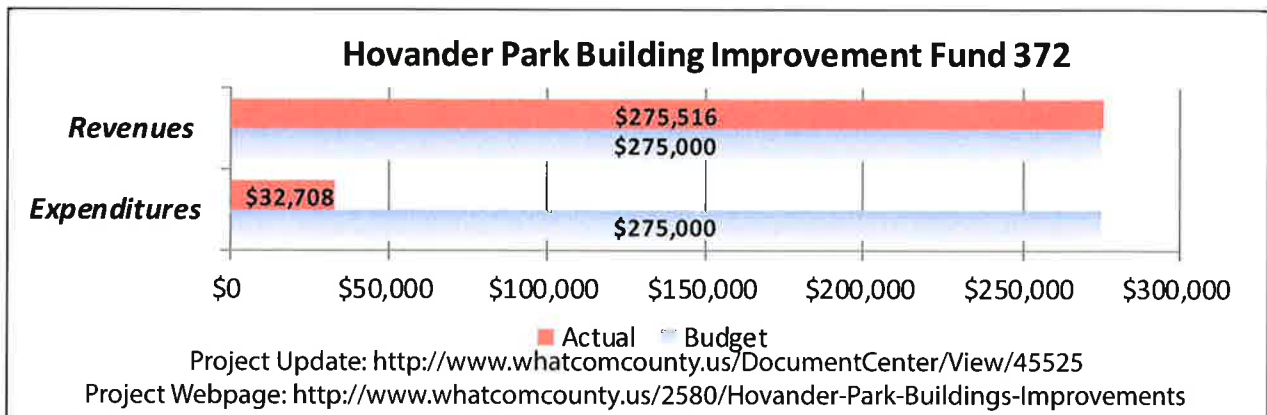
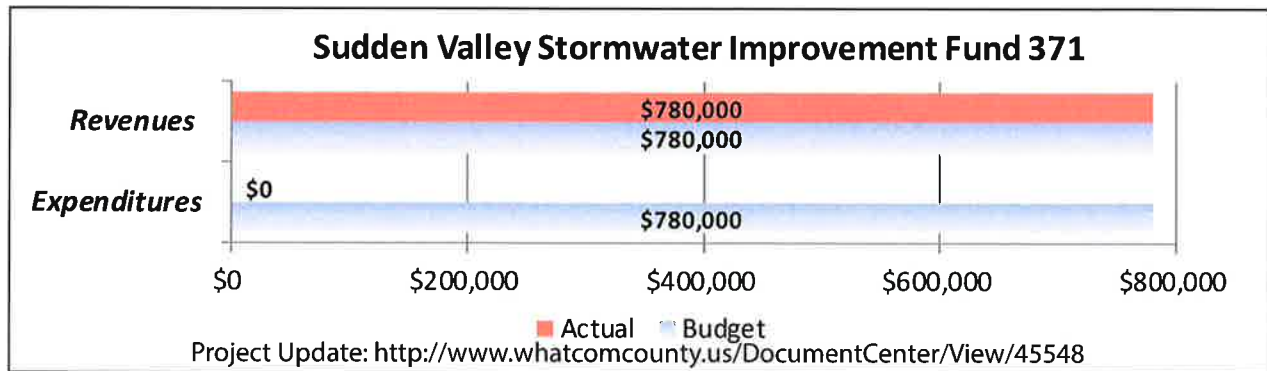
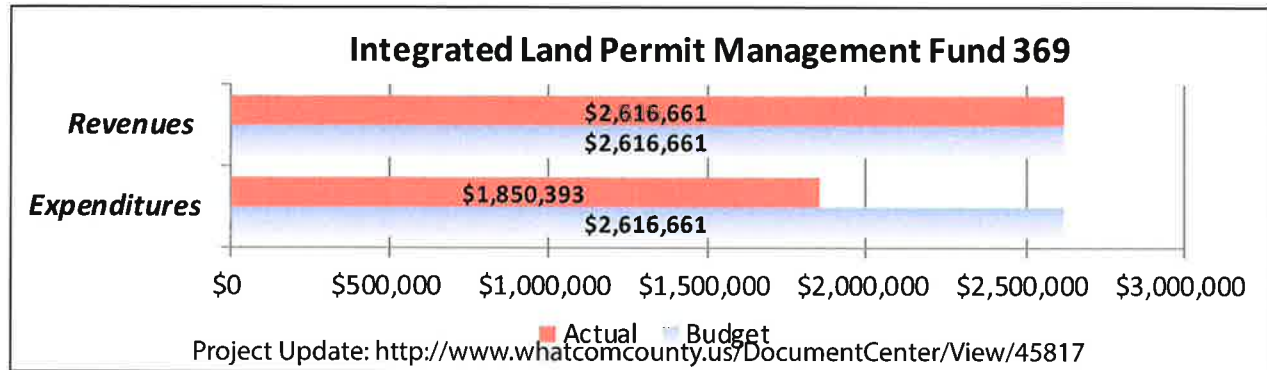


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Project Budget Funds, continued

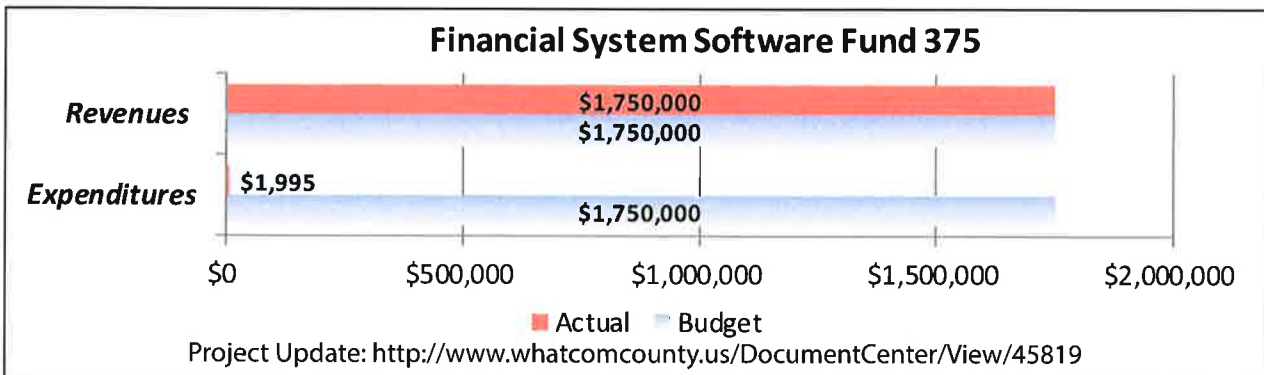
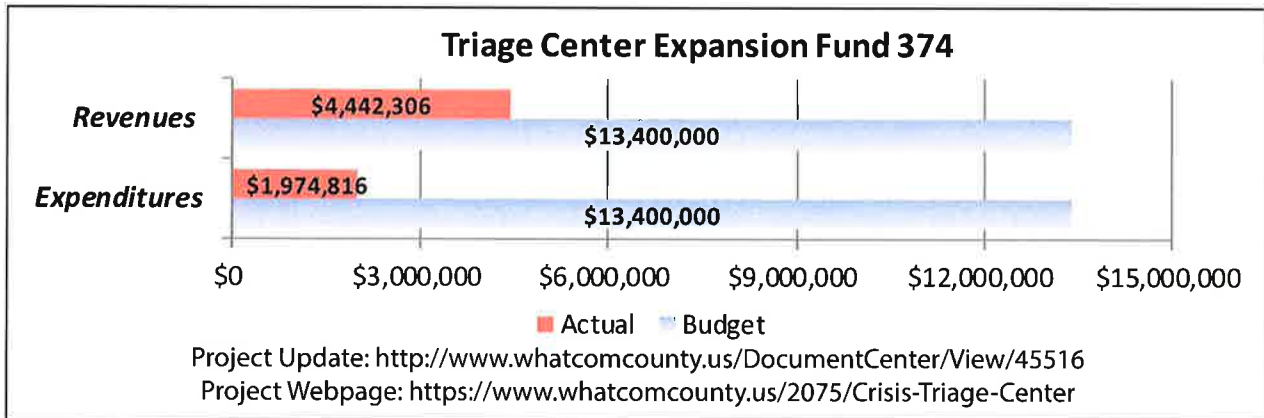
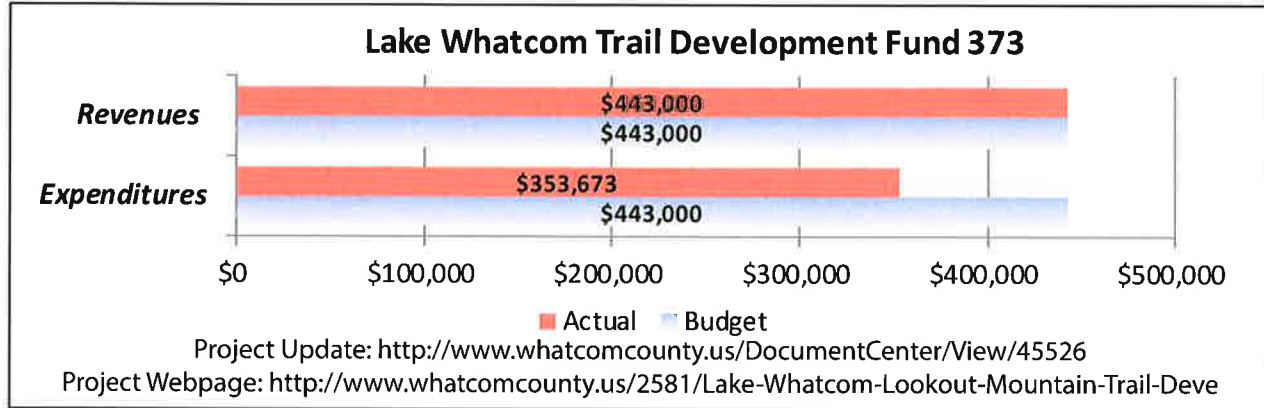


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Project Budget Funds, continued

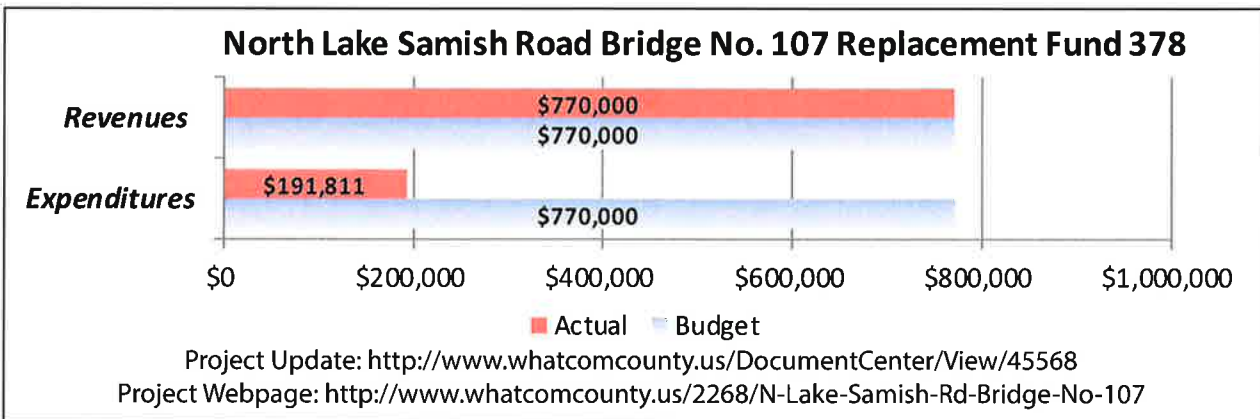
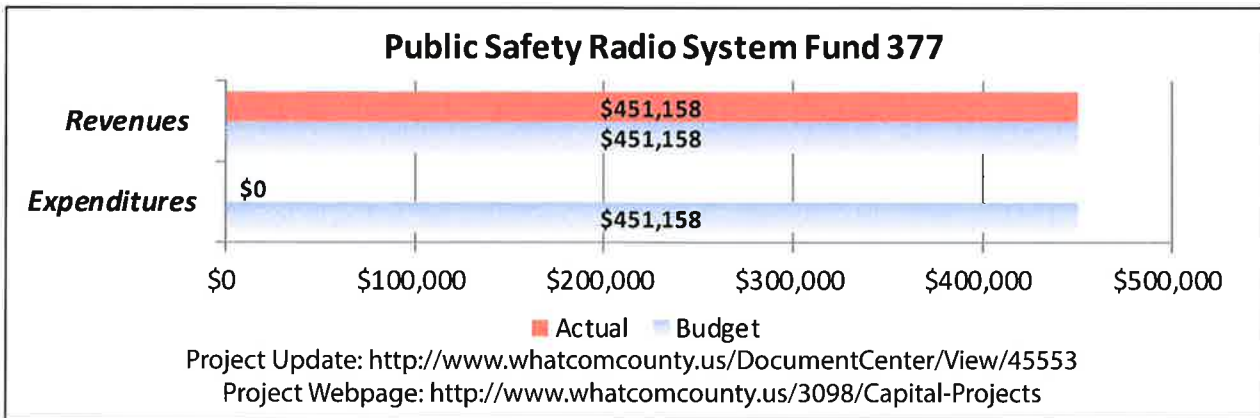
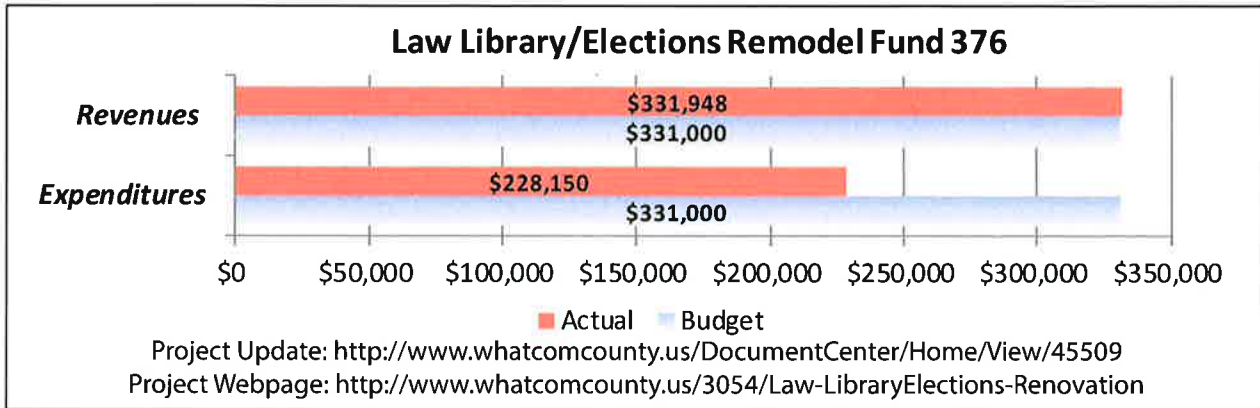


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Project Budget Funds, continued

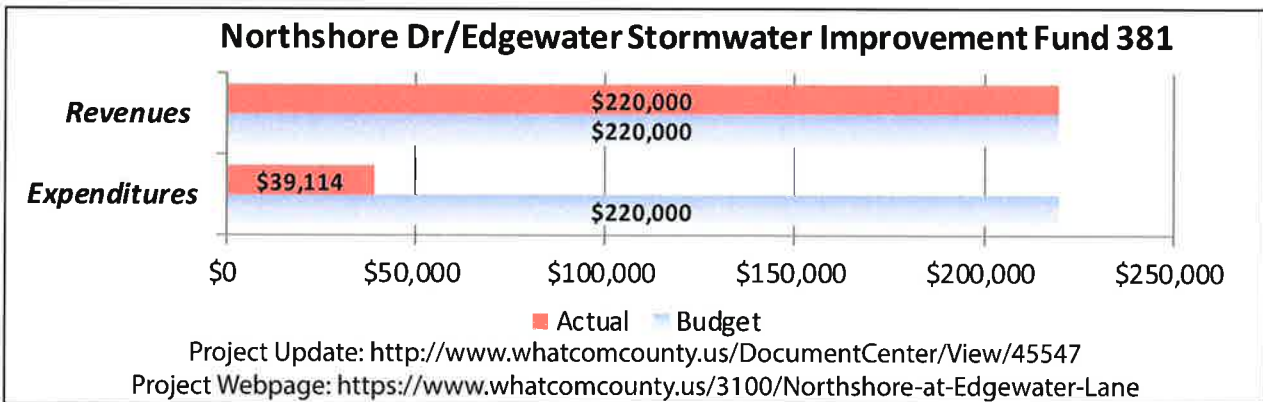
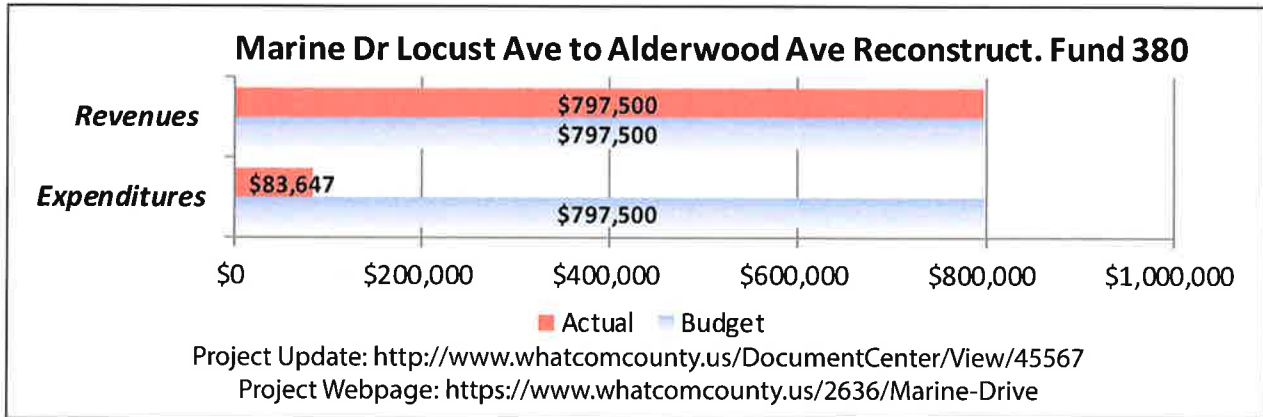
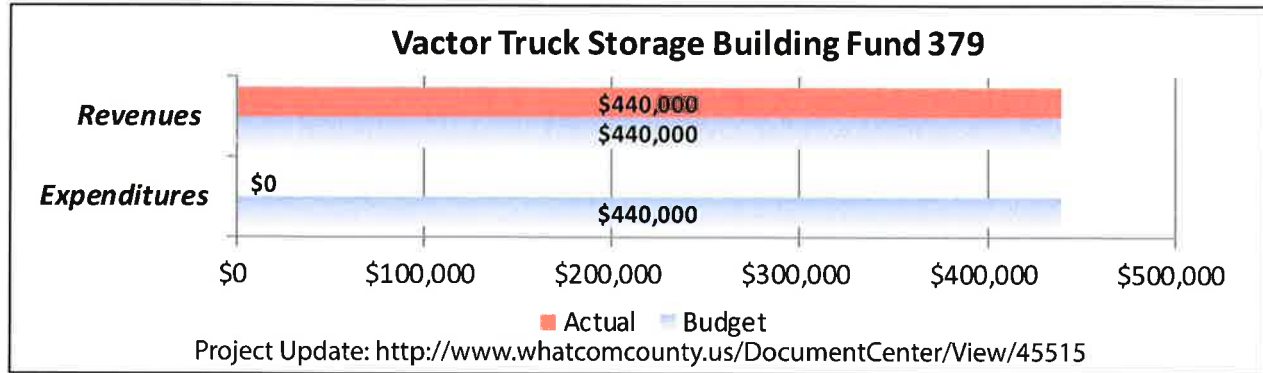


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Project Budget Funds, continued



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Project Budget Funds, continued

