



2020 Second Quarter Financial Report

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Compiled and Presented by the
Administrative Services Department
Finance Division

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September 23, 2020

Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Executive Summary

At the end of the second quarter the General Fund collected 45.73% of its budgeted revenues. Whatcom County's General Fund has expended 45.36% of its amended budget. Due to the COVID-19 pandemic's impact on county operations and the local economy, revenues are down \$2 million from second quarter 2019. Expenditures are below second quarter projections. The administration has implemented a selective hiring freeze to capture savings from vacant positions and it has directed departments to curtail discretionary expenditures. The administration has negotiated 32 hours of unpaid furlough for all employees though out the remainder of the year. The County is also receiving COVID response grants from the state and federal governments which will mitigate some of the financial impacts of the pandemic. County finances are being monitored on an ongoing basis to enable timely response to any changes in circumstances.

The current 2020 General Fund ending fund balance is projected to be approximately \$17.6 million.

Other Funds

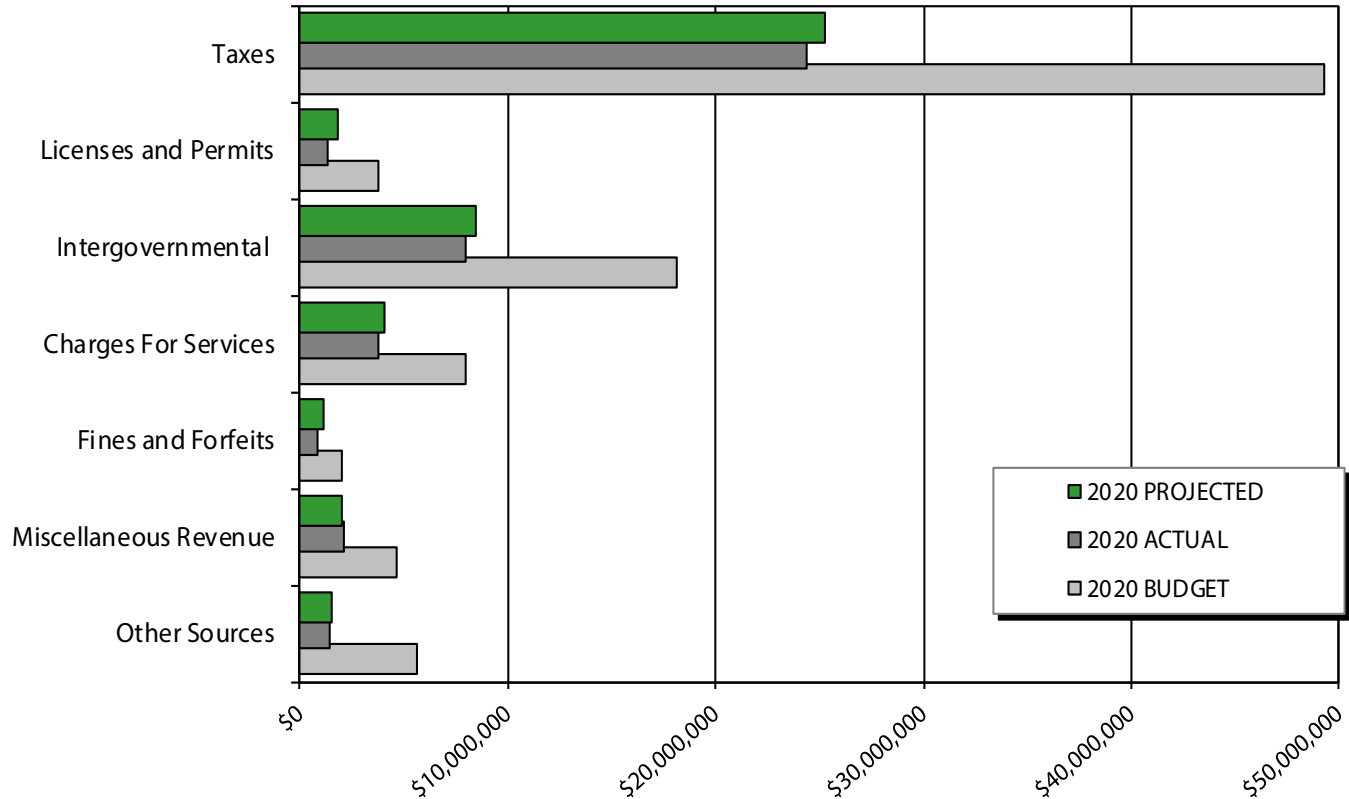
Expenditures for all other funds are within approved budgets. Excluding the Jail Fund, all other fund's operating revenues are close to 2019 second quarter levels. Jail Fund revenues are down approximately \$1 million. Timing of General Fund transfers to the Jail Fund account for \$400,000 of this difference. Booking restrictions in response to COVID-19 have kept jail populations low resulting in reduced per diem and booking fee revenues from other jurisdictions. In addition, work crews which generate revenue from contracts with Whatcom County Departments and other governments have reduced operations due to the pandemic. This has resulted in a 60% reduction in year-to-date work crew revenue. Currently we anticipate the Jail will be able to fund its operations within its current budget and fund balance though year end.

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General Fund Revenue - Budget vs. Actual



	2020 Budget Adopted	2020 Budget Supp'ls	2020 Budget Amended	Actual as of 6/30/2020	% Collected To Date	Projected as of 6/30/2020
Taxes	49,250,539		49,250,539	24,354,206	49.45%	25,214,641
Licenses and Permits	3,802,909		3,802,909	1,335,865	35.13%	1,779,073
Intergovernmental	15,544,583	2,585,177	18,129,760	7,986,913	44.05%	8,446,726
Charges For Services	7,900,910	100,000	8,000,910	3,757,751	46.97%	4,049,022
Fines and Forfeits	2,010,400		2,010,400	826,738	41.12%	1,110,941
Miscellaneous Revenue	4,642,482	36,722	4,679,204	2,123,328	45.38%	1,968,884
Other Sources	5,510,808	105,000	5,615,808	1,448,808	25.80%	1,517,965
Total Revenue	88,662,631	2,826,899	91,489,530	41,833,609	45.73%	44,087,252

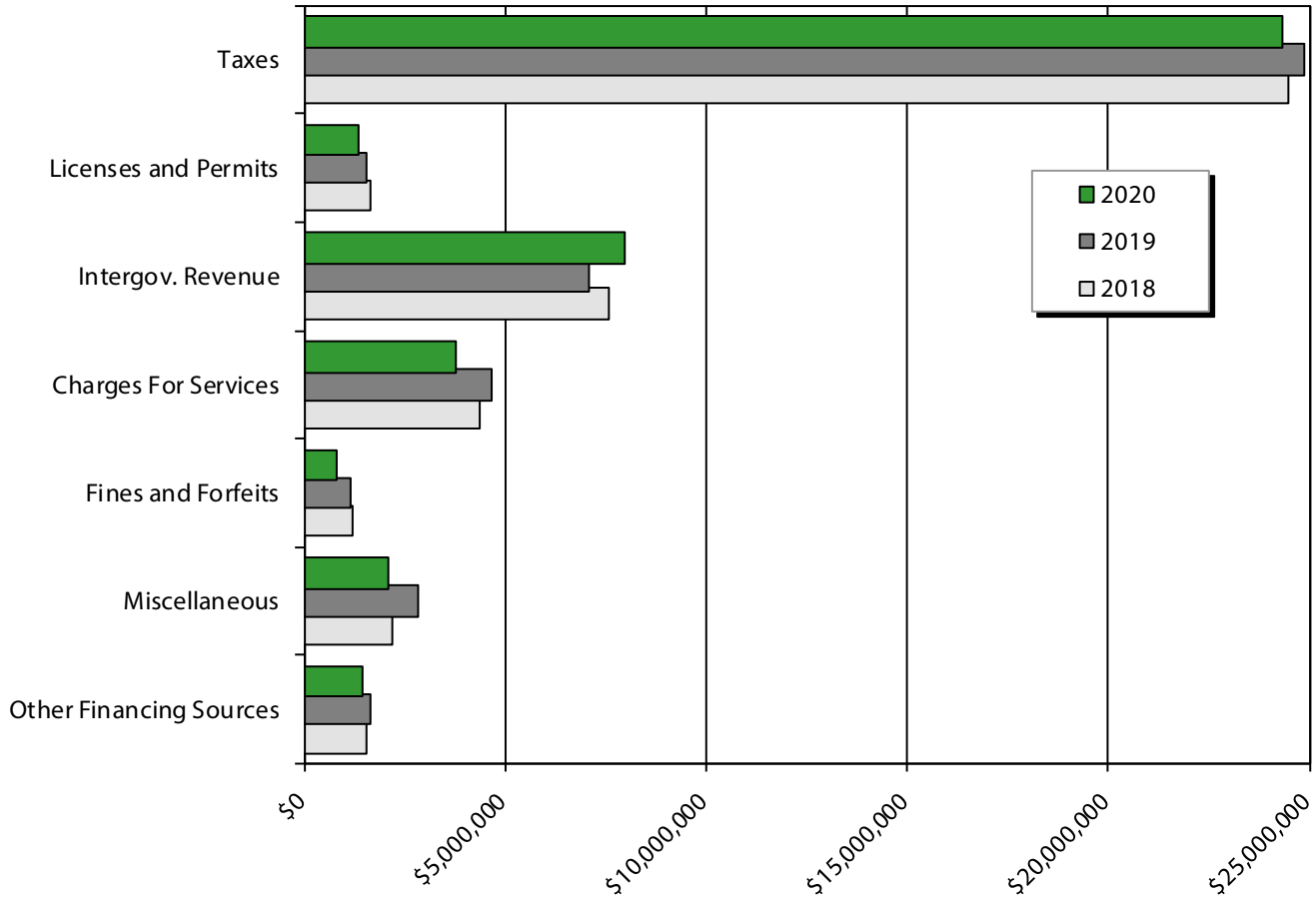
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2018	2019	2020
Taxes	24,501,019	24,873,976	24,354,206
Licenses and Permits	1,631,251	1,573,934	1,335,865
Intergov. Revenue	7,561,519	7,067,107	7,986,913
Charges For Services	4,365,248	4,674,009	3,757,751
Fines and Forfeits	1,212,264	1,174,175	826,738
Miscellaneous	2,213,741	2,839,896	2,123,328
Other Financing Sources	1,572,763	1,641,399	1,448,808
Total Revenue	43,057,805	43,844,496	41,833,609

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.

Property tax revenues are \$276,347 or 1.7% less than second quarter 2019 amounts, this represents 53% of the 2020 property tax budget. In 2019 at the end of the second quarter we had collected 55% of the property tax budget. Current year sales tax collections are down \$642,143 or 7.35% compared to last year's second quarter collections. The COVID-19 pandemic will impact tax collections, current we expect property taxes to remain relatively stable within 3% of budget. Sales taxes are less predictable. There is uncertainty regarding federal stimulus payments and their impact on sales tax. If current trends continue sales tax collection will be approximately 90% of the 2020 budget.

Licenses & Permits

Building permits account for 39.5% of "Licenses & Permits" budget. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 37.7% of the budget. Cable franchise fee revenues are 19.7% and marriage licenses, firearm permits, and fire control permits account for the remaining 3.1%.

License and Permit Fees are down \$238,069 from second quarter 2019. We have collected 35% of the licenses and permit budget at the end of the second quarter compared to 41% last year. Restaurant, Tavern and Grocery permits are down \$124,749 and building permits are down \$81,893.

Intergovernmental Revenue

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

Revenues collected at the end of the second quarter are \$919,806, or 13%, greater than second quarter 2019. Grant revenues fluctuate based on timing of program billings and additions/deletions of grant programs. The Health Department received \$262,082 for urgent needs related to COVID-19. Parks received \$129,874 from FEMA to reimburse storm damage and the Health Department received an additional \$323,076 block grant for services related to developmental disabilities.

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.

Charges for Services decreased \$916,258, from second quarter 2019. Most of this decrease, \$545,722, is an anomaly created by a one-time payment from North Sound Behavioral Health Organization for Medicaid administration activities in 2019. The real decrease was \$370,537 or 9%. Planning and Development fees for services are down \$204,000 or 18%. Parks charges for services are down \$101,000 or 74%. REET processing fees are down \$61,000 or 26%, passport fees are down \$43,000 or 58%. Activities that increased significantly are auditor filing and vehicle licensing fees. Document filings are up due to refinancing activity as interest rates have fallen. Licensing fees are up due to fee increases that went into effect last July. In addition, we receive fee distributions from the State for a new licensing subagent monitoring and auditing program.

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General Fund Revenue Notes, continued

Fines and Forfeits

"Fines and Forfeits" consist principally of property tax penalties, traffic infraction revenue, and criminal traffic misdemeanor penalties. It also includes bail/bond forfeitures, code enforcement fines, public defense recoupment and other miscellaneous criminal costs and penalties.

Fines and Forfeits revenues have decreased \$347,438, or 30%, from second quarter 2019 amounts. Property tax penalties decreased \$70,604 or 23%. The balance is principally due to decreased traffic infraction revenues.

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 decreased \$716,568, or 25%, from second quarter 2019 amounts. Decreases are from a variety of sources including lower delinquent property tax interest payments down \$299,000, Parks campsite and cabin reservations beginning to be canceled due to COVID-19 \$141,000, Investment interest \$127,000 and donations received in the Health Dept last year were for specific projects not repeated this year \$92,000.

Other Financing Sources

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

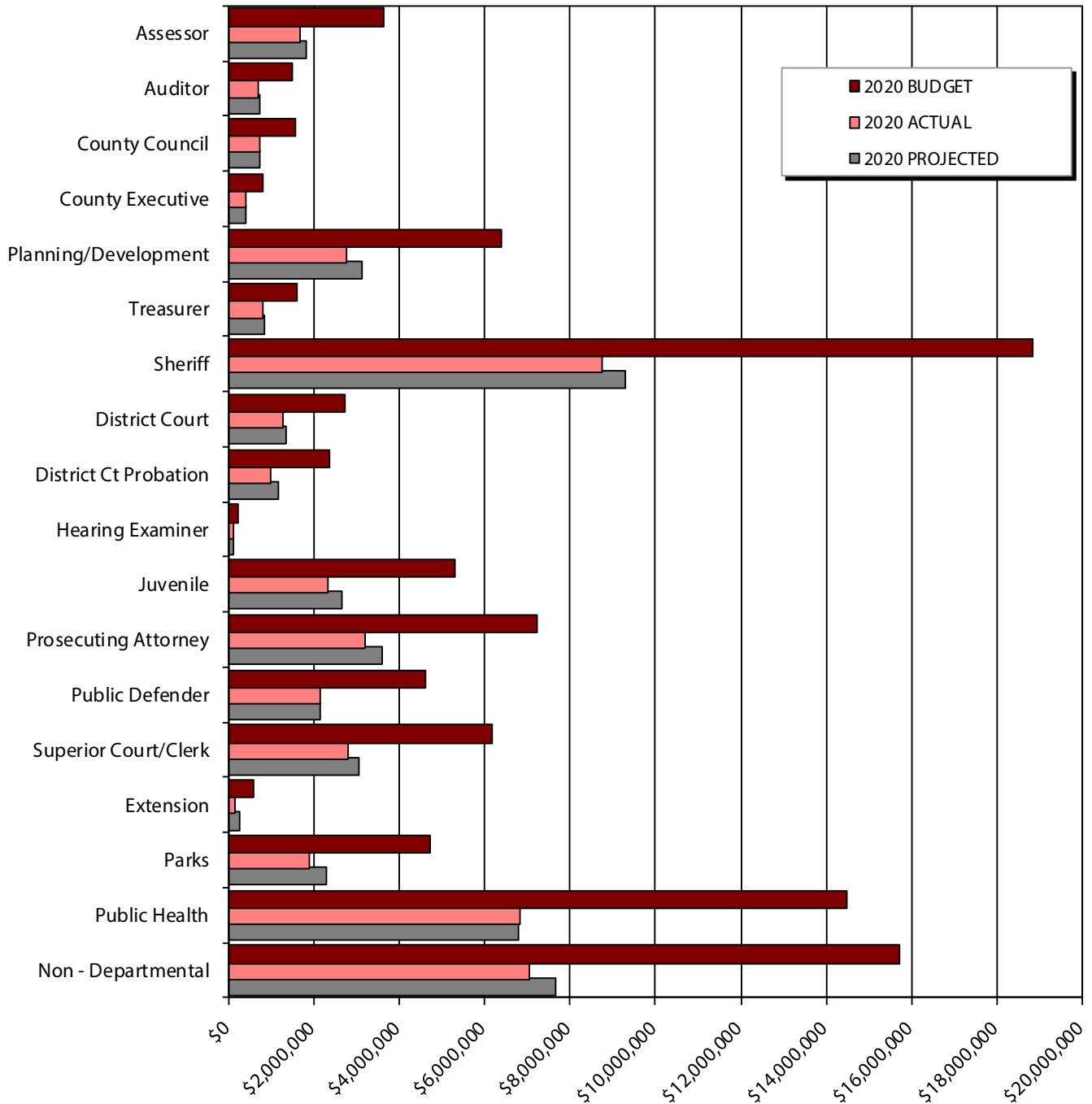
The Other Financing Sources category is \$192,591, or 11.7%, less than second quarter 2019 amounts. The reduction is due to delayed indirect cost transfers from Health Department special revenue funds.

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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 2020 Budget	Budget Supp'ls	Amended Budget	Actual as of 6/30/20	% Expended To Date	Projected as of 6/30/20
Assessor	3,394,993	250,681	3,645,674	1,679,776	46.08%	1,815,615
Auditor	1,424,557	54,541	1,479,098	695,912	47.05%	734,557
County Council	1,512,431	38,511	1,550,942	726,520	46.84%	716,532
County Executive	778,972	44,463	823,435	393,259	47.76%	410,811
Planning & Development	5,910,561	481,383	6,391,944	2,777,208	43.45%	3,133,652
Treasurer	1,563,968	47,272	1,611,240	805,403	49.99%	842,182
Sheriff	17,867,357	987,567	18,854,924	8,756,623	46.44%	9,307,849
District Court	2,546,145	197,178	2,743,323	1,286,440	46.89%	1,357,456
District Court Probation	2,029,333	350,390	2,379,723	996,869	41.89%	1,169,006
Hearing Examiner	201,617	15,125	216,742	106,254	49.02%	108,115
Juvenile	5,015,706	299,046	5,314,752	2,345,236	44.13%	2,643,127
Prosecuting Attorney	6,550,982	669,093	7,220,075	3,192,089	44.21%	3,609,096
Public Defender	4,318,112	310,302	4,628,414	2,164,937	46.77%	2,153,207
Superior Court/Clerk	5,756,004	406,600	6,162,604	2,811,376	45.62%	3,071,754
Extension	541,708	28,946	570,654	144,644	25.35%	244,401
Park	4,383,264	333,289	4,716,553	1,911,861	40.54%	2,307,601
Public Health	13,642,352	849,771	14,492,123	6,835,917	47.17%	6,793,601
Non - Departmental	14,614,557	1,090,976	15,705,533	7,051,802	44.90%	7,675,842
Total General Fund Exp	92,052,619	6,455,134	98,507,753	44,682,126	45.36%	48,094,404

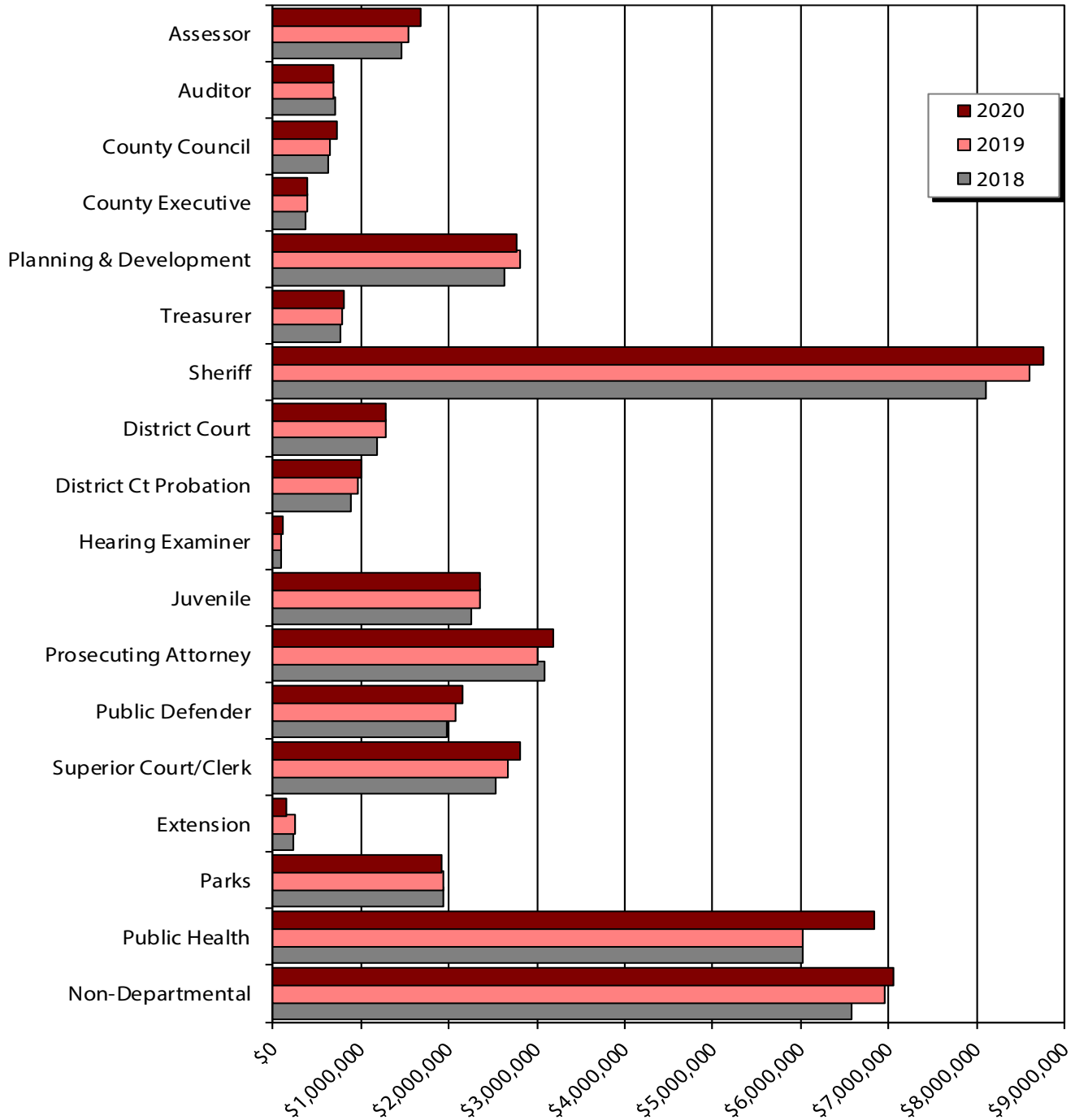
See page 9 for General Fund Expenditure Notes.

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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

	2018	2019	2020
Assessor	1,464,665	1,542,060	1,679,776
Auditor	709,024	698,141	695,912
County Council	624,928	655,347	726,520
County Executive	370,035	383,638	393,259
Planning & Development	2,629,454	2,814,604	2,777,208
Treasurer	773,297	786,100	805,403
Sheriff	8,109,098	8,596,509	8,756,623
District Court	1,177,639	1,276,259	1,286,440
District Ct Probation	878,442	968,957	996,869
Hearing Examiner	100,441	100,275	106,254
Juvenile	2,254,079	2,348,142	2,345,236
Prosecuting Attorney	3,098,244	3,005,550	3,192,089
Public Defender	1,975,005	2,079,798	2,164,937
Superior Court /Clerk	2,542,689	2,672,605	2,811,376
Extension	239,917	246,644	144,644
Parks	1,943,784	1,943,681	1,911,861
Public Health	6,019,456	6,024,057	6,835,917
Non-Departmental	6,580,482	6,830,016	7,051,802
TOTAL	41,490,679	42,972,383	44,682,126

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were 45.36% of the approved budget. Most departmental spending was within budget expectations and in line with previous year spending patterns. Health Department spending is higher than projected due to COVID-19 response costs which will subsequently be reimbursed from grant revenues.

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General Fund Conclusion

Projected

Beginning Fund Balance 1/1/20	<u>20,511,677</u>
Revenues	
Budgeted Revenues 2020	88,662,631
Continuing Appropriations from 2019	724,351
Supplemental Budgets 2020	2,102,548
Revenue Adjustments	
Taxes	(2,080,000)
Lic & Permits	(870,000)
Intergovernmental Revenue	(200,000)
Fee for Service	(320,000)
Fines and Penalties	(450,000)
Misc Revenues	(263,000)
Other Financing Sources	(170,000)
CARES Emergency Sick leave Emergency FMLA	300,000
Total Revenue	<u>87,436,530</u>
Expenditures	
Budgeted Expenditures 2020	93,429,550
Continuing Appropriations from 2019	1,072,979
Supplemental Budgets 2020	4,005,224
Hiring Freeze	(747,600)
Furlough	(1,785,000)
Expenditure Reductions	(650,000)
CARES Act Reimbursement	(5,000,000)
Total Expenditures	<u>90,325,153</u>
Expected Surplus (Deficit)	<u>(2,888,623)</u>
Projected Ending Fund Balance 12/31/20¹	<u><u>17,623,054</u></u>

Note:

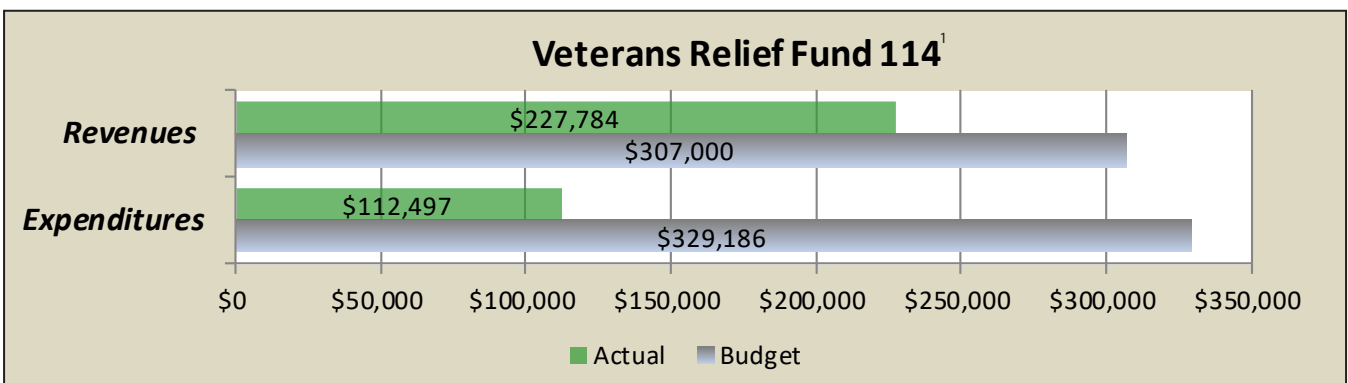
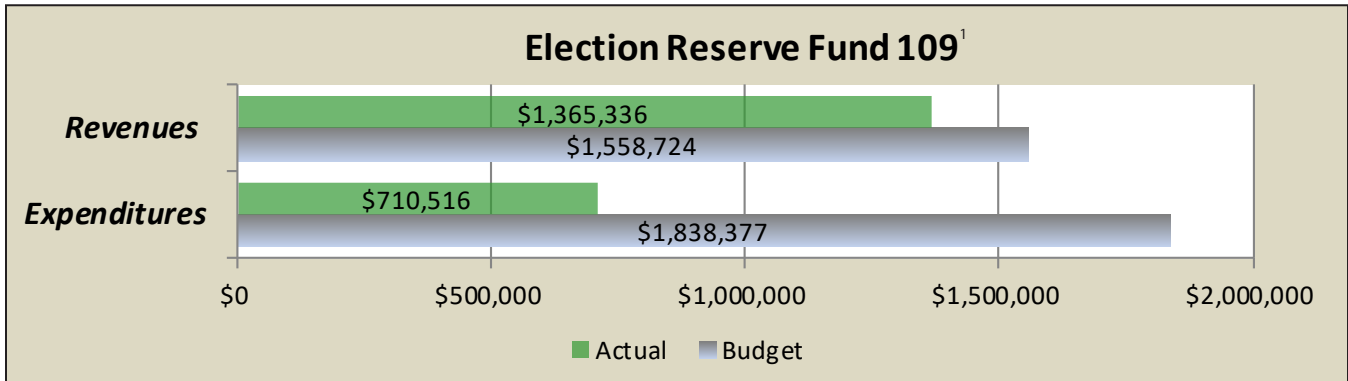
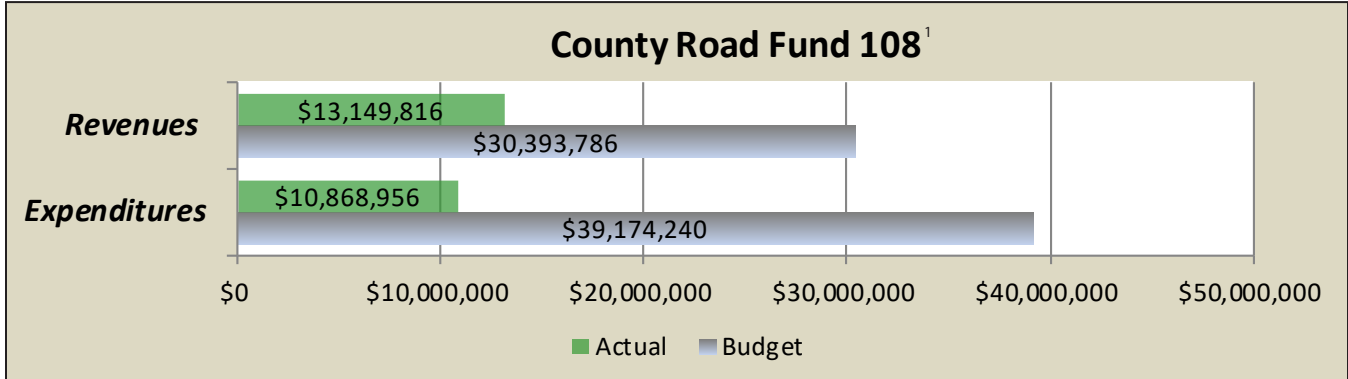
¹ Fund balance does not include \$1.6 million transfer from New Financial System Project Budget to the General Fund. (Cash flow projections have incorporated this transfer.)

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Special Revenue Funds and Other Funds



Note:

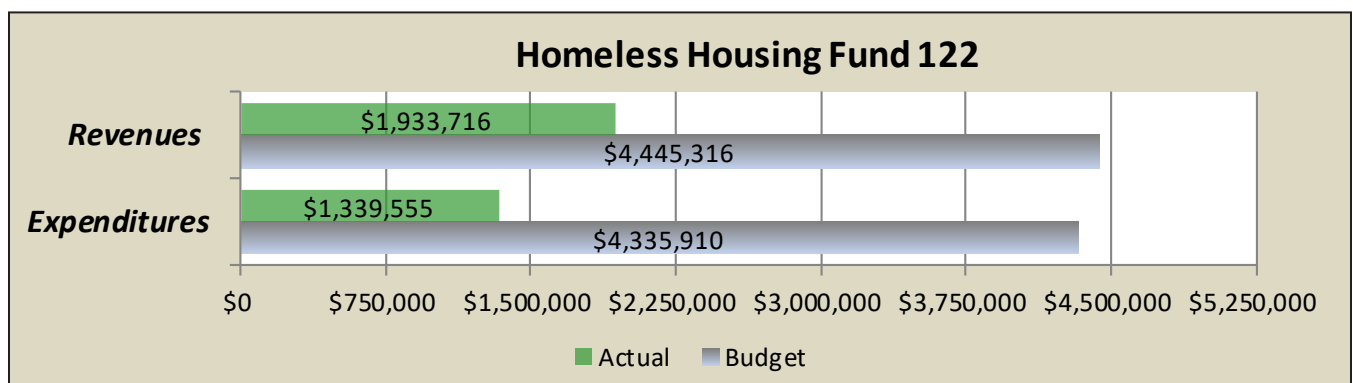
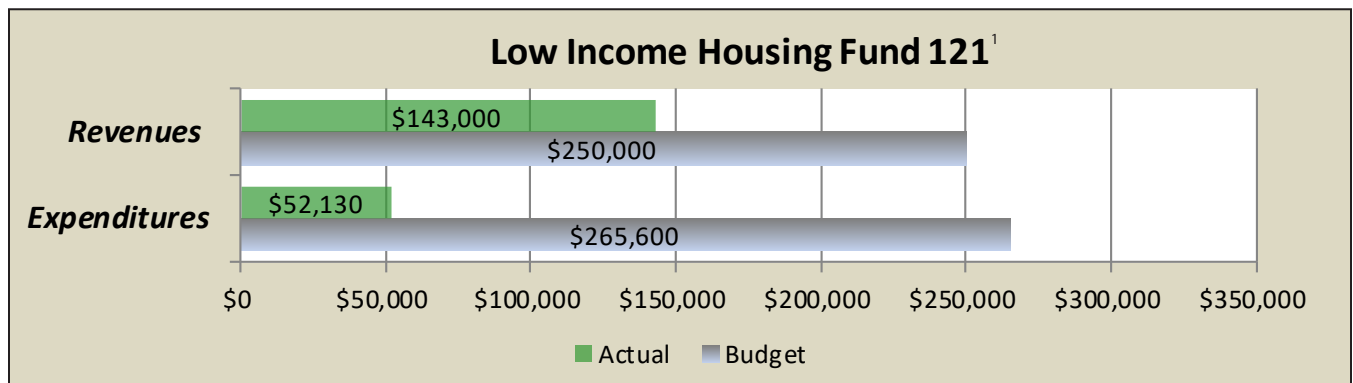
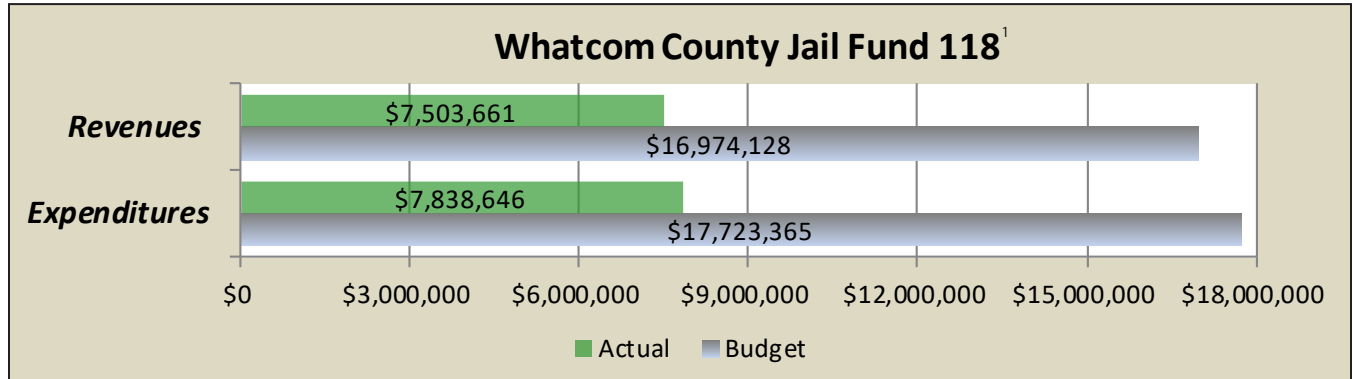
¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



Note:

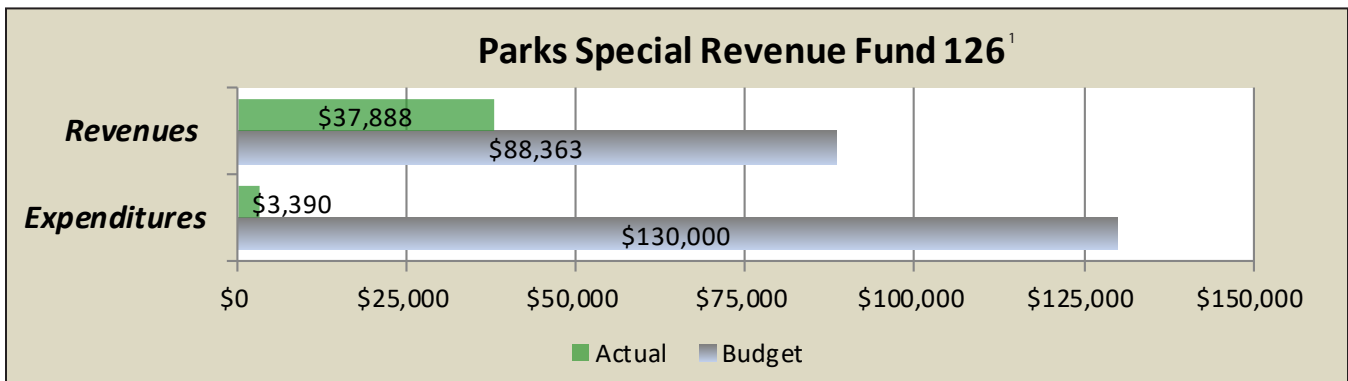
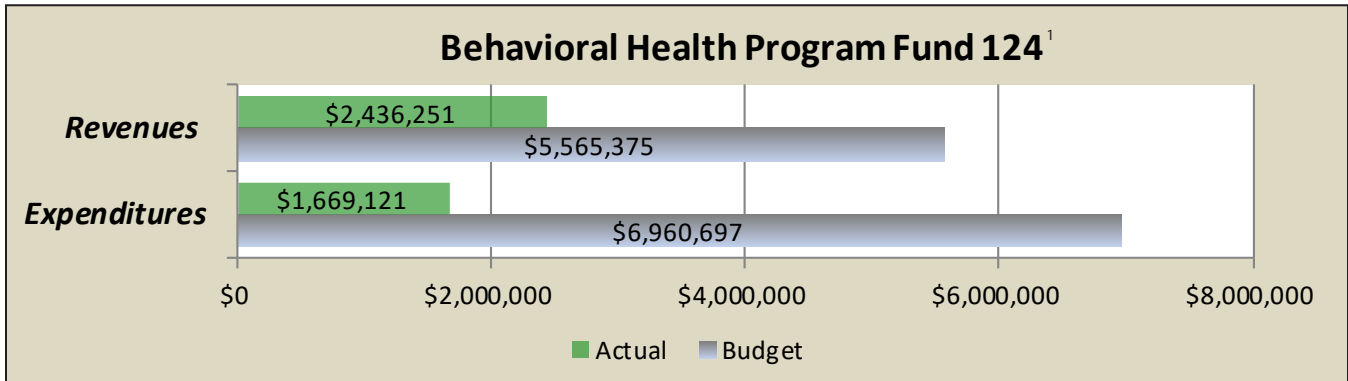
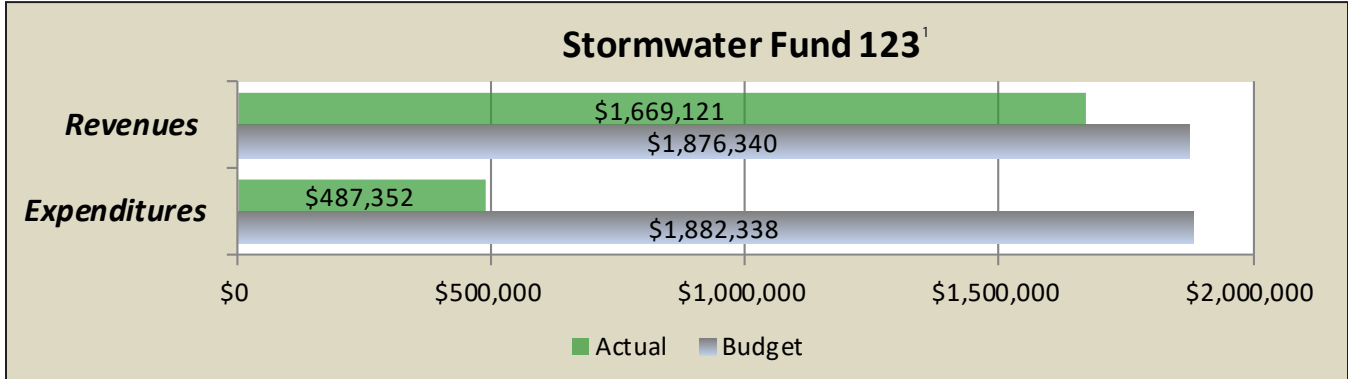
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Special Revenue Funds and Other Funds, continued



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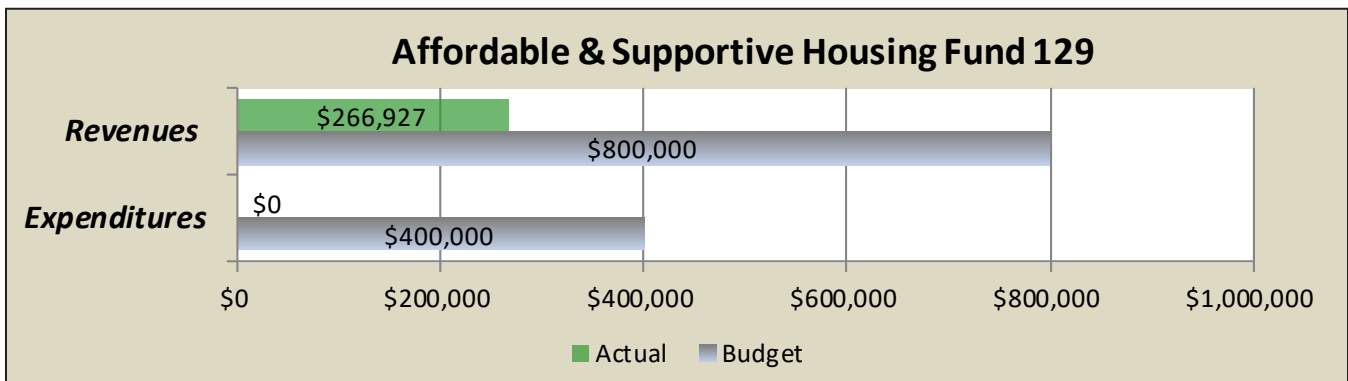
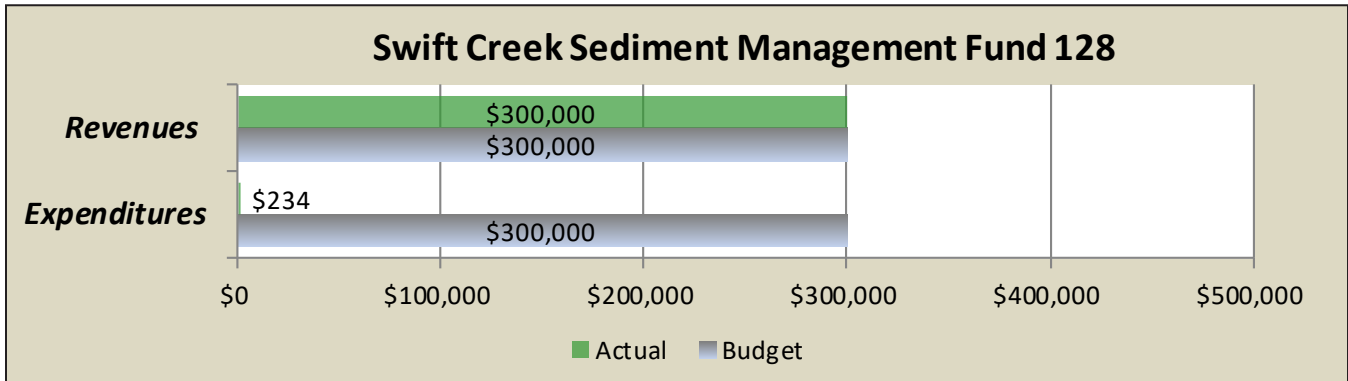
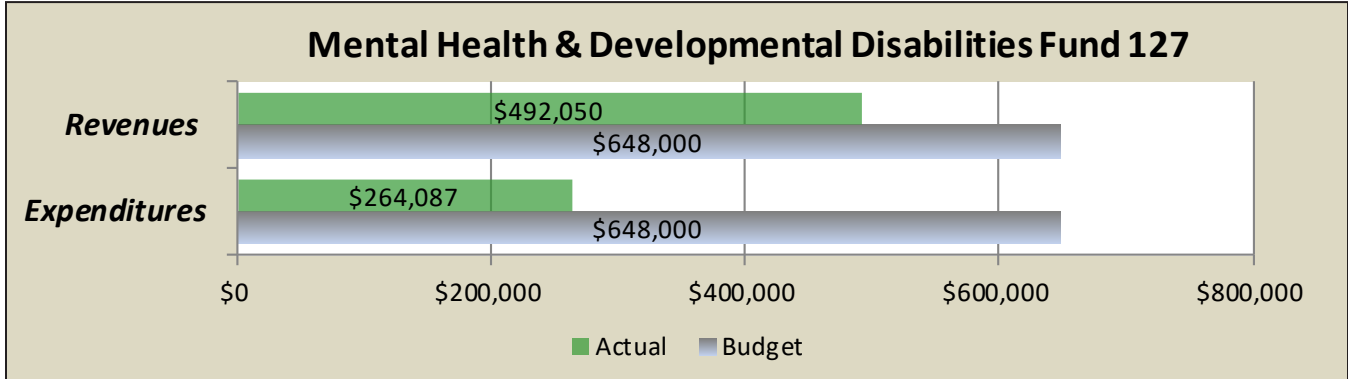
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Special Revenue Funds and Other Funds, continued

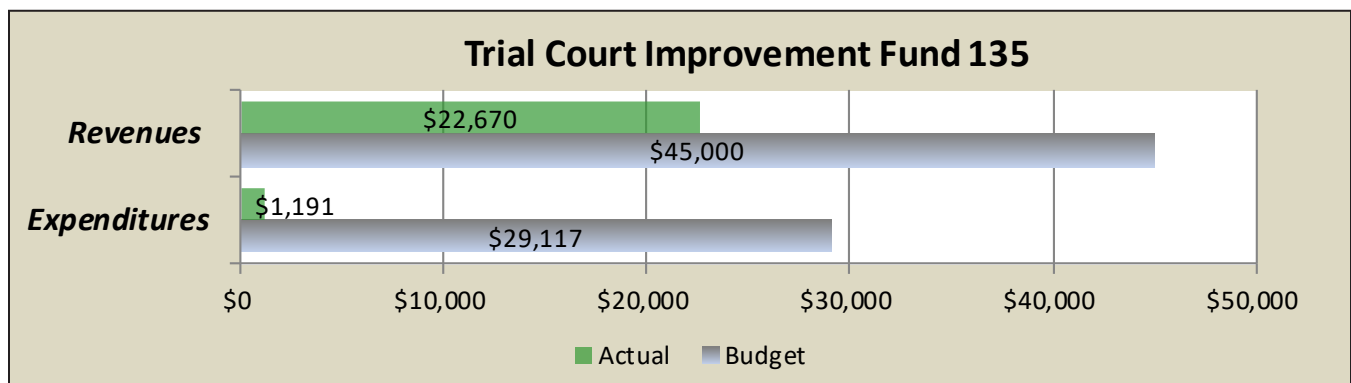
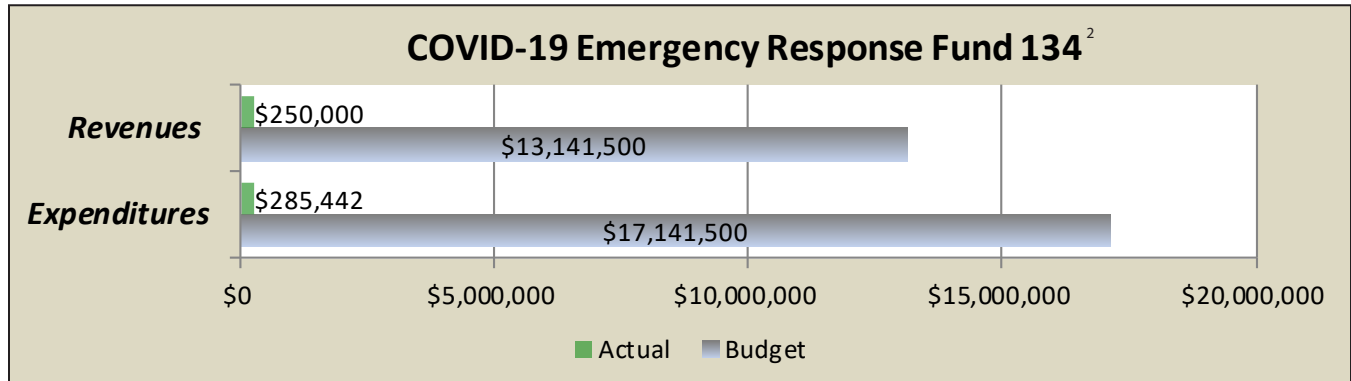
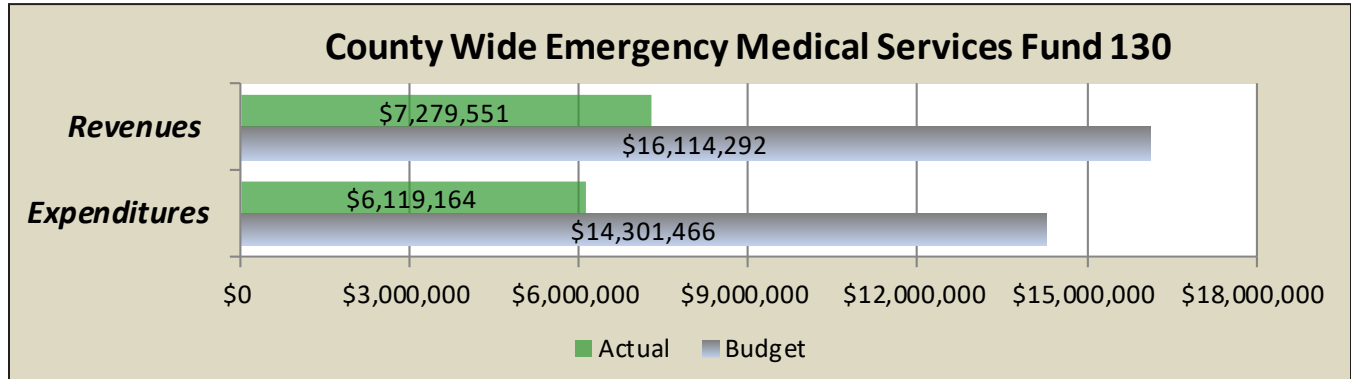


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Special Revenue Funds and Other Funds, continued



Notes:

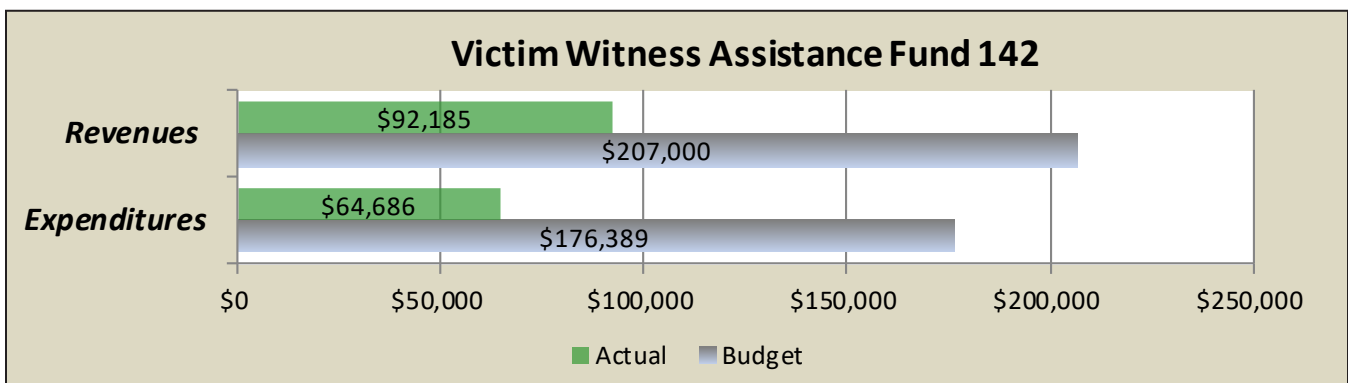
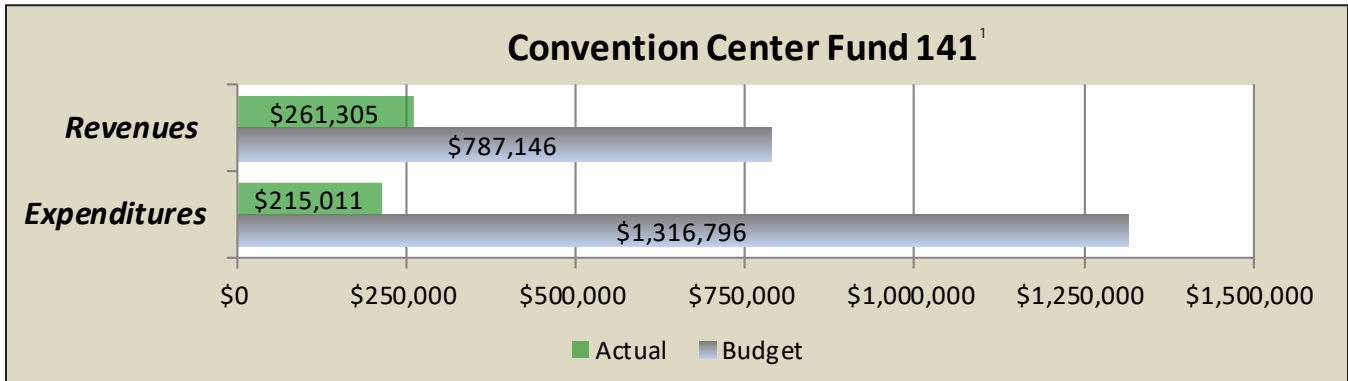
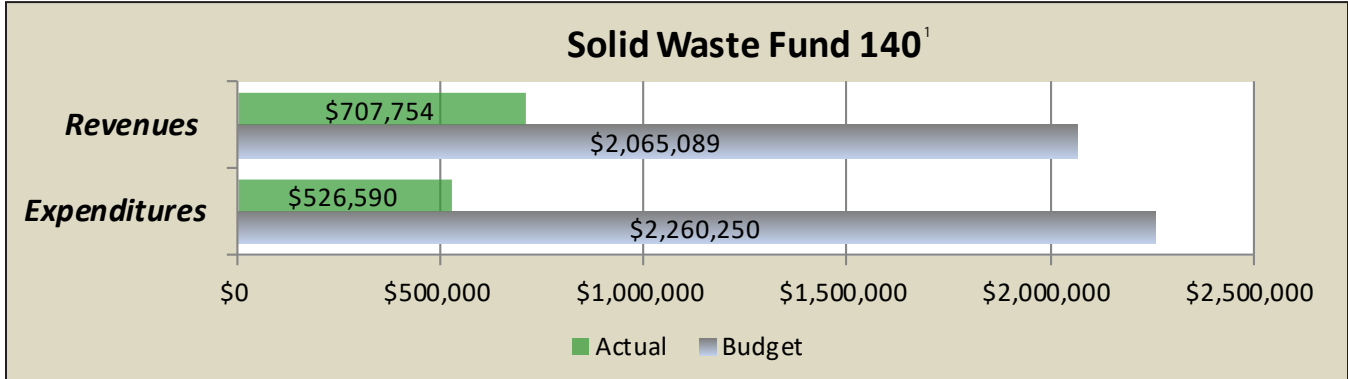
² The COVID-19 Emergency Response Fund was established with a \$4 million loan from the EDI Fund. Although budgeted expenditures currently exceed budgeted revenues, we anticipate all expenditures from the fund will be reimbursed through the CARES Act.

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Special Revenue Funds and Other Funds, continued



Notes:

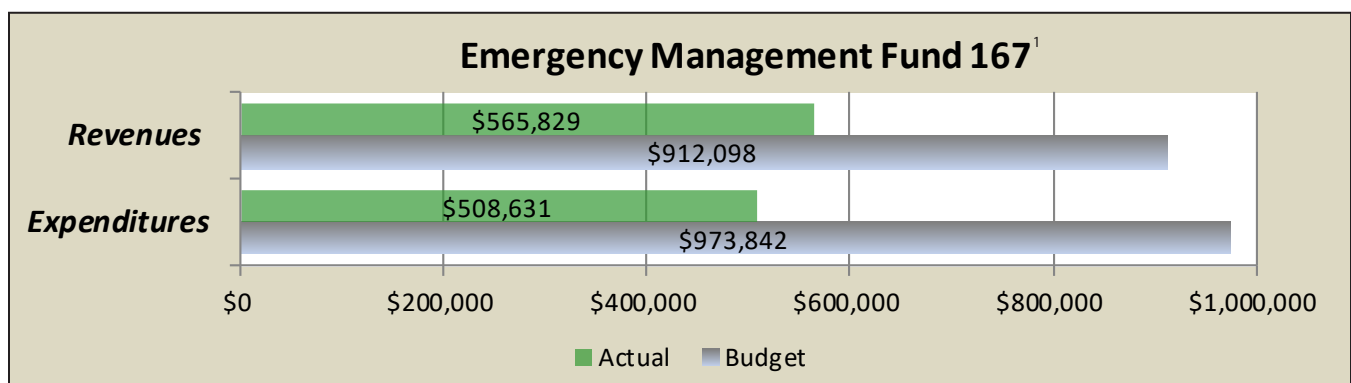
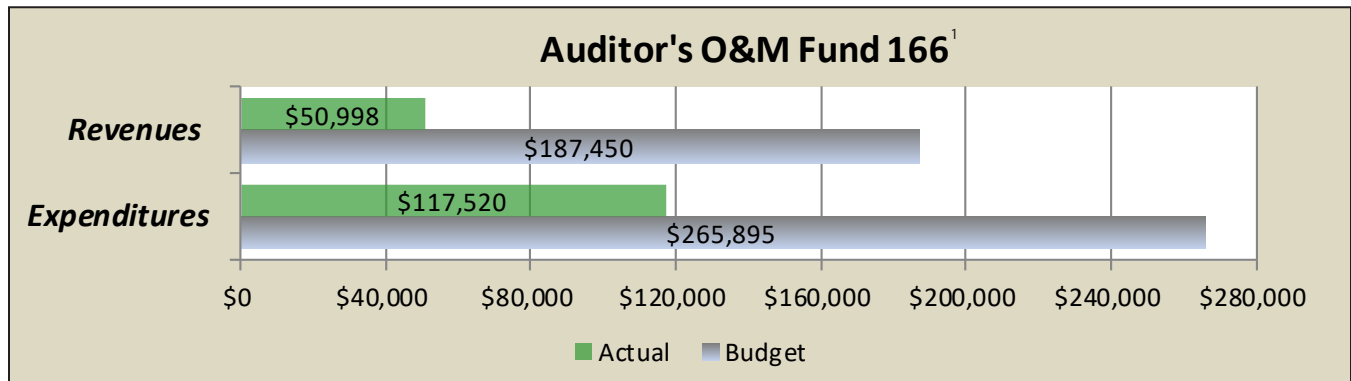
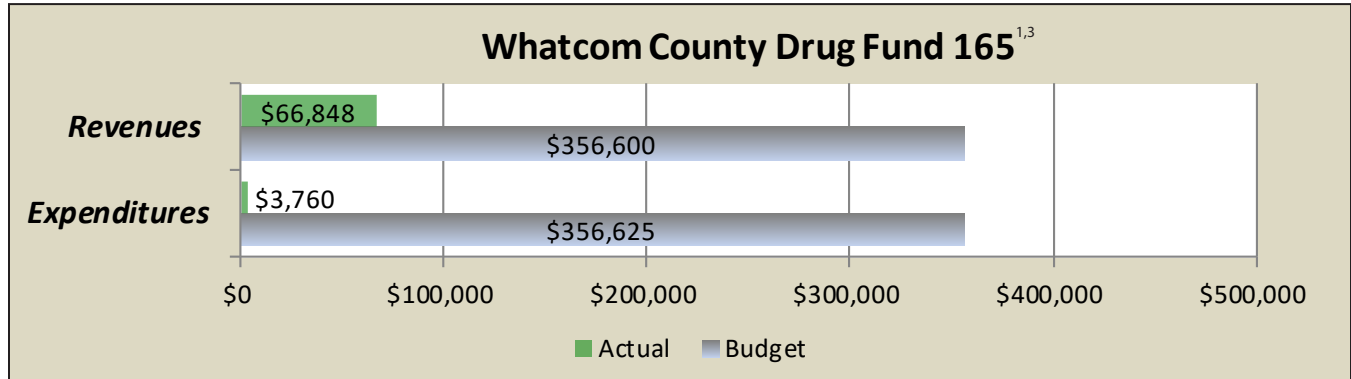
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Special Revenue Funds and Other Funds, continued



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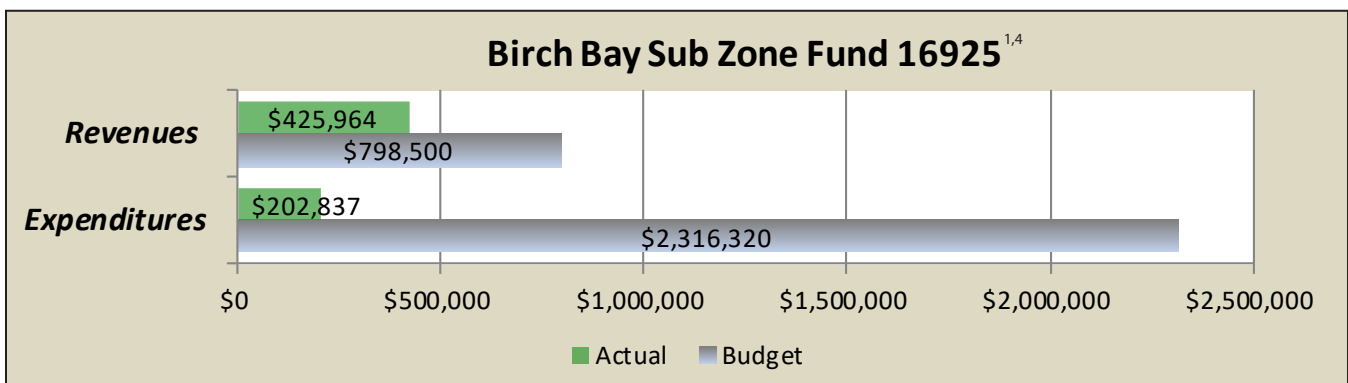
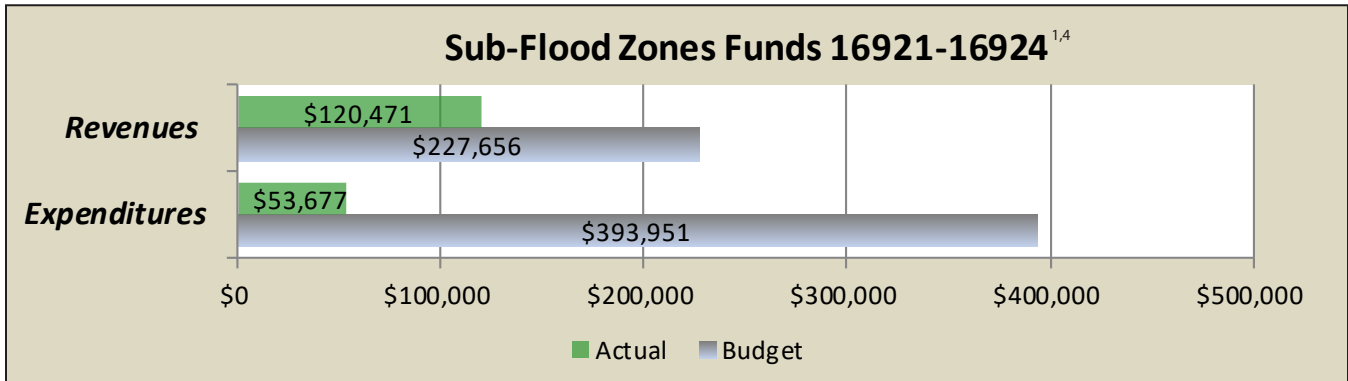
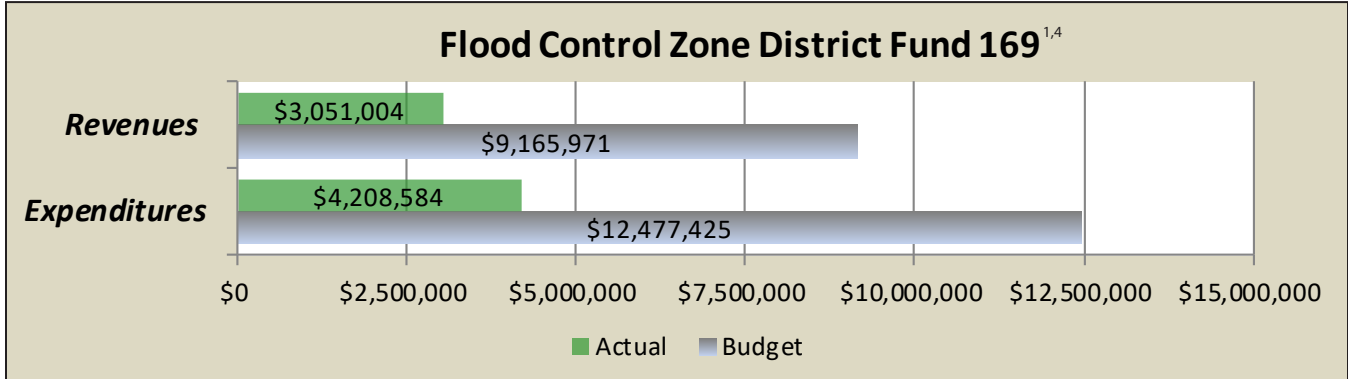
- ¹ Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.
- ³ Drug Fund revenue is dependent on seizure activity and proceed sharing with other agencies. Therefore, revenue is unpredictable. The Fund's ability to incur expenditures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

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Special Revenue Funds and Other Funds, continued

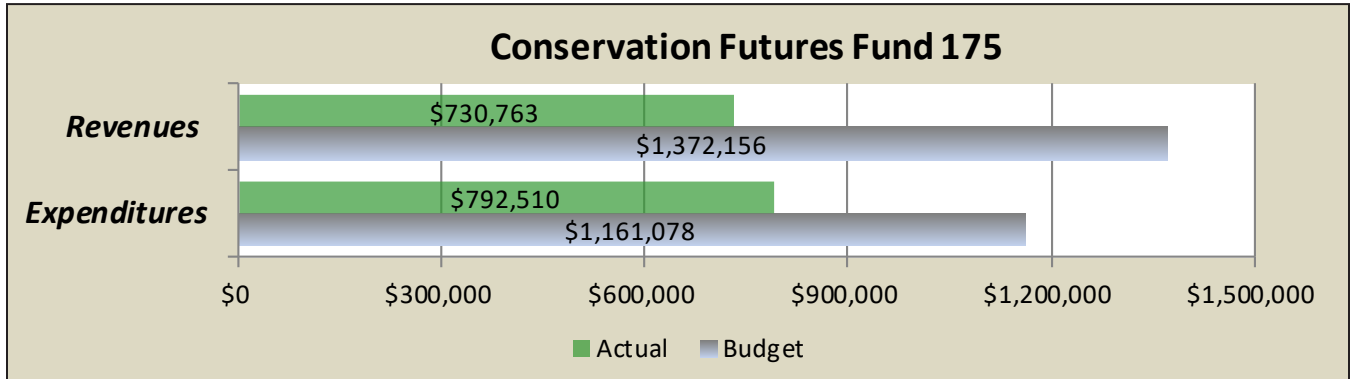


Notes:

- 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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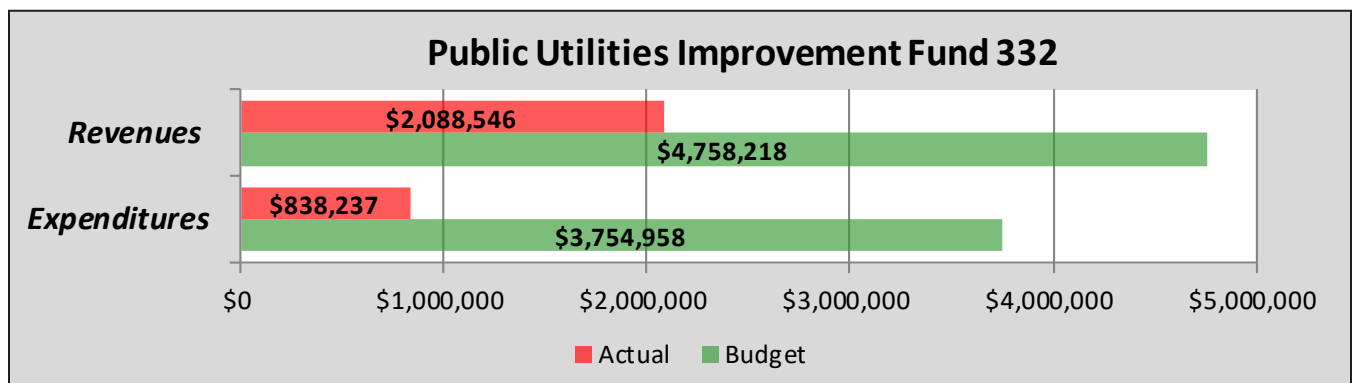
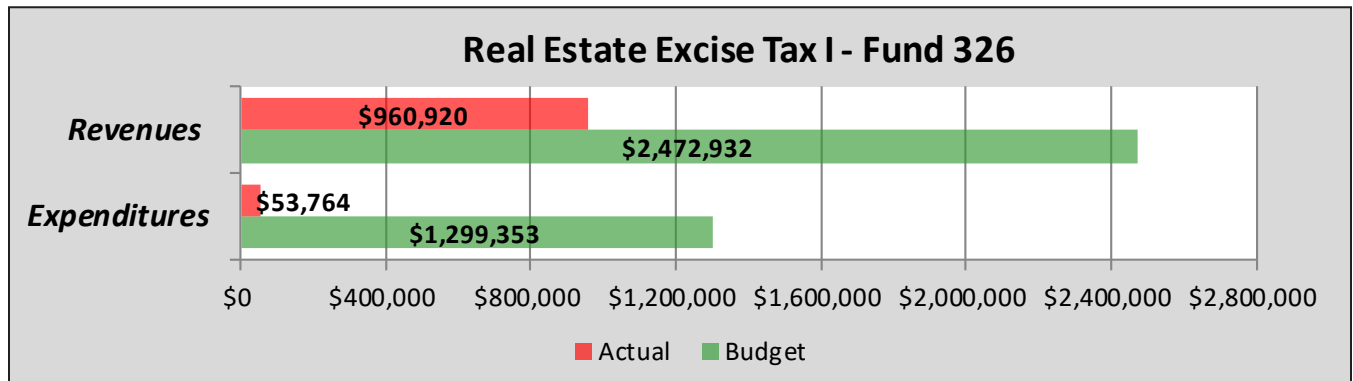
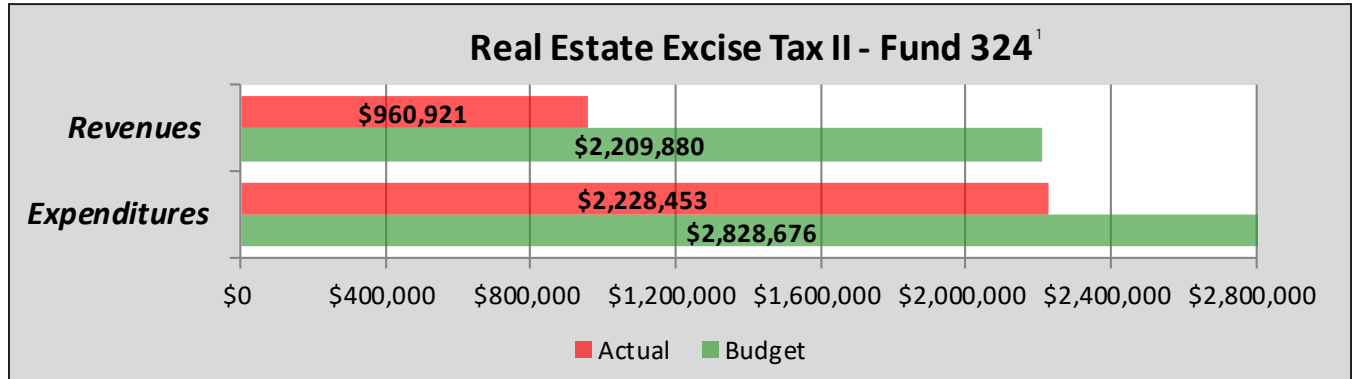


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Capital Project Funds



Note:

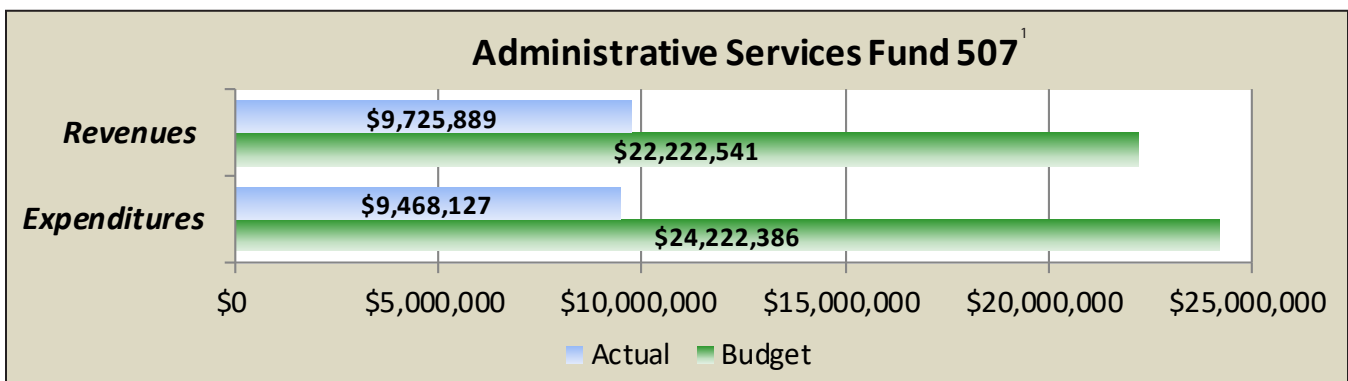
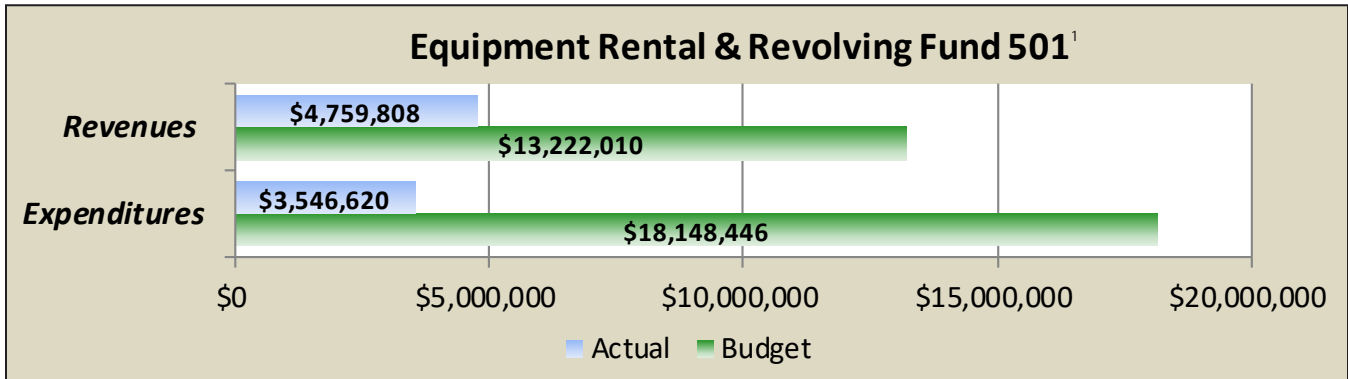
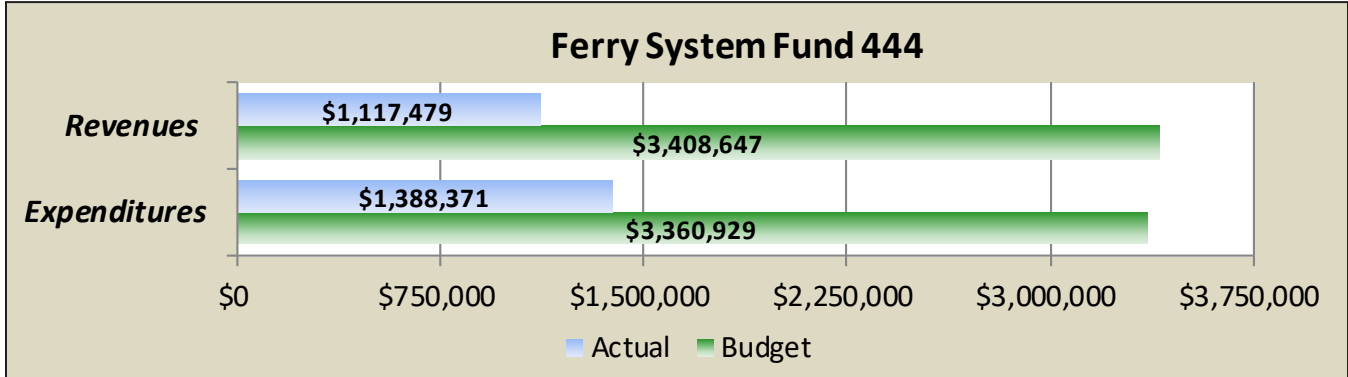
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Enterprise and Internal Service Funds



Note:

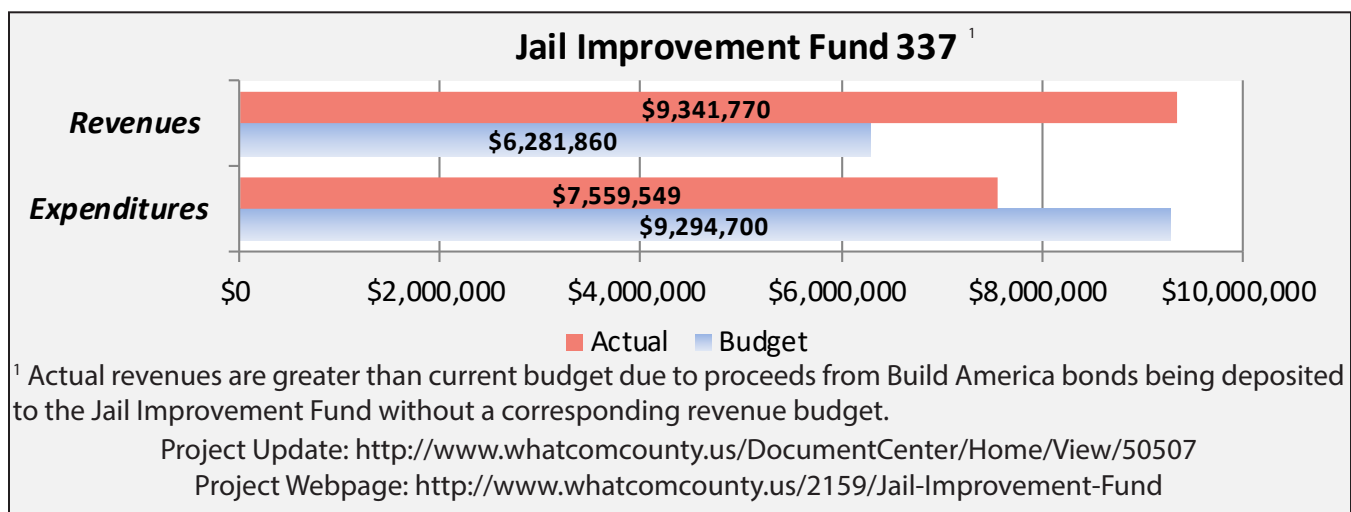
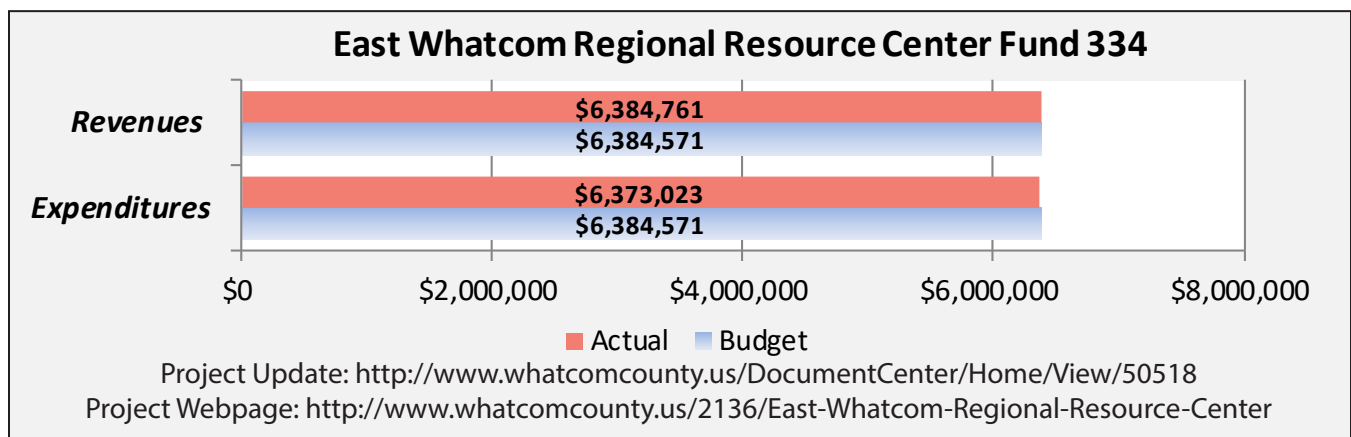
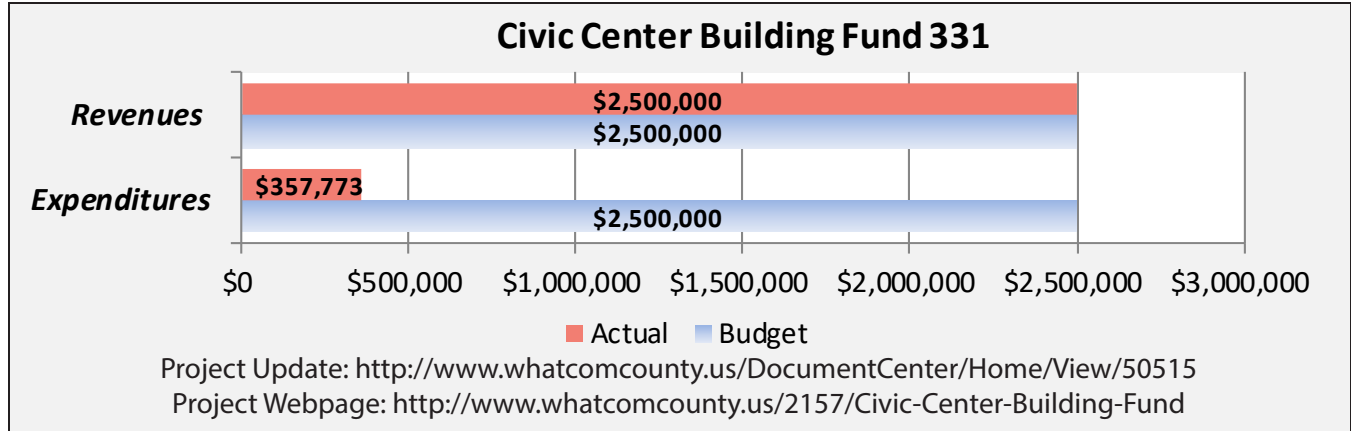
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Project Budget Funds

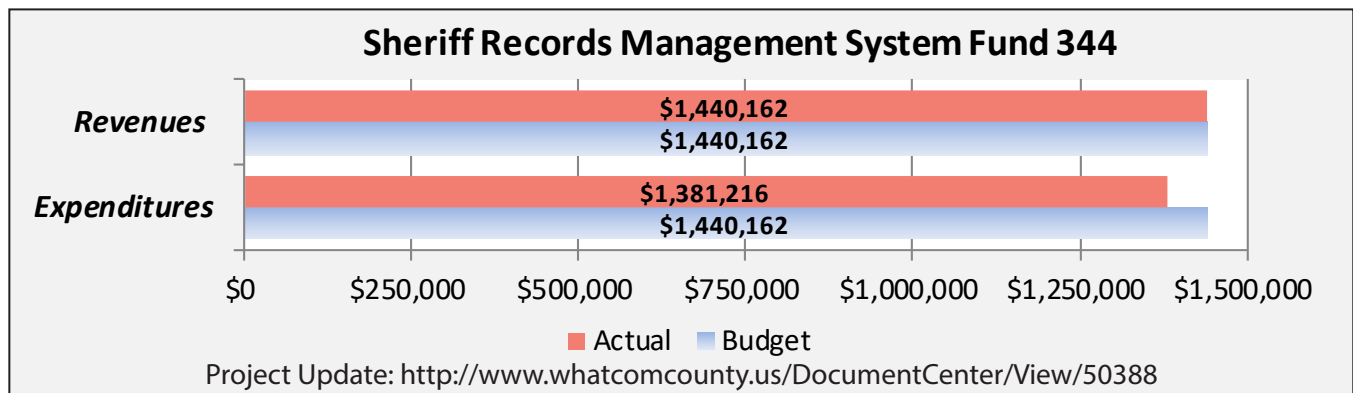
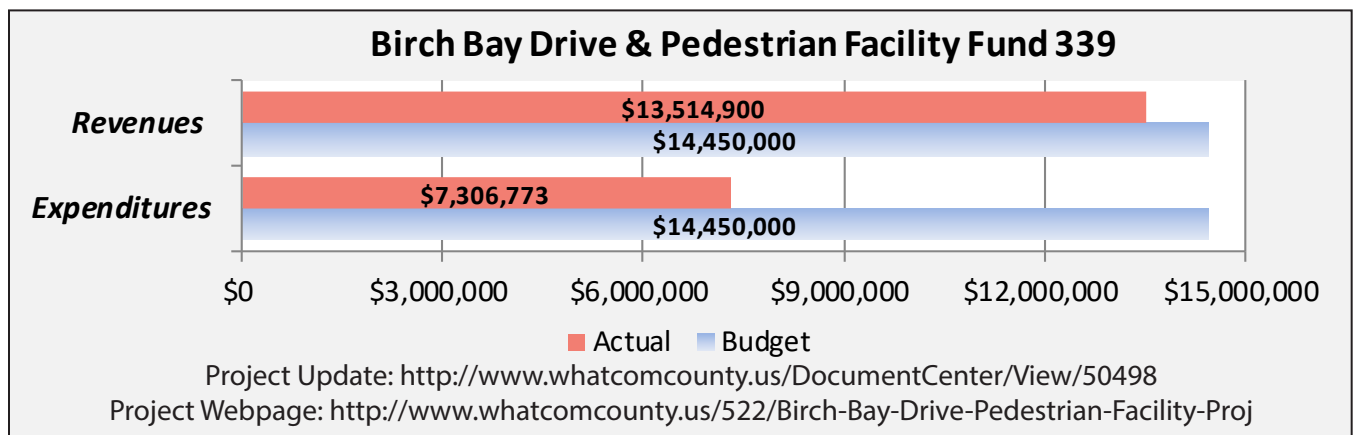
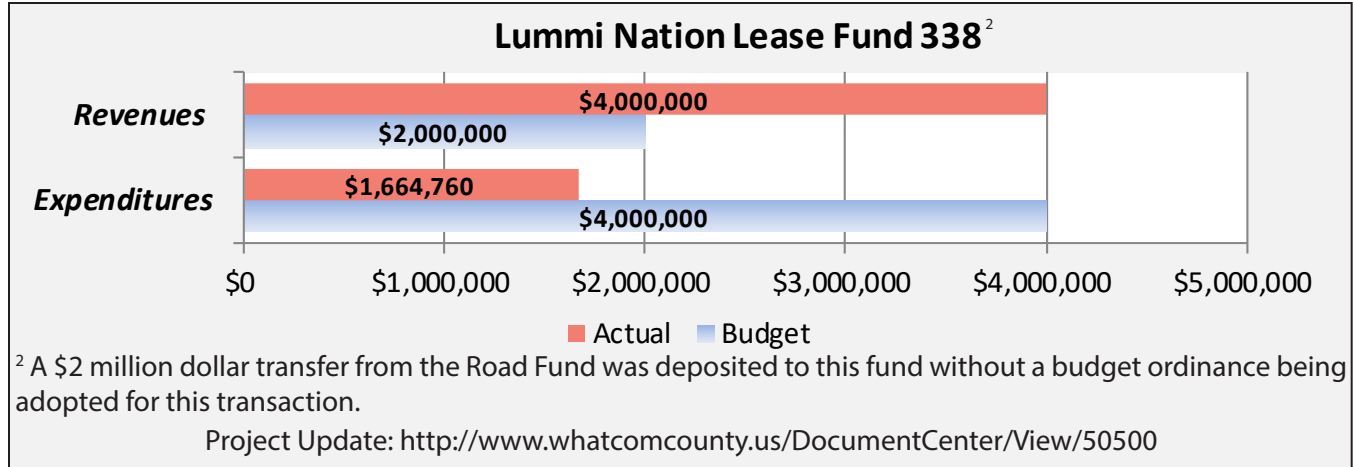


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Project Budget Funds, continued

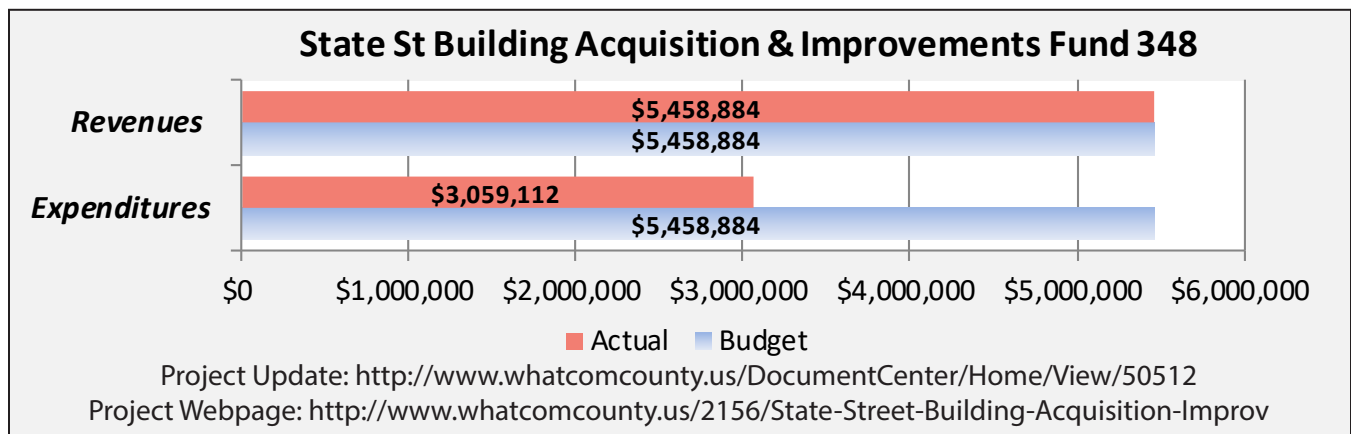
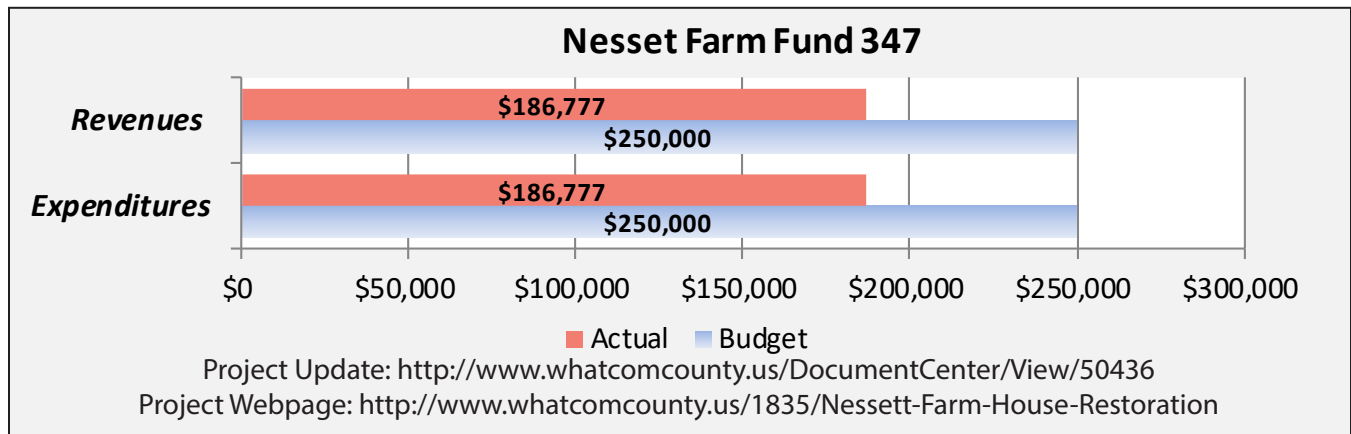
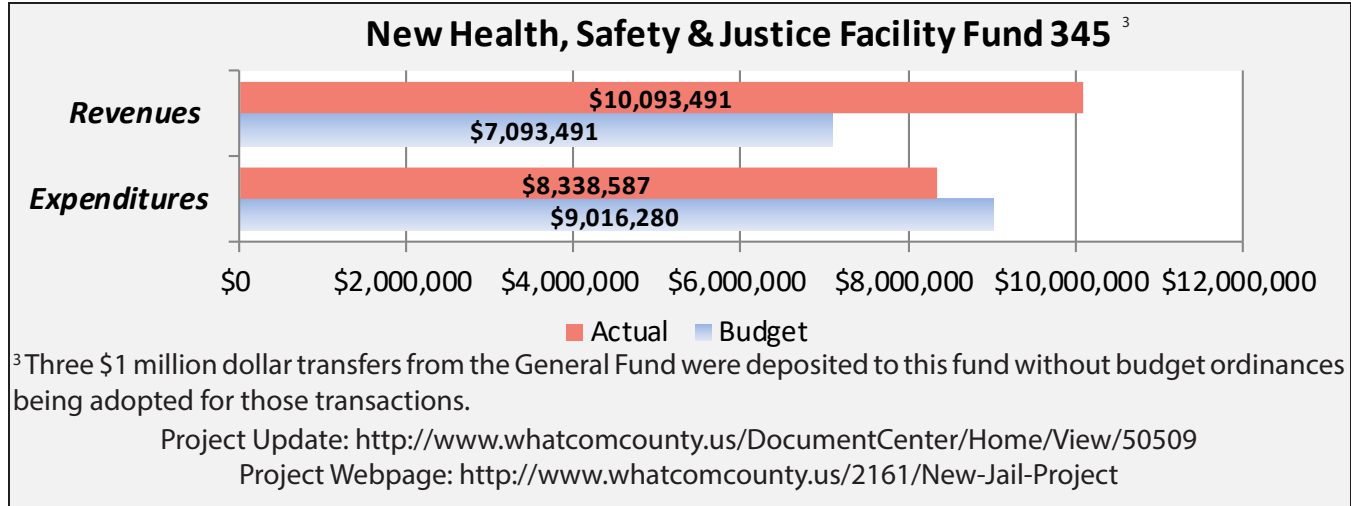


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

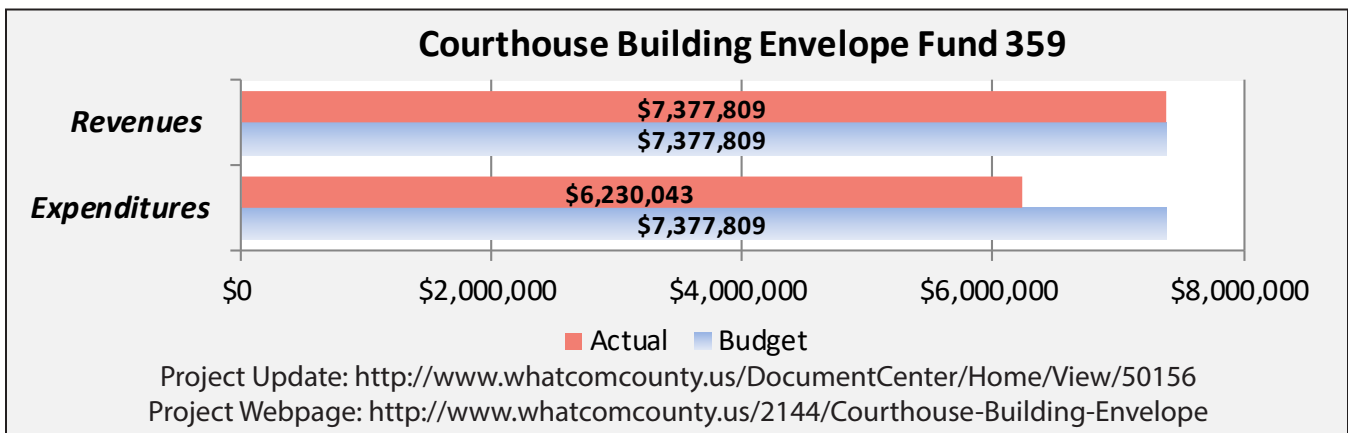
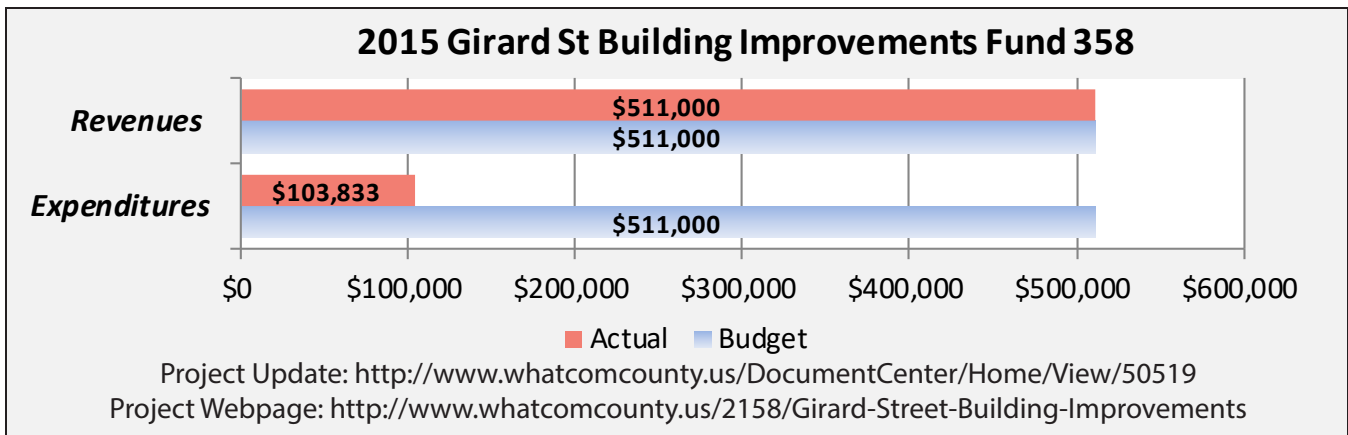
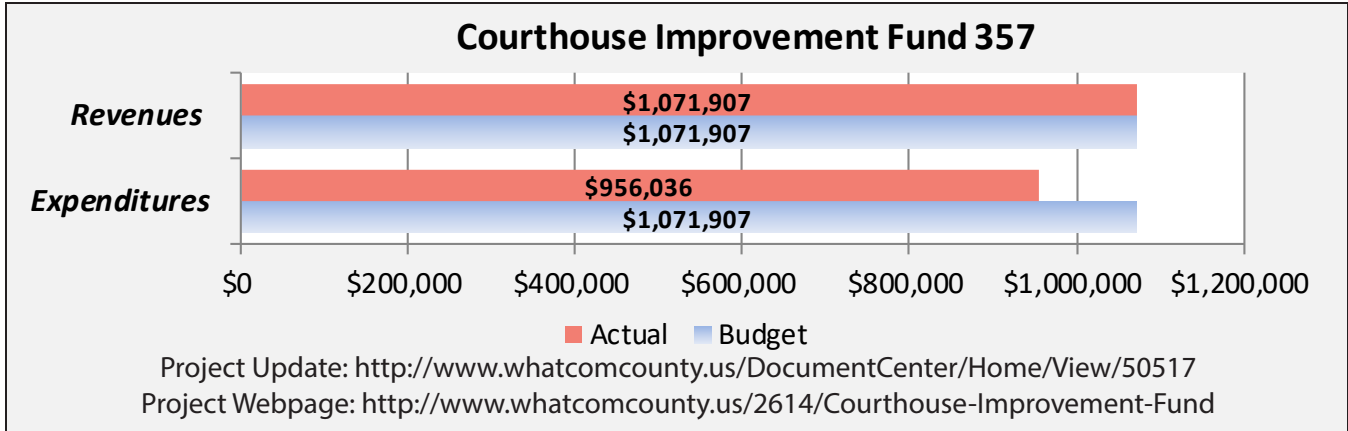


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

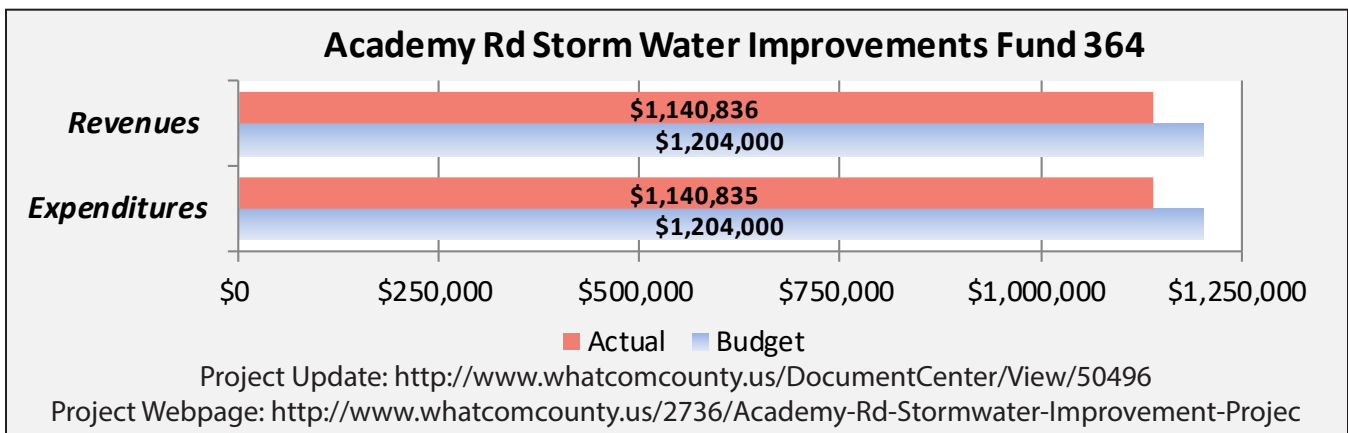
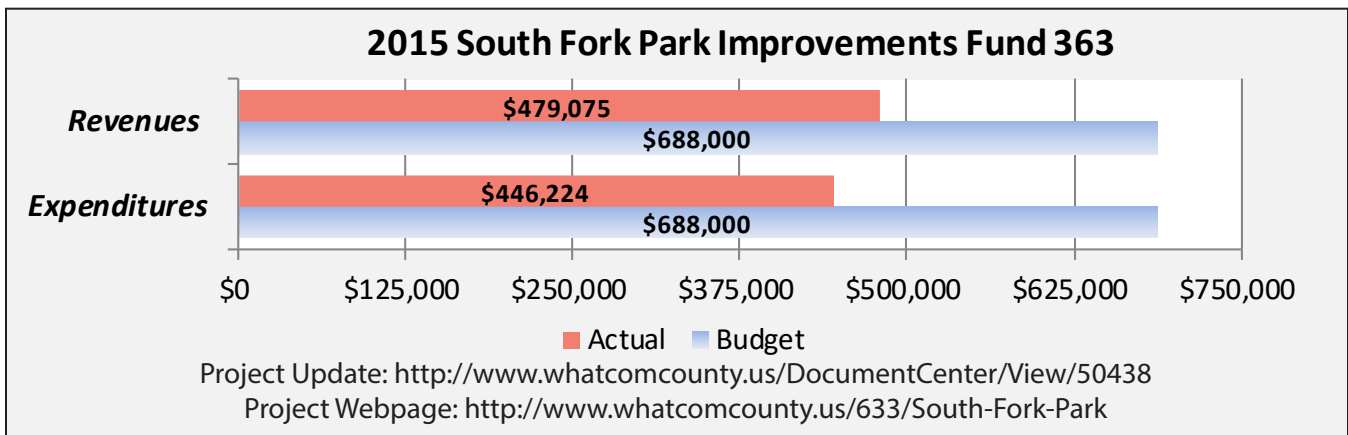
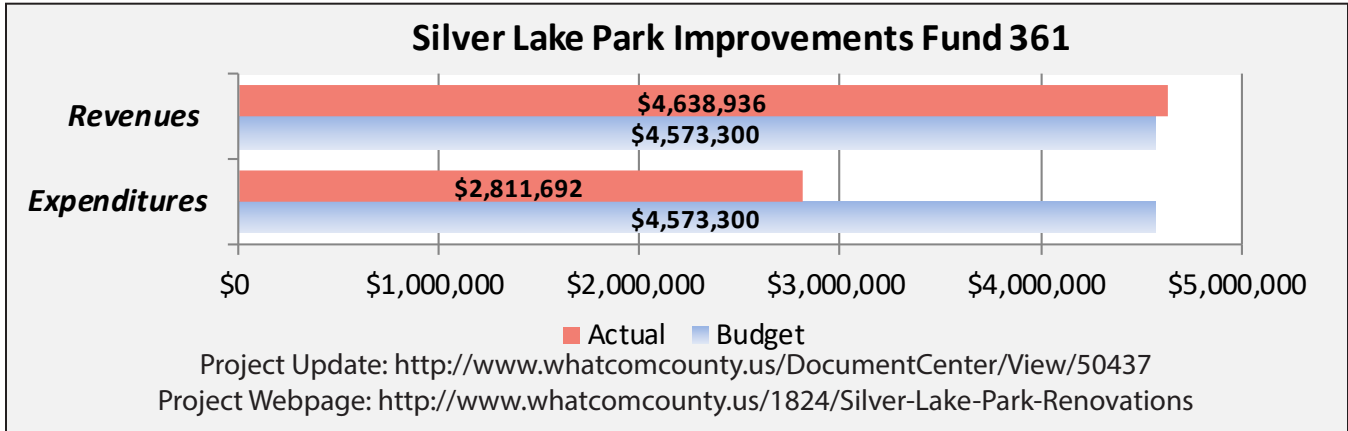


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

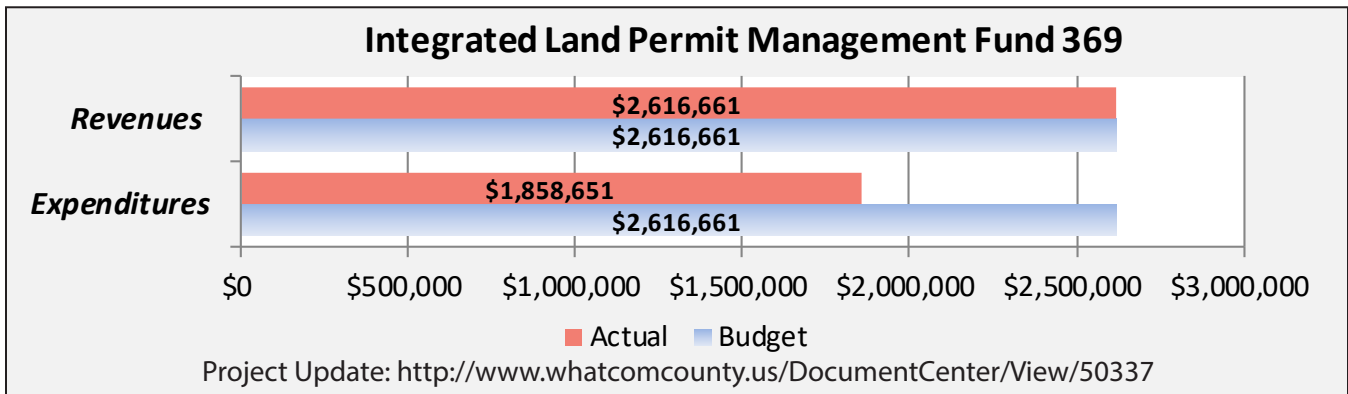
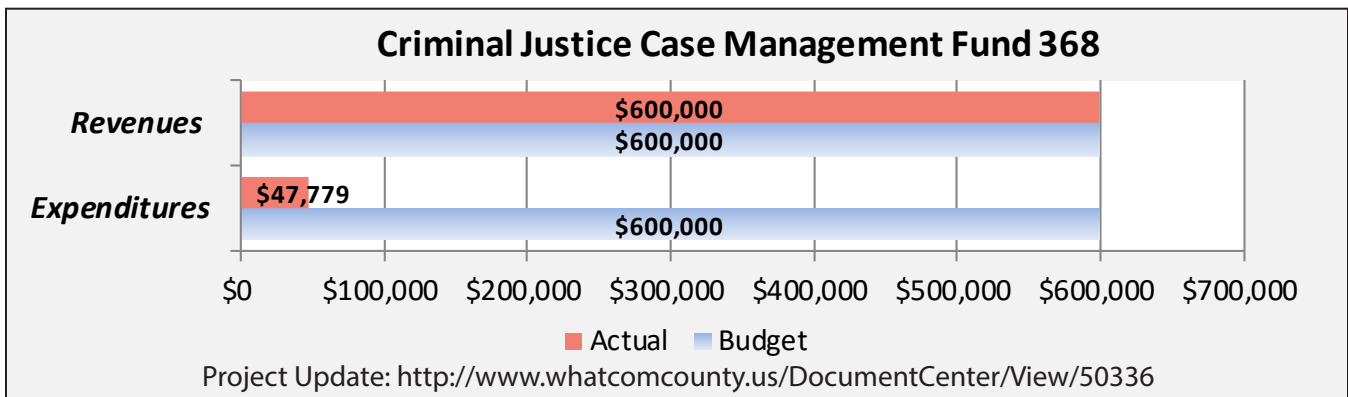
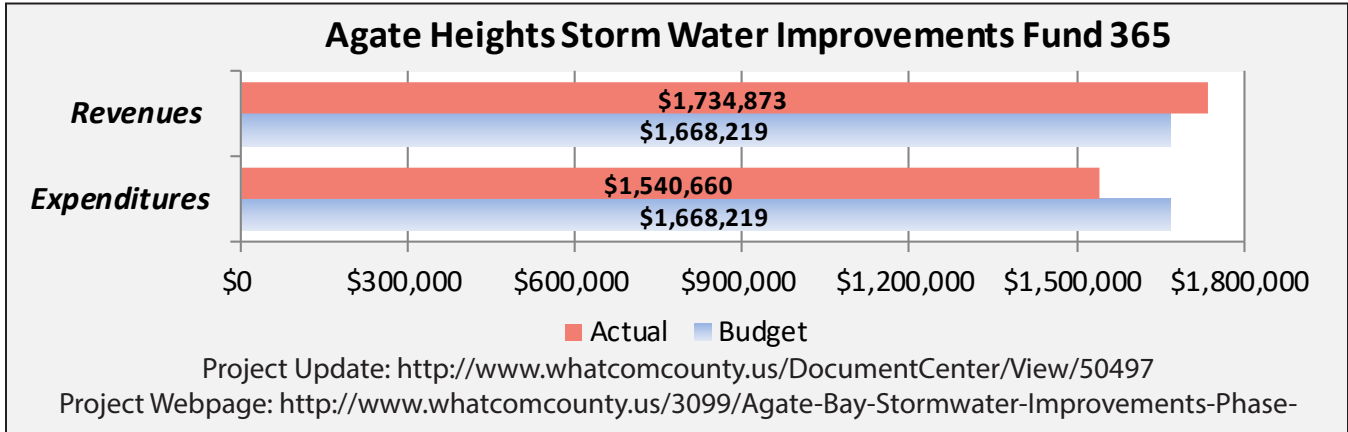


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

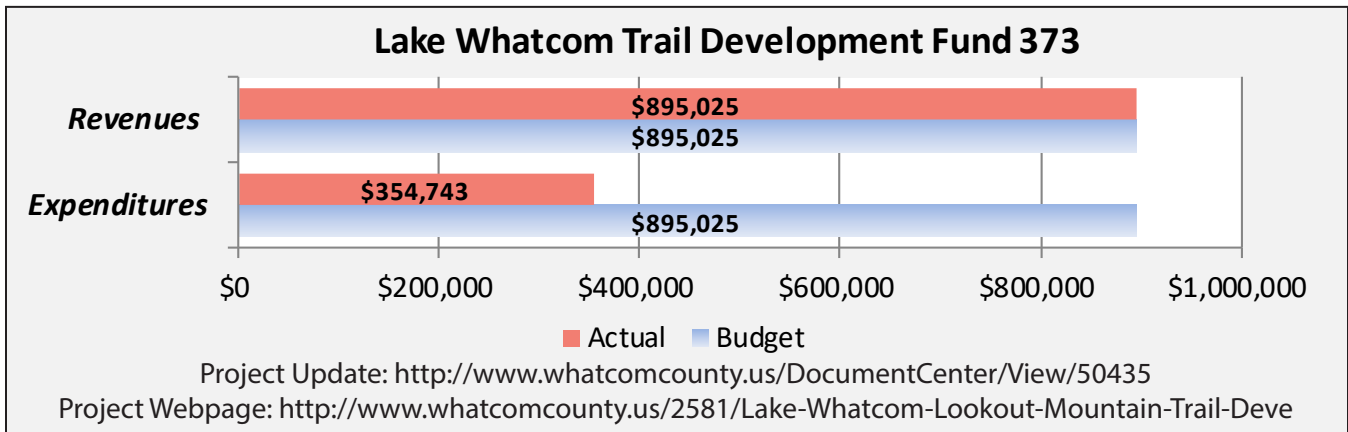
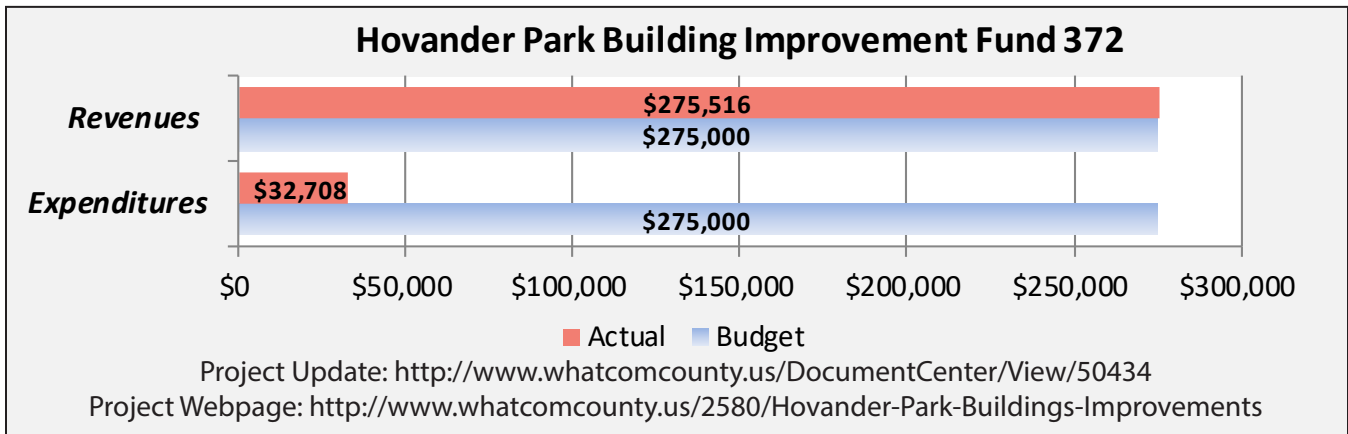
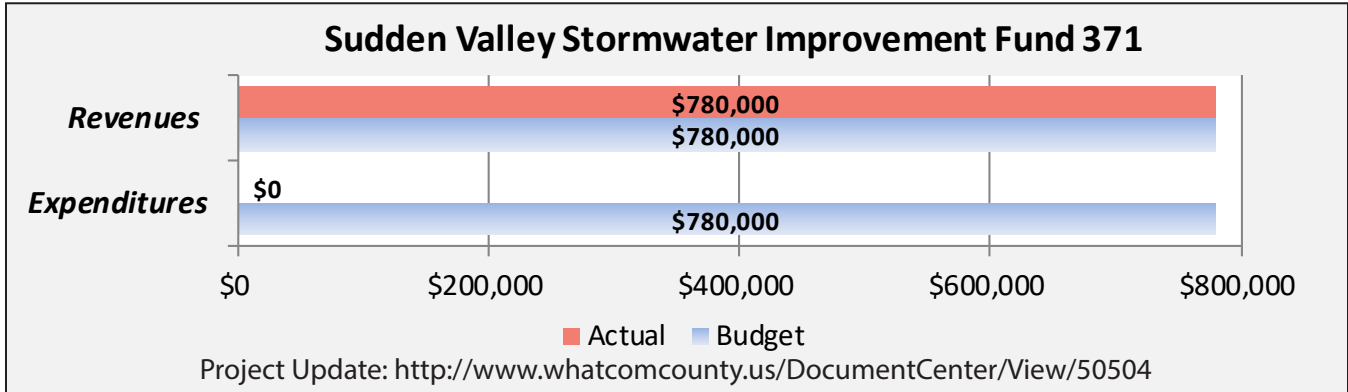


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

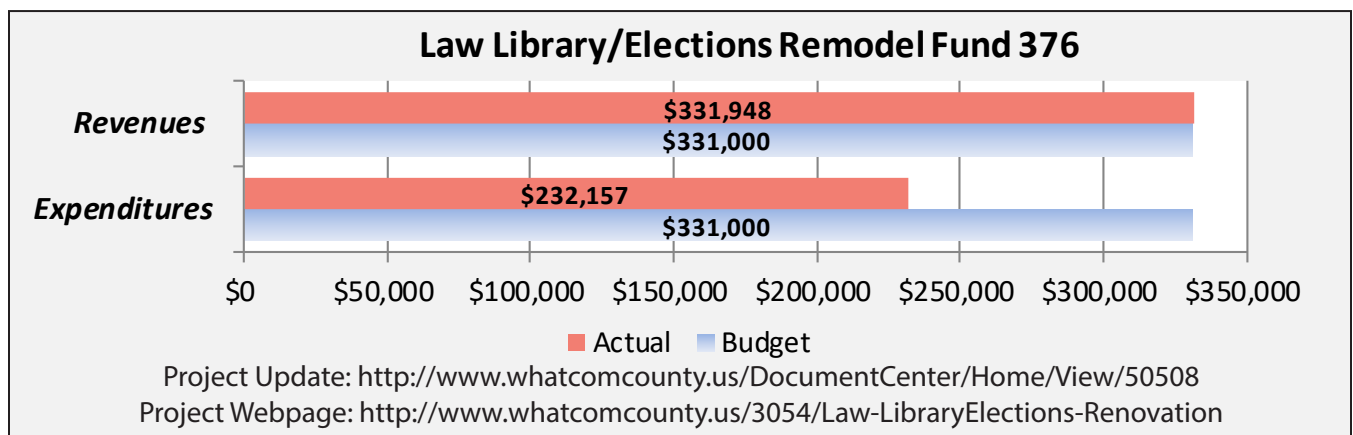
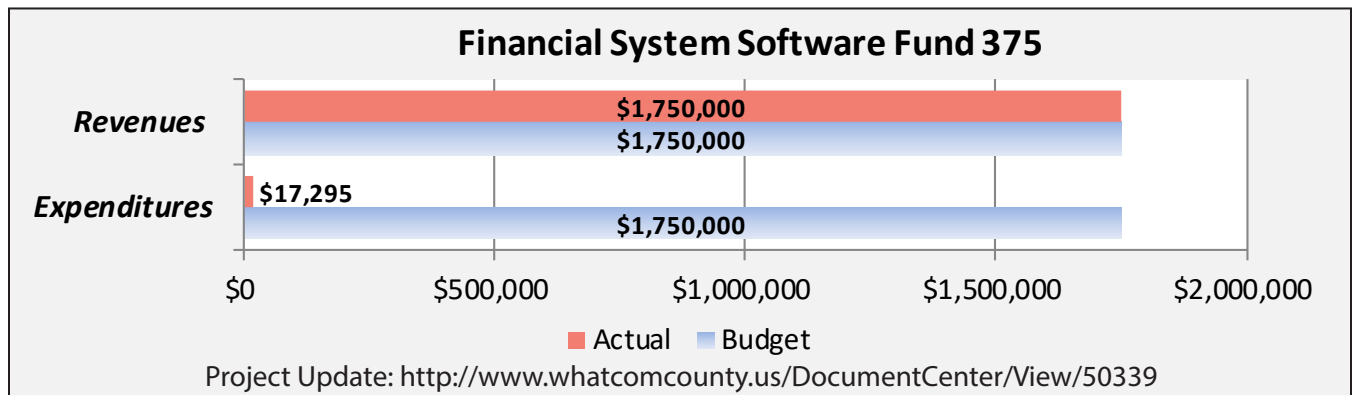
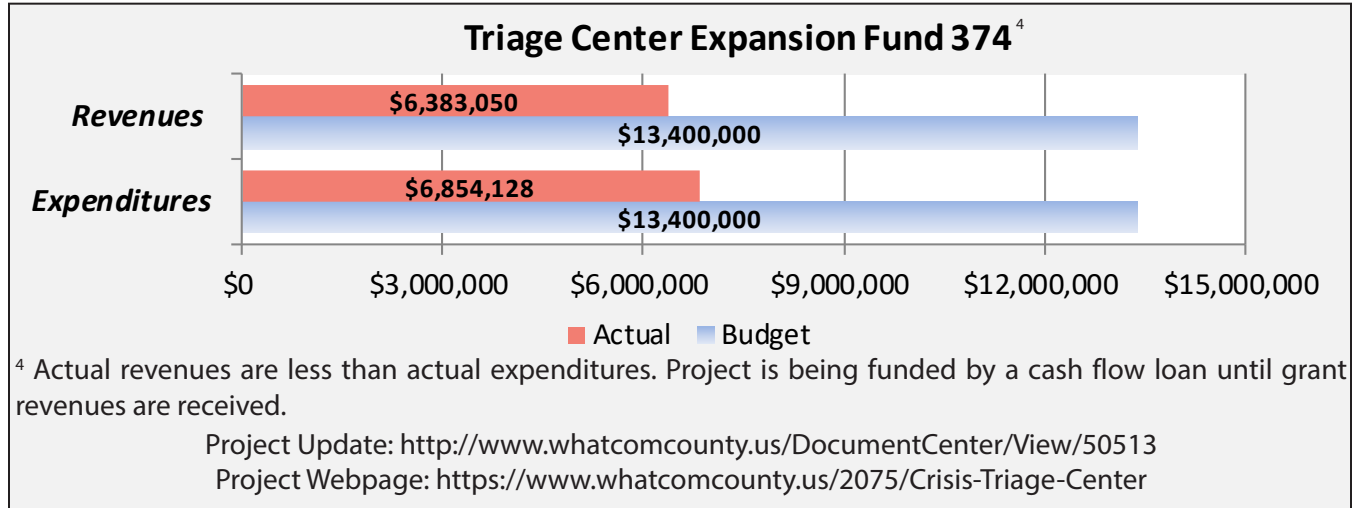


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

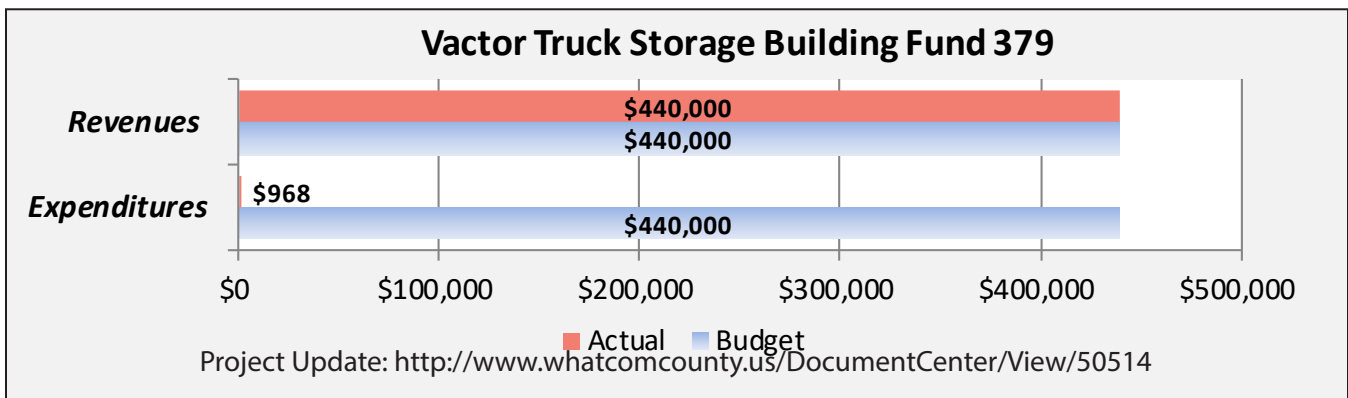
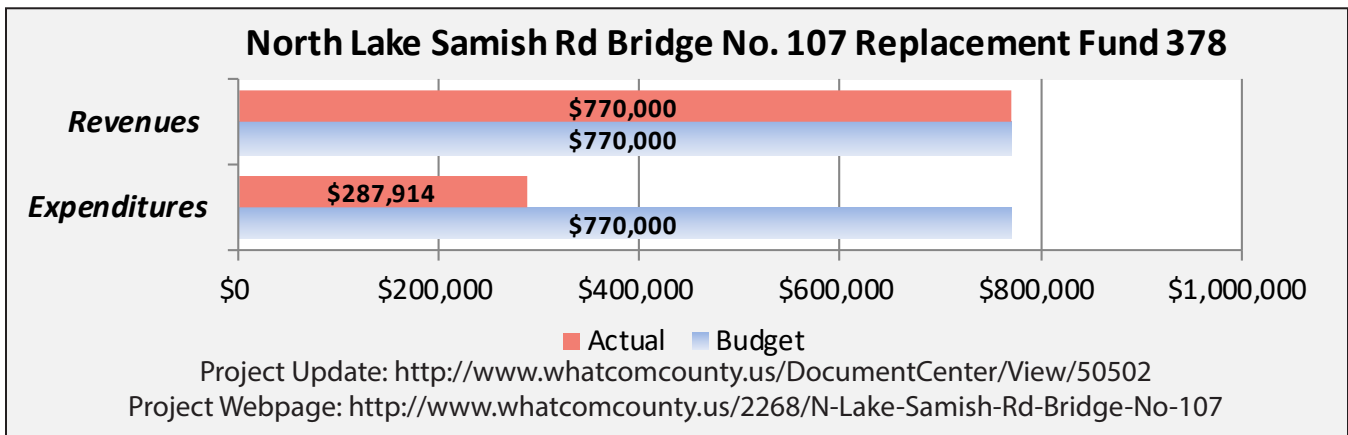
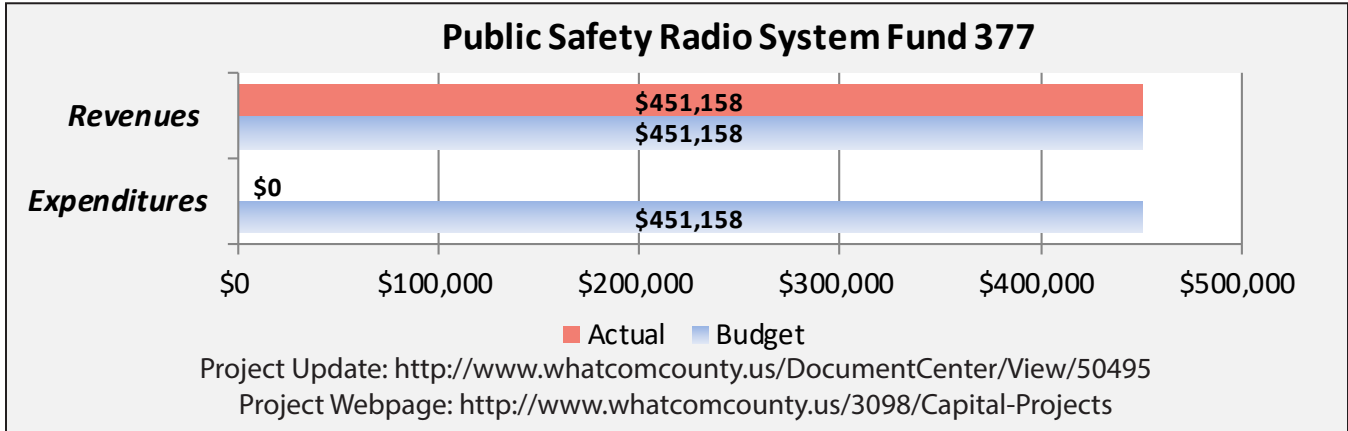


Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

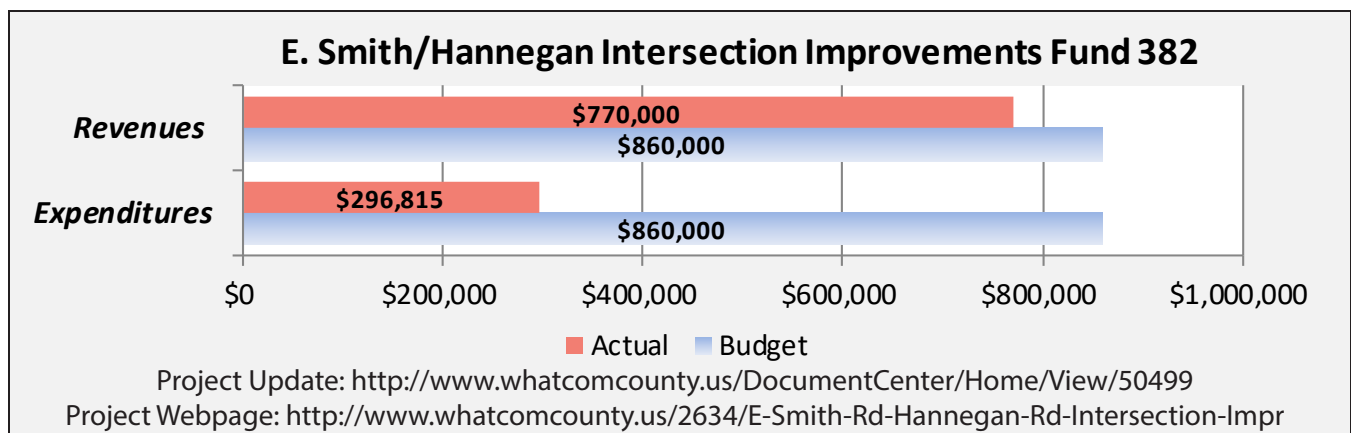
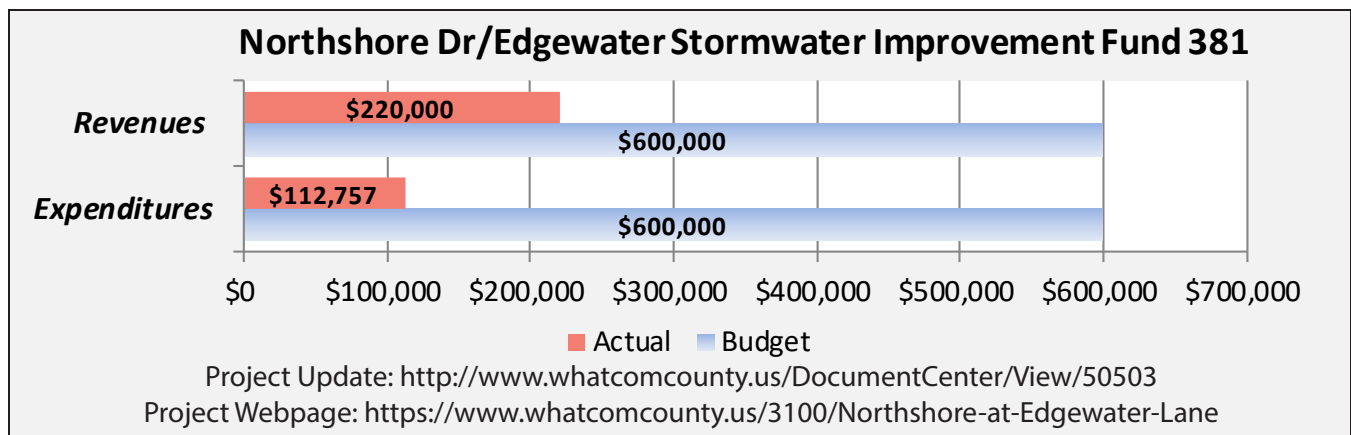
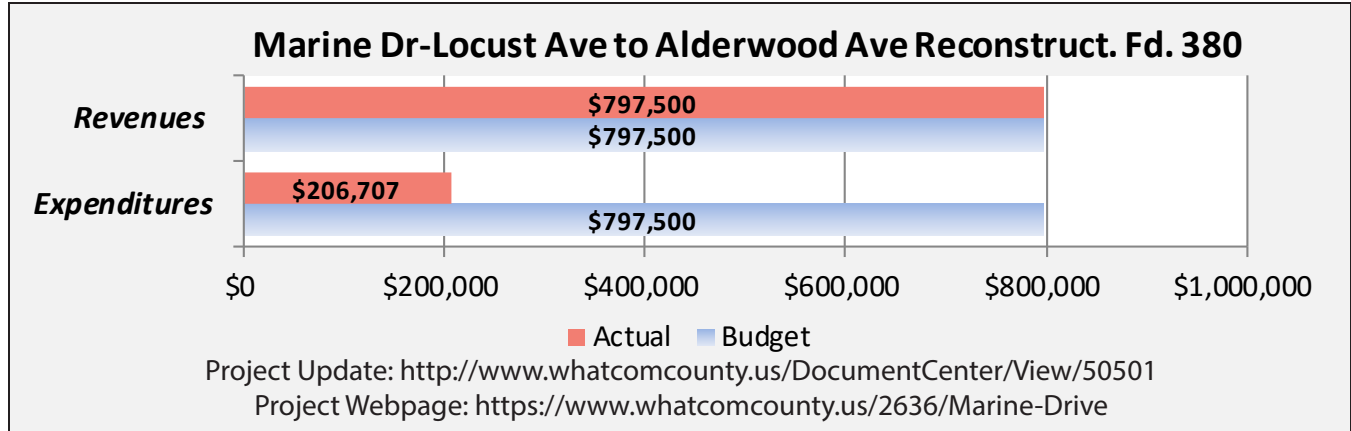


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For the Quarter Ended June 30, 2020



Project Budget Funds, continued



Whatcom County Second Quarter 2020 Financial Report

For the Quarter Ended June 30, 2020



Project Budget Funds, continued

