



Third Quarter 2021 Financial Report

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Compiled and Presented by the
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Whatcom County Third Quarter 2021 Financial Report

For the Quarter Ended September 30, 2021



Executive Summary

The following information presents Whatcom County's third quarter 2021 financial report. At the end of the third quarter the General Fund collected 68.8% of its budgeted revenues. Whatcom County's General Fund spent 63.1% of its budgeted expenditures.

Revenues are up \$15.9 million over the third quarter of 2020 due to receipt of \$8.3 million in COVID-related grants as well as a rebound from last year's economic downturn caused by COVID. Over \$7 million of grant payments have been received as advance payments before expenditures incurred. Expenditures are up \$4.85 million also as a result of COVID-related spending in the Health Department.

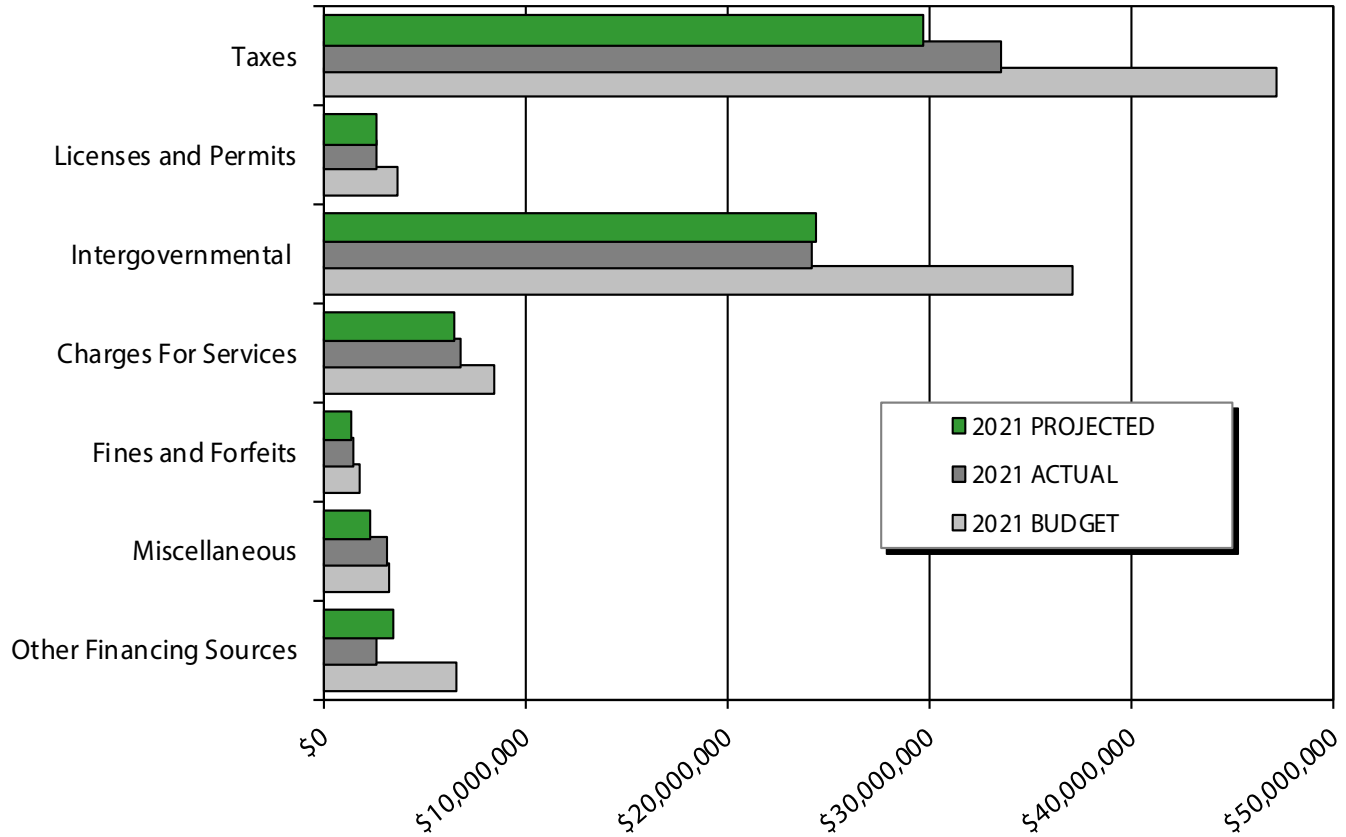
The current estimated 2021 General Fund ending fund balance is projected to be approximately \$24.8 million.

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General Fund Revenue - Budget vs. Actual



	2021 Budget Adopted	2021 Budget Supp'ls	2021 Budget Amended	Actual as of 09/30/21	% Collected To Date	Projected as of 09/30/21
Taxes	47,185,004	0	47,185,004	33,492,434	70.98%	29,706,829
Licenses and Permits	3,674,117	0	3,674,117	2,668,803	72.64%	2,685,805
Intergovernmental	18,319,404	18,745,046	37,064,450	24,142,981	65.14%	24,388,438
Charges For Services	8,463,790	17,369	8,481,159	6,836,052	80.60%	6,465,970
Fines and Forfeits	1,788,300	0	1,788,300	1,453,845	81.30%	1,378,891
Miscellaneous	3,296,230	9,140	3,305,370	3,186,702	96.41%	2,294,743
Other Financing Sources	5,585,629	1,008,366	6,593,995	2,604,250	39.49%	3,434,711
TOTAL	88,312,474	19,779,921	108,092,395	74,385,067	68.82%	70,355,387

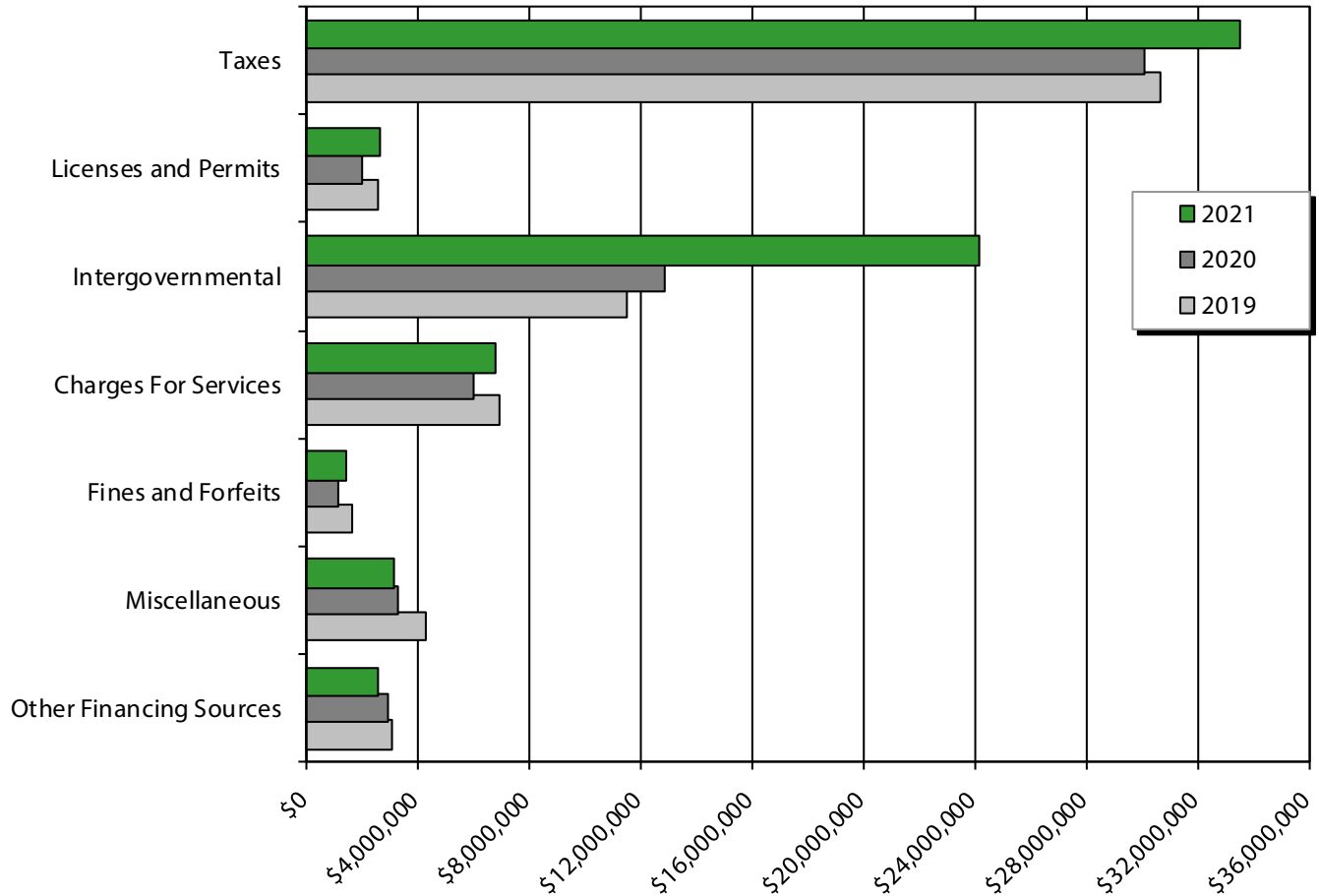
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2019	2020	2021
Taxes	30,639,544	30,091,840	33,492,434
Licenses and Permits	2,581,674	2,048,518	2,668,803
Intergovernmental	11,542,368	12,896,839	24,142,981
Charges For Services	6,927,641	6,006,734	6,836,052
Fines and Forfeits	1,635,427	1,173,353	1,453,845
Miscellaneous	4,284,499	3,275,705	3,186,702
Other Financing Sources	3,065,379	2,952,887	2,604,250
TOTAL	60,676,532	58,445,876	74,385,067

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 99.3% of Whatcom County's tax revenue budget.

Property tax revenues are \$503,816 more than third quarter 2020 amounts. Property tax collections vary from year to year based on new construction added to the tax rolls, and timing of current and delinquent payments. There have been no property tax rate increases. Current year sales tax collections are up 22.8%, or \$2,908,022, as compared to last year's year-to-date third quarter collections. Prior year sales taxes were affected by the onset of COVID during March 2020. Since then, retail sales have rebounded and the County benefits from internet sales delivered directly to unincorporated residents.

Licenses & Permits

Building permits account for 39.2% of "Licenses & Permits" budget. Health Department restaurant, food-handling, on-site septic, and other miscellaneous health-related licenses and permits make up 38.0% of the budget. Cable franchise fee revenues are 19.5% and marriage licenses, firearm permits, well permits, and fire control permits account for the remaining 3.3%.

License and Permit Fees are \$620,284, or 30.3%, more than amounts collected through third quarter 2020. Building permits are presenting significant increases (14.8%) over third quarter 2020. Restaurant permits have tripled and firearm permits have more than doubled as compared to last year. September 2021 revenues are up 3% over pre-pandemic September 2019 revenues.

Intergovernmental Revenue

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

Revenues collected as of September 30th are \$11,246,143 higher, or 87%, more than third quarter 2020. The majority of that increase, \$6.9 million, is due to the receipt of a COVID-related emergency rental assistance grant which is being passed through on a subaward contract to the Opportunity Council. The County has also received an additional \$3,029,342 in COVID-related response grant assistance during the first quarters of 2021. In addition, the state has distributed \$883,361 to the County to offset costs resulting from law enforcement and criminal justice related legislation.

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 \$829,318, or 13.8%, over third quarter 2020. Activities that increased significantly are auditor document filing (\$85,712, 19%), planning and development fees (\$335,254, 22.1%), and Treasurer's real estate excise tax processing fees (\$238,414, 67.6%). Most other departments experienced modest increases in fees due to increased activity this year as compared to year-to-date third quarter 2020. Adult probation fee collections dropped by \$45,846 (8%). Third quarter 2021 charges for services revenues have returned to 2019 levels.

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General Fund Revenue Notes, continued

Fines and Forfeits

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

Fines and Forfeits revenues have increased \$280,492, or 23.9%, over third quarter 2020 amounts. This is due to increased amounts of property tax penalties collected (\$225,572), as well as traffic infraction revenues (up \$58,475). Third quarter 2021 Fines and Forfeits are 90% of third quarter 2019.

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 overall are down \$89,005, 2.7%, under third quarter 2020 amounts. Investment earnings are down \$847,089, or 39.4%, due to very low interest rates; however, collections of interest on delinquent property taxes are up \$405,467 (63.2%). Rental income, which includes Parks' cabin, campsite, and recreational equipment, is also up \$276,809 (74.5%). Third quarter 2021 Miscellaneous revenue is 85% of third quarter 2019 revenue.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (6.6%) and transfers from other Whatcom County funds (93.4%).

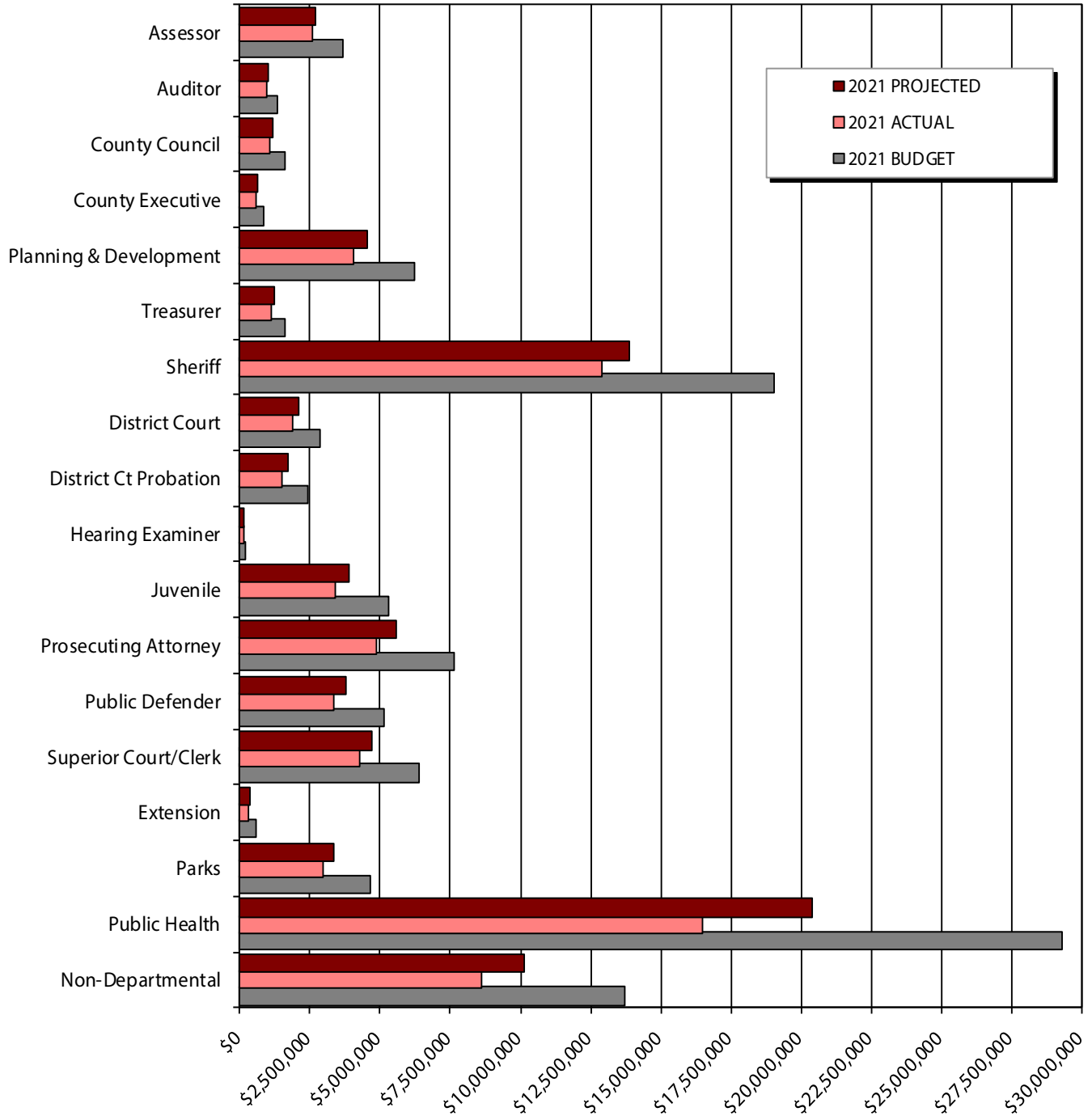
The Other Financing Sources category is down \$348,637, or 11.8%. State timber sale receipts are down \$163,516 and operating transfers are down \$181,259. Timber revenues fluctuate significantly year to year. Operating transfers fluctuate based on timing of departmental billings.

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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

	2021 Budget Adopted	2021 Budget Supp'ls	2021 Budget Amended	Actual as of 09/30/21	% Expended To Date	Projected as of 09/30/21
Assessor	3,498,852	173,679	3,672,531	2,574,006	70.09%	2,680,729
Auditor	1,326,551	38,653	1,365,204	952,439	69.77%	1,000,893
County Council	1,553,420	48,181	1,601,601	1,064,863	66.49%	1,163,933
County Executive	865,581	3,635	869,216	596,201	68.59%	635,639
Planning & Development	5,756,829	488,974	6,245,803	4,038,846	64.66%	4,519,796
Treasurer	1,621,639	7,261	1,628,900	1,133,080	69.56%	1,226,974
Sheriff	18,231,845	825,875	19,057,720	12,928,011	67.84%	13,891,934
District Court	2,769,676	98,665	2,868,341	1,882,543	65.63%	2,088,694
District Court Probation	2,362,655	41,459	2,404,114	1,493,138	62.11%	1,744,458
Hearing Examiner	217,611	715	218,326	154,723	70.87%	160,411
Juvenile	5,298,266	30,262	5,328,528	3,407,206	63.94%	3,900,859
Prosecuting Attorney	7,466,953	143,614	7,610,567	4,866,824	63.95%	5,579,442
Public Defender	4,686,431	466,034	5,152,465	3,326,640	64.56%	3,762,931
Superior Court/Clerk	6,184,194	224,577	6,408,771	4,287,971	66.91%	4,686,745
Extension	559,874	14,310	574,184	335,371	58.41%	360,701
Park	4,523,557	111,985	4,635,542	2,958,223	63.82%	3,376,123
Public Health	15,563,026	13,720,342	29,283,368	16,463,725	56.22%	20,395,318
Non-Departmental	11,906,852	1,811,540	13,718,392	8,591,587	62.63%	10,112,513
TOTAL	94,393,812	18,249,761	112,643,573	71,055,397	63.08%	81,288,093

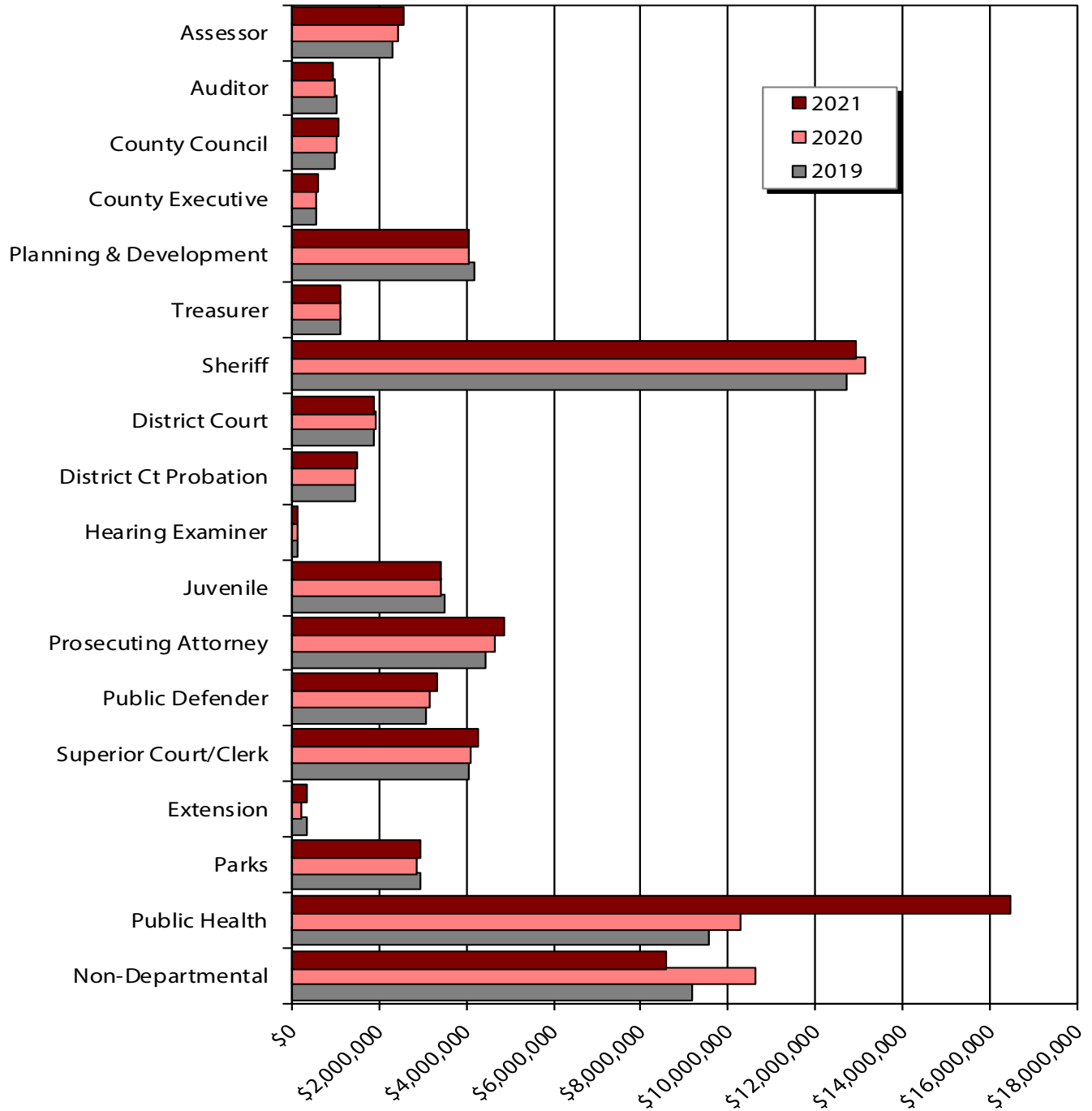
See page 9 for General Fund Expenditure Notes.

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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

	2019	2020	2021
Assessor	2,315,958	2,431,960	2,574,006
Auditor	1,030,427	1,004,474	952,439
County Council	975,405	1,051,213	1,064,863
County Executive	566,573	577,906	596,201
Planning & Development	4,205,463	4,051,773	4,038,846
Treasurer	1,136,355	1,126,272	1,133,080
Sheriff	12,706,733	13,126,596	12,928,011
District Court	1,888,631	1,923,712	1,882,543
District Ct Probation	1,450,287	1,476,964	1,493,138
Hearing Examiner	149,246	157,064	154,723
Juvenile	3,487,757	3,402,394	3,407,206
Prosecuting Attorney	4,462,959	4,640,455	4,866,824
Public Defender	3,063,537	3,143,946	3,326,640
Superior Court/Clerk	4,077,609	4,112,760	4,287,971
Extension	350,918	205,336	335,371
Parks	2,946,891	2,876,092	2,958,223
Public Health	9,538,373	10,260,023	16,463,725
Non-Departmental	9,189,402	10,633,038	8,591,587
TOTAL	63,542,524	66,201,978	71,055,397

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the third quarter were 63.08% of the approved budget. Departmental spending is lower than budget expectations. Health Department is only 56.2% spent due to large budgets for COVID-related grants. Significant amounts of those grants will either be carried over and spent in 2022, or will lapse at year-end. Approximately \$4,150,000 of emergency rental assistance, and epidemiology and lab capacity grants will be re-budgeted in 2022. Approximately \$1.7 million of mass vaccination clinic funding, which was budgeted, will not be needed. In addition, approximately \$1 million of budget was added to reinstate positions "frozen" due to initial pandemic economic conditions and to hire new positions due to court backlogs caused by COVID-19; however, most departments have not completed the hiring process yet.

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General Fund Conclusion

	Projected
Beginning Fund Balance 1/1/21	<u>19,056,796</u>
Revenues	
Budgeted Revenues 2021	88,312,474
Continuing Appropriations from 2020	803,107
Supplemental Budgets 2021	18,976,814
Preliminary Estimated Revenue Variance	<u>(718,100)</u>
Total Revenue	<u>107,374,295</u>
Expenditures	
Budgeted Expenditures 2021	94,393,812
Continuing Appropriations from 2020	1,016,331
Supplemental Budgets 2021	17,233,430
Estimated Program Lapses or Carryover to Next Year	<u>(5,623,600)</u>
Total Expenditures	<u>107,019,973</u>
Expected Surplus (Deficit)	354,322
Other Considerations	
Estimated Budget Lapse - 5%	<u>5,350,999</u>
Projected Ending Fund Balance 12/31/21	<u><u>24,762,117</u></u>