



**2011
Second
Quarter
Financial
Report**

Compiled and Presented by the
Administrative Services Department
Dewey Desler, Director
Finance Division
Brad Bennett, Finance Manager

August 03, 2011

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



Executive Summary

The following information presents Whatcom County's second quarter 2011 financial report. At the end of the second quarter General Fund revenues are \$786,568 below second quarter projections. This is largely the result of delays in grant billings. Taxes are substantially above second quarter projections due to large unanticipated one-time collections of delinquent property taxes, interest and penalties. Traffic-related fines and building-related revenues are below expectations.

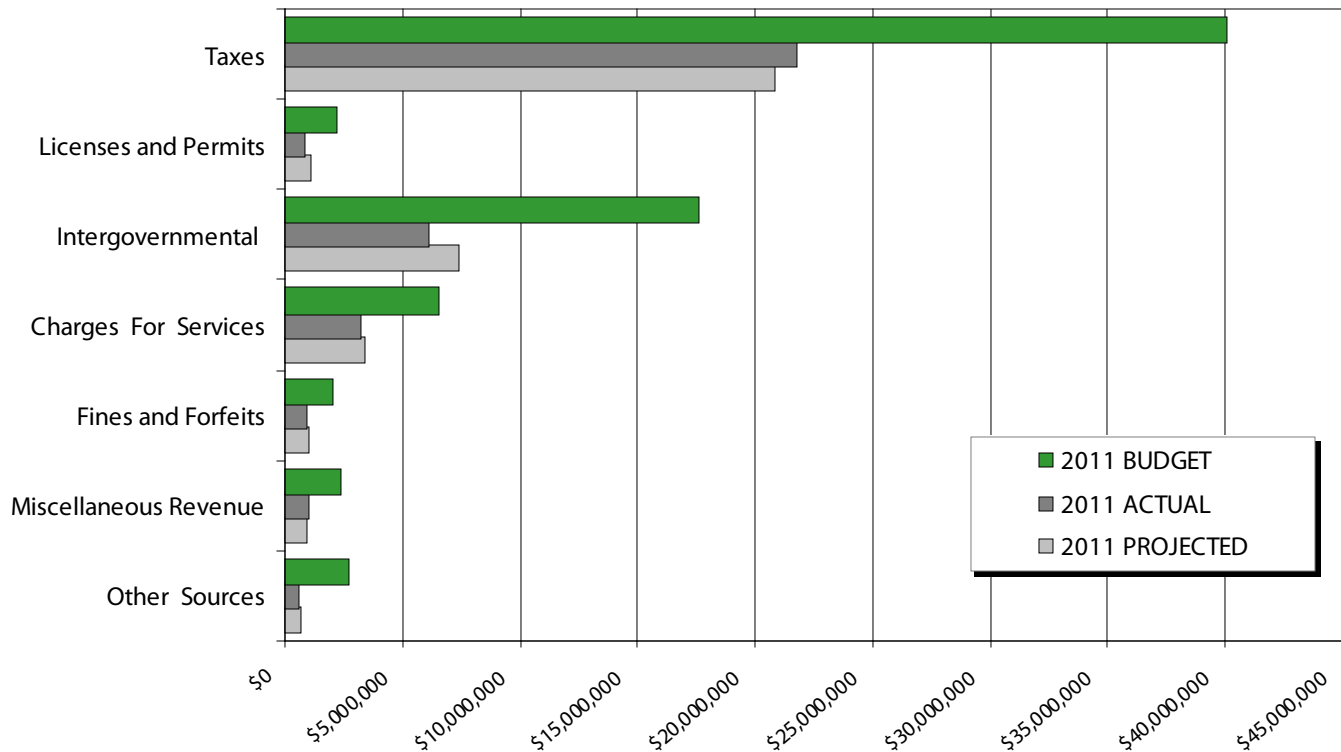
Expenditures are 45.25 percent of the annual budget, which is consistent with prior years. Whatcom County has instituted 90 day waiting periods before rehiring vacant positions and has negotiated with employee bargaining units for 10 closure days in 2011 in response to the continued economic slowdown.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Revenue - Budget vs. Actual



| | 2011 Budget Adopted | 2011 Budget Supp'ls | 2011 Budget Amended | Actual as of 6/30/2011 | % Collected To Date | Projected as of 6/30/2011 |
|-----------------------|---------------------|---------------------|---------------------|------------------------|---------------------|---------------------------|
| Taxes | 40,083,325 | 0 | 40,083,325 | 21,758,389 | 54.28% | 20,815,834 |
| Licenses and Permits | 2,221,177 | 0 | 2,221,177 | 826,931 | 37.23% | 1,097,559 |
| Intergovernmental | 15,636,981 | 1,991,946 | 17,628,927 | 6,158,102 | 34.93% | 7,394,086 |
| Charges For Services | 6,537,754 | 0 | 6,537,754 | 3,208,486 | 49.08% | 3,367,267 |
| Fines and Forfeits | 2,028,741 | 0 | 2,028,741 | 972,187 | 47.92% | 1,022,875 |
| Miscellaneous Revenue | 2,314,880 | 26,465 | 2,341,345 | 999,059 | 42.67% | 915,062 |
| Other Sources | 2,700,346 | 16,066 | 2,716,412 | 587,378 | 21.62% | 679,243 |
| Total Revenue | 71,523,204 | 2,034,477 | 73,557,681 | 34,510,532 | 46.92% | 35,291,926 |

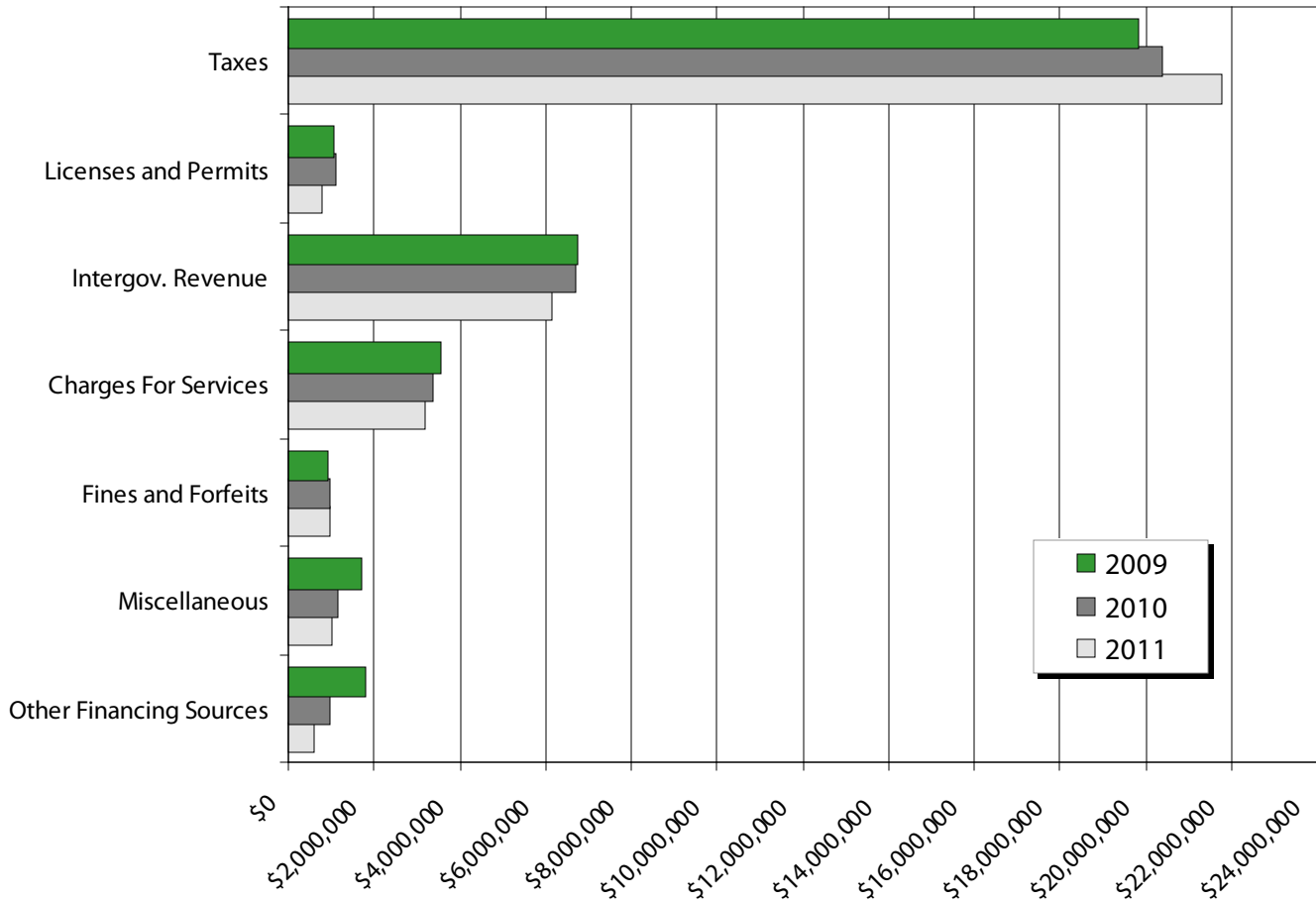
See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Revenue to Date - Compared to Prior Years



| | 2009 | 2010 | 2011 |
|-------------------------|-------------------|-------------------|-------------------|
| Taxes | 19,832,933 | 20,411,232 | 21,758,389 |
| Licenses and Permits | 1,050,766 | 1,127,736 | 826,931 |
| Intergov. Revenue | 6,744,140 | 6,716,851 | 6,158,102 |
| Charges For Services | 3,559,886 | 3,366,511 | 3,208,486 |
| Fines and Forfeits | 910,210 | 968,181 | 972,187 |
| Miscellaneous | 1,723,592 | 1,140,339 | 999,059 |
| Other Financing Sources | 1,800,765 | 956,914 | 587,378 |
| Total Revenue | 35,622,292 | 34,687,764 | 34,510,532 |

See pages 4 and 5 for General Fund Revenue Notes.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Revenue Notes

Taxes

Property tax and retail sales tax make up 95% of Whatcom County's tax revenue budget.

Tax revenues are \$1,347,000 greater than second quarter 2010 and \$942,555 greater than projections. Current year property tax collections are up \$560,777 over last year due to a neutral levy shift from the Flood Fund to the General Fund and annual new construction assessments added to the tax rolls. Collections of delinquent taxes, interest and penalties have increased 57%, or \$880,325 over last year due to large payments received from mortgage companies and commercial property owners. Sales taxes are \$106,000 less than second quarter 2010. Currently tax revenues are at 54.3% of budget.

Licenses & Permits

Building permits account for 52.5% of "Licenses & Permits" budgets. Health Department, marriage and fire control licenses and permits account for the remaining 47.5%.

License and Permit Fees are \$300,800 less than collected year-to-date 2010 and \$270,600 less than projections. Building permit revenues are down 39.4%, or \$226,795, from last year. The numbers of permits issued are 31.5% less than year-to-date 2010 and permit valuations are down 45% from 2010 levels. On Site Sewage permit revenues are down \$102,575, or 47%, also as a result of construction activity levels. Restaurant and food handling permits are up about \$23,000 from 2010 amounts. At the end of the second quarter we have collected 37.2% of budget.

Intergovernmental Revenue

"Intergovernmental Revenue" comes from a variety of sources including grant revenue, state entitlements and payment for intergovernmental services rendered.

Revenues collected as of quarter end were 34.9% of budget; this is \$558,750 less than second quarter 2010 and \$1,236,000 less than projections. A small part of the decrease is due to a \$60,000 cut back in state funding to the Health Department. In addition, credits awarded to Public Utility Districts by the Department of Revenue resulted in 2011 PUD Privilege Tax income being \$30,000 less than budget. The majority of decreases result from delays in grant billings due to renegotiation of indirect cost rates with grantor agencies, changes in billing procedures mandated by the State, and grant projects budgeted but not commenced. Whatcom County's Payment in Lieu of Taxes (PILT) revenue from the federal government is \$95,300 more than the amount received for 2010.

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) and several other miscellaneous service fees that help cover the costs of providing specific services used by individual customers.

Overall, Charges for Services are \$163,000 below second quarter 2010 amounts and 2011 projections. Planning and development fees decreased \$90,371, or 9.7%. Health Department fees are down \$130,500, or 39%, due to decreases in immunization and construction related fees. Adult probation fees are up \$27,000 and rifle range revenues are up \$22,000 over second quarter 2010.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Revenue Notes, continued

Fines and Forfeits

"Fines and Forfeits" consist principally of traffic infraction revenue and criminal traffic misdemeanor penalties, which include driving while intoxicated 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 essentially the same as 2010 levels but are \$50,000 less than projected amounts. 2011 budgets were increased for bail/bond forfeiture revenues and traffic infraction revenues from contested calendars. The new revenues related to these budget increases have not yet materialized as of the end of the second quarter.

Miscellaneous

"Miscellaneous" revenues are made up of interest earnings, rents, contributions, refunds, and various small, otherwise unclassified, amounts.

Miscellaneous revenues decreased \$141,000 below second quarter 2010 levels but \$84,000 ahead of projections. Investment interest earnings continue to decrease and are \$220,000 or 33% less, than 2010 amounts. Rents and royalties income has increased \$87,500 due to moving parking space rentals from Administrative Services to the General Fund in 2011.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (14%) and 86% from transfers from other Whatcom County funds.

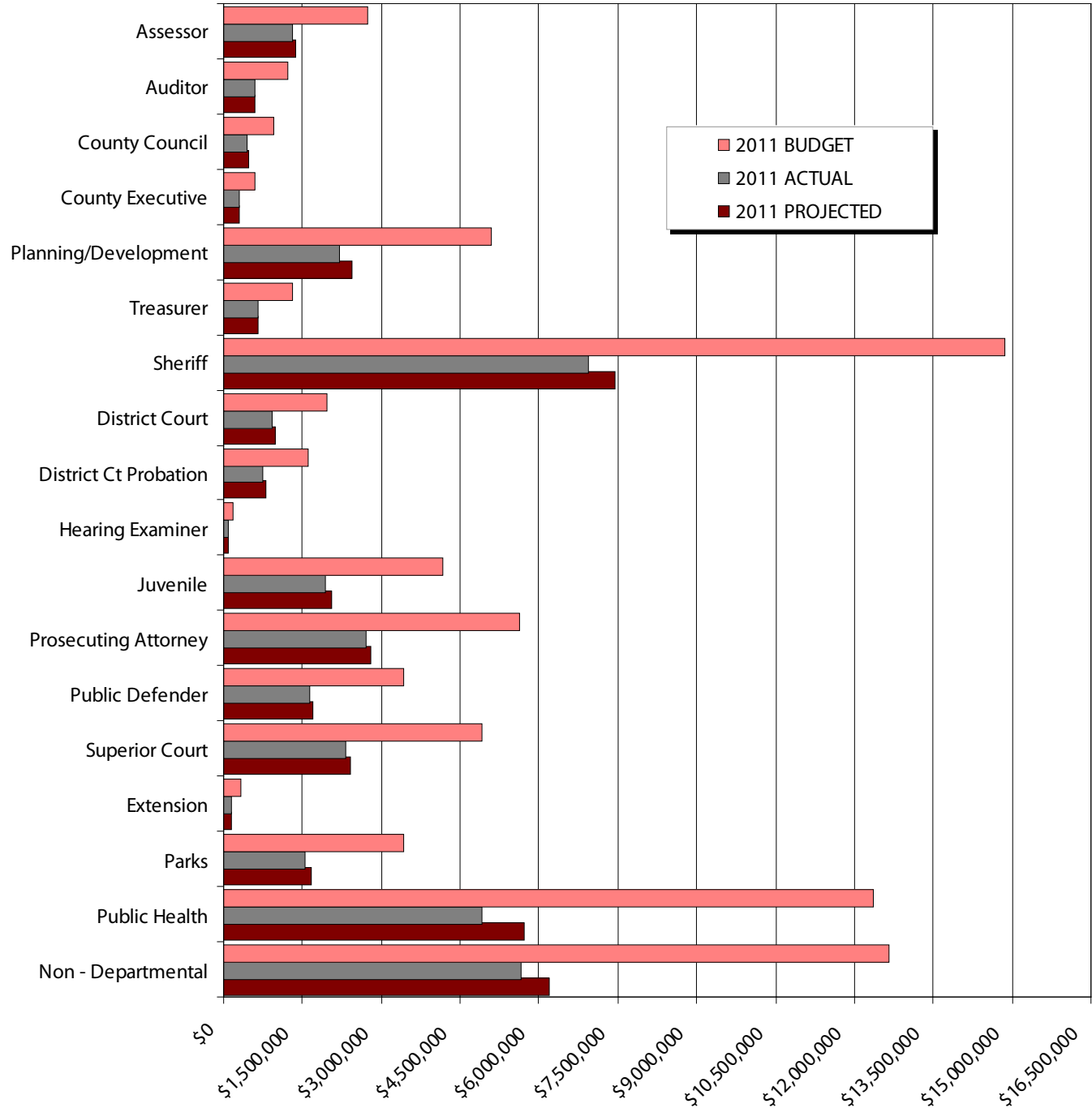
Other Financing Sources decreased \$219,500 under second quarter 2010 and \$92,000 under projections. State timber sales revenue is up \$134,000 and transfers are down \$353,000. State timber revenues fluctuate based on harvest plans and market conditions. Transfers fluctuate based on timing of interdepartmental billings and one-time project needs.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Expenditures - Budget vs. Actual



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

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Expenditures - Budget vs. Actual

| | Adopted 2011 Budget | Budget Supplementals | Amended Budget | Actual as of 6/30/11 | % Expended To Date | Projected as of 6/30/11 |
|-------------------------------|------------------------|-------------------------|-------------------|-------------------------|-----------------------|----------------------------|
| Assessor | 2,748,664 | 0 | 2,748,664 | 1,320,256 | 48.03% | 1,364,353 |
| Auditor | 1,226,126 | 0 | 1,226,126 | 595,159 | 48.54% | 608,529 |
| County Council | 933,765 | 23,420 | 957,185 | 439,814 | 45.95% | 470,621 |
| County Executive | 589,255 | 0 | 589,255 | 288,259 | 48.92% | 294,553 |
| Planning & Development | 5,087,269 | 0 | 5,087,269 | 2,197,369 | 43.19% | 2,454,606 |
| Treasurer | 1,299,323 | 0 | 1,299,323 | 650,146 | 50.04% | 659,414 |
| Sheriff | 13,450,232 | 1,418,043 | 14,868,275 | 6,939,621 | 46.67% | 7,452,218 |
| District Court | 1,960,280 | 1,100 | 1,961,380 | 911,425 | 46.47% | 970,984 |
| District Court Probation | 1,623,160 | 0 | 1,623,160 | 740,343 | 45.61% | 802,228 |
| Hearing Examiner | 176,351 | 515 | 176,866 | 86,554 | 48.94% | 87,435 |
| Juvenile | 4,157,043 | 0 | 4,157,043 | 1,926,155 | 46.33% | 2,057,687 |
| Prosecuting Attorney | 5,618,377 | 0 | 5,618,377 | 2,723,652 | 48.48% | 2,794,713 |
| Public Defender | 3,409,730 | 11,917 | 3,421,647 | 1,630,496 | 47.65% | 1,699,829 |
| Superior Court/Clerk | 4,918,361 | 0 | 4,918,361 | 2,313,954 | 47.05% | 2,426,119 |
| Extension | 325,644 | 0 | 325,644 | 144,847 | 44.48% | 137,067 |
| Park | 3,400,349 | 15,225 | 3,415,574 | 1,556,909 | 45.58% | 1,679,889 |
| Public Health | 12,349,647 | 0 | 12,349,647 | 4,912,094 | 39.78% | 5,731,751 |
| Non - Departmental | 11,663,978 | 1,001,217 | 12,665,195 | 5,647,931 | 44.59% | 6,196,173 |
| Total General Fund Exp | 74,937,554 | 2,471,437 | 77,408,991 | 35,024,984 | 45.25% | 37,888,169 |

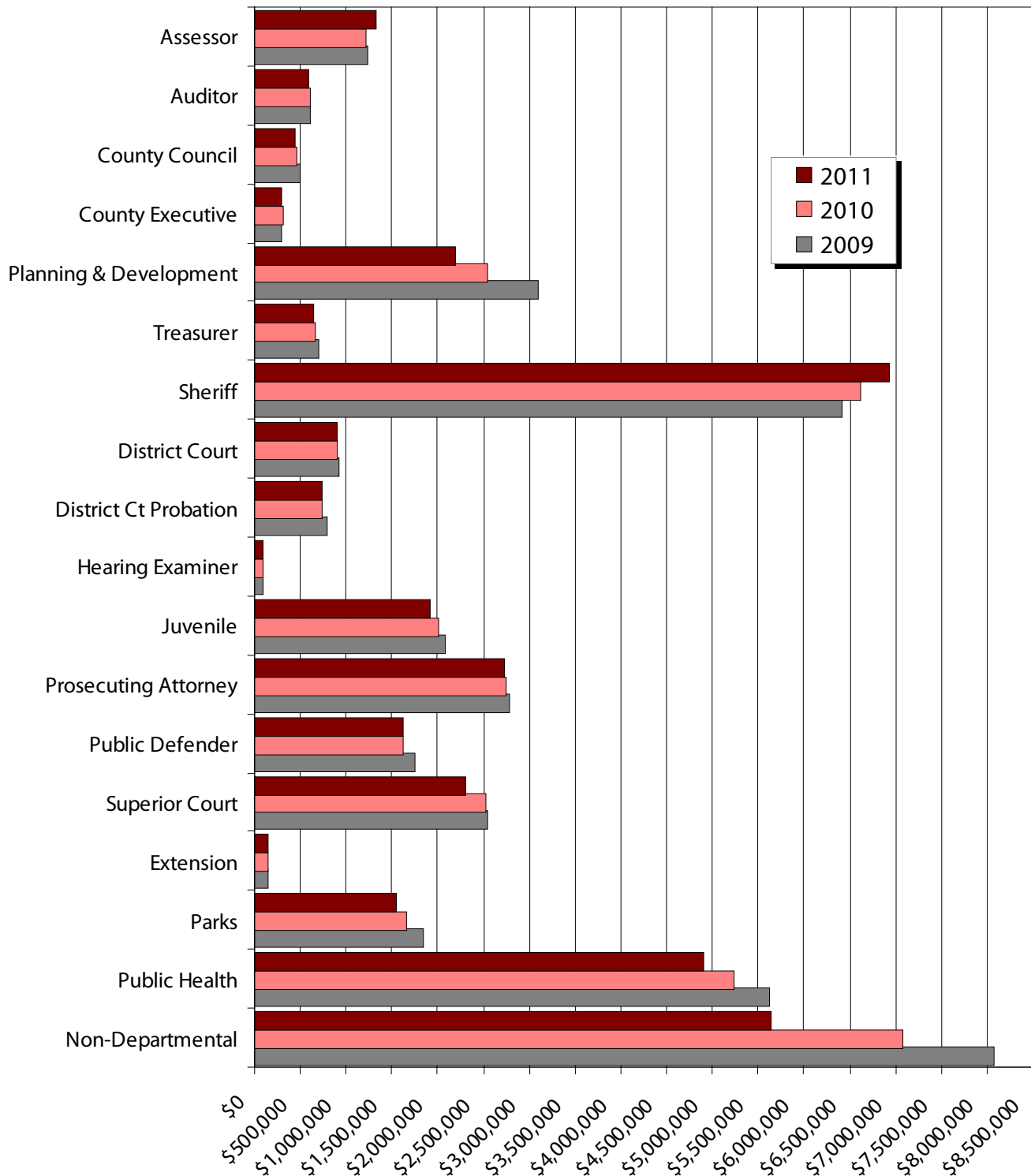
See page 9 for General Fund Expenditure Notes.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Expenditures - Compared to Prior Years



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

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Expenditures - Compared to Prior Years

| | 2009 | 2010 | 2011 |
|------------------------|-------------------|-------------------|-------------------|
| Assessor | 1,241,205 | 1,212,451 | 1,320,256 |
| Auditor | 613,429 | 612,549 | 595,159 |
| County Council | 500,341 | 467,635 | 439,814 |
| County Executive | 291,286 | 305,111 | 288,259 |
| Planning & Development | 3,090,406 | 2,552,080 | 2,197,369 |
| Treasurer | 694,365 | 666,573 | 650,146 |
| Sheriff | 6,418,287 | 6,626,910 | 6,939,621 |
| District Court | 928,986 | 897,264 | 911,425 |
| District Ct Probation | 786,041 | 737,334 | 740,343 |
| Hearing Examiner | 85,045 | 85,585 | 86,554 |
| Juvenile | 2,083,624 | 2,017,769 | 1,926,155 |
| Prosecuting Attorney | 2,779,199 | 2,739,423 | 2,723,652 |
| Public Defender | 1,753,930 | 1,617,158 | 1,630,496 |
| Superior Court/Clerk | 2,544,093 | 2,526,803 | 2,313,954 |
| Extension | 143,575 | 141,848 | 144,847 |
| Parks | 1,837,740 | 1,658,385 | 1,556,909 |
| Public Health | 5,626,612 | 5,235,276 | 4,912,094 |
| Non-Departmental | 8,079,844 | 7,085,475 | 5,647,931 |
| TOTAL | 39,498,008 | 37,185,629 | 35,024,984 |

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the second quarter were at 45.25% of the approved budget. The average percent for the last four years has been 44.9%. All departmental spending is within budget expectations except the Health Department budget is only 39.8% spent. The Health Department is curtailing the spending of approximately \$900,000 of budgeted pass-through expenditures due to state spending cuts.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



General Fund Conclusion

| | Approved Budget | Projected |
|--------------------------------------|--------------------|--------------------|
| Beginning Fund Balance 1/1/11 | 7,865,729 | 9,188,595 * |
| Revenues | | |
| Budgeted Revenues 2011 | 71,523,204 | 71,523,204 |
| Decreased Revenue Estimates | - | (973,327) |
| Continuing Appropriations from 2010 | - | 577,521 |
| Supplemental Budgets 2011 | - | 1,456,956 |
| Total Revenue | 71,523,204 | 72,584,354 |
| Expenditures | | |
| Budgeted Expenditures 2011 | 74,937,554 | 74,937,554 |
| Decreased Expenditure Estimates | - | (1,789,536) |
| Continuing Appropriations from 2010 | - | 786,304 |
| Supplemental Budgets 2011 | - | 1,685,133 |
| Total Expenditures | 74,937,554 | 75,619,455 |
| Adjusted Surplus (Deficit) | (3,414,350) | (3,035,101) |
| Other Considerations | | |
| Estimated Budget Lapse | 2,212,988 | 2,268,584 |
| Ending Fund Balance 12/31/11 | 6,664,367 | 8,422,078 |

Notes:

* Prior period adjustment of \$1,496,006 increased beginning fund balance. Adjustment due to state auditor requirement in 2009 to remove interest from General Fund and accrue to restricted funds. County appealed and AG issued opinion in favor of County after budget had already been adopted.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



Special Revenue Funds and Other Funds - Revenues

| | 2010 Actual As of 6/30/2010 | 2011 Actual As of 6/30/2011 | 2011 Budget | % Collected of 2011 Budget |
|---------------------------------|--------------------------------|--------------------------------|----------------|-------------------------------|
| County Road Fund | 12,242,302 | 12,637,981 | 24,686,342 | 51.19% |
| Election Reserve Fund | 507,385 | 367,867 | 1,265,573 | 29.07% |
| Veterans Relief | 150,639 | 149,431 | 309,396 | 48.30% |
| Jail Fund | 5,919,814 | 6,004,036 | 12,065,471 | 49.76% |
| Low Income Housing Projects | 93,292 | 97,561 | 170,000 | 57.39% |
| Homeless Housing | 569,632 | 616,934 | 1,207,099 | 51.11% |
| Stormwater Fund | 29,755 | 568,457 | 2,432,159 | 23.37% |
| Chemical Dependency/Mental Hlth | 1,546,215 | 1,558,285 | 3,407,590 | 45.73% |
| County Wide Emergency Medical | 1,144,359 | 1,190,234 | 2,583,211 | 46.08% |
| Trial Court Improvement Fund | 23,914 | 23,650 | 48,000 | 49.27% |
| Solid Waste Fund | 214,179 | 234,360 | 990,750 | 23.65% |
| WC Convention Center Fund | 208,371 | 217,601 | 460,000 | 47.30% |
| Victim/Witness Assistance Fund | 66,528 | 65,276 | 135,550 | 48.16% |
| Whatcom Co Drug Fund | 112,306 | 156,287 | 610,000 | 25.62% |
| Auditor's O&M Fund | 41,800 | 44,487 | 166,900 | 26.65% |
| Emergency Management | 454,759 | 509,964 | 1,189,651 | 42.87% |
| Flood Control Zone Dist Fund | 2,362,176 | 2,516,890 | 5,214,279 | 48.27% |
| Pt Roberts Fuel Tax Fund | 23,837 | 32,634 | 50,000 | 65.27% |
| Conservation Futures Fund | 238,023 | 535,866 | 988,758 | 54.20% |
| Sub-Flood Zones | 515,151 | 499,303 | 1,054,961 | 47.33% |
| Real Estate Excise Tax Fund II | 483,700 | 447,800 | 1,688,365 | 26.52% |
| Real Estate Excise Tax Fund I | 483,700 | 447,800 | 1,037,401 | 43.17% |
| Public Utilities Improvement | 1,382,772 | 1,420,443 | 2,917,871 | 48.68% |
| East Cnty Regional Resource Ctr | - | 1,667,982 | 3,202,814 | 52.08% |
| Yew St Road Construction | - | 31,492 | 665,573 | 4.73% |
| Lincoln Road Construction | 1,516,000 | 131,204 | 1,961,916 | 6.69% |
| Ferry System Fund | 514,199 | 990,535 | 2,506,616 | 39.52% |
| Equipment Rental & Revolving | 3,787,977 | 3,902,774 | 9,297,219 | 41.98% |
| Administrative Services Fund | 9,148,382 | 8,762,688 | 19,803,355 | 44.25% |

Notes: Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list.

Whatcom County Second Quarter 2011 Financial Report

For the Quarter Ended June 30, 2011



Special Revenue Funds and Other Funds - Expenditures

| | 2010 Actual As of 6/30/2010 | 2011 Actual As of 6/30/2011 | 2011 Budget | % Expended of 2011 Budget |
|---------------------------------|--------------------------------|--------------------------------|----------------|------------------------------|
| County Road Fund | 10,119,526 | 7,671,439 | 26,346,026 | 29.12% |
| Election Reserve Fund | 590,919 | 430,367 | 1,311,910 | 32.80% |
| Veterans Relief | 86,983 | 128,176 | 457,534 | 28.01% |
| Jail Fund | 5,853,529 | 5,967,858 | 12,806,632 | 46.60% |
| Low Income Housing | 85,140 | 322,947 | 415,000 | 77.82% |
| Homeless Housing | 634,954 | 617,922 | 1,473,456 | 41.94% |
| Stormwater Fund | 531,277 | 481,033 | 2,724,687 | 17.65% |
| Chemical Depend/Mental Hlth | 619,156 | 783,216 | 3,544,447 | 22.10% |
| County Wide Emergency Medical | 1,018,555 | 1,273,574 | 2,566,466 | 49.62% |
| Trial Court Improvement Fund | - | - | 43,235 | 0.00% |
| LEOFF I Healthcare Fund | 247,584 | 125,483 | 550,000 | 22.82% |
| Solid Waste Fund | 382,662 | 319,380 | 1,159,494 | 27.54% |
| WC Convention Center Fund | 132,132 | 125,007 | 425,280 | 29.39% |
| Victim/Witness Assistance Fund | 39,077 | 37,666 | 142,874 | 26.36% |
| Whatcom Co Drug Fund | 143,852 | 56,343 | 608,967 | 9.25% |
| Auditor's O&M Fund | 117,821 | 71,037 | 223,412 | 31.80% |
| Emergency Management | 357,156 | 416,789 | 1,189,651 | 35.03% |
| Flood Control Zone Dist Fund | 1,410,876 | 1,581,800 | 5,589,577 | 28.30% |
| Conservation Futures Fund | 1,524,859 | 6,262 | 335,517 | 1.87% |
| Sub-Flood Zones | 66,129 | 149,553 | 987,730 | 15.14% |
| Real Estate Excise Tax Fund II | 129,042 | 692,381 | 3,469,621 | 19.96% |
| Real Estate Excise Tax Fund I | 1,557,424 | 1,185,778 | 1,396,578 | 84.91% |
| Public Utilities Improvement | 66,993 | 1,287,953 | 2,474,560 | 52.05% |
| East Cnty Regional Resource Ctr | 23,347 | 2,786,176 | 4,211,697 | 66.15% |
| Yew St Road Construction | 147,454 | 41,059 | 1,604,815 | 2.56% |
| Lincoln Rd Construction | 64,455 | 207,328 | 3,457,188 | 6.00% |
| Ferry System Fund | 1,079,655 | 1,097,086 | 2,674,125 | 41.03% |
| Equipment Rental & Revolving | 3,646,292 | 3,841,340 | 9,894,455 | 38.82% |
| Administrative Services Fund | 8,315,719 | 8,173,201 | 20,227,165 | 40.41% |

Notes: Expenditures in most of the funds presented are project-driven and do not follow regular spending patterns. Road Improvement Districts, Capital Project Funds and Debt Service Funds are not shown on this list.