



Third Quarter 2023 Financial Report

Satpal Singh Sidhu, County Executive

Compiled and Presented by the
Administrative Services Department
Finance Division

Brad Bennett, Finance Manager

November 6th, 2023

Whatcom County Third Quarter 2023 Financial Report

For the Quarter Ended September 30, 2023



Executive Summary

The following information presents Whatcom County's third quarter 2023 financial report. At the end of the third quarter the General Fund collected 76% of its budgeted revenues. Whatcom County's General Fund spent 69.06% of its budgeted expenditures. Revenues increased \$11.5 million from third quarter 2022. This is due to an increase of sales tax revenues, interest earnings, and an appeals settlement for back taxes and interest in the case of a large taxpayer. Expenditures are within current year expectations and within reason as compared to prior years percentages spent.

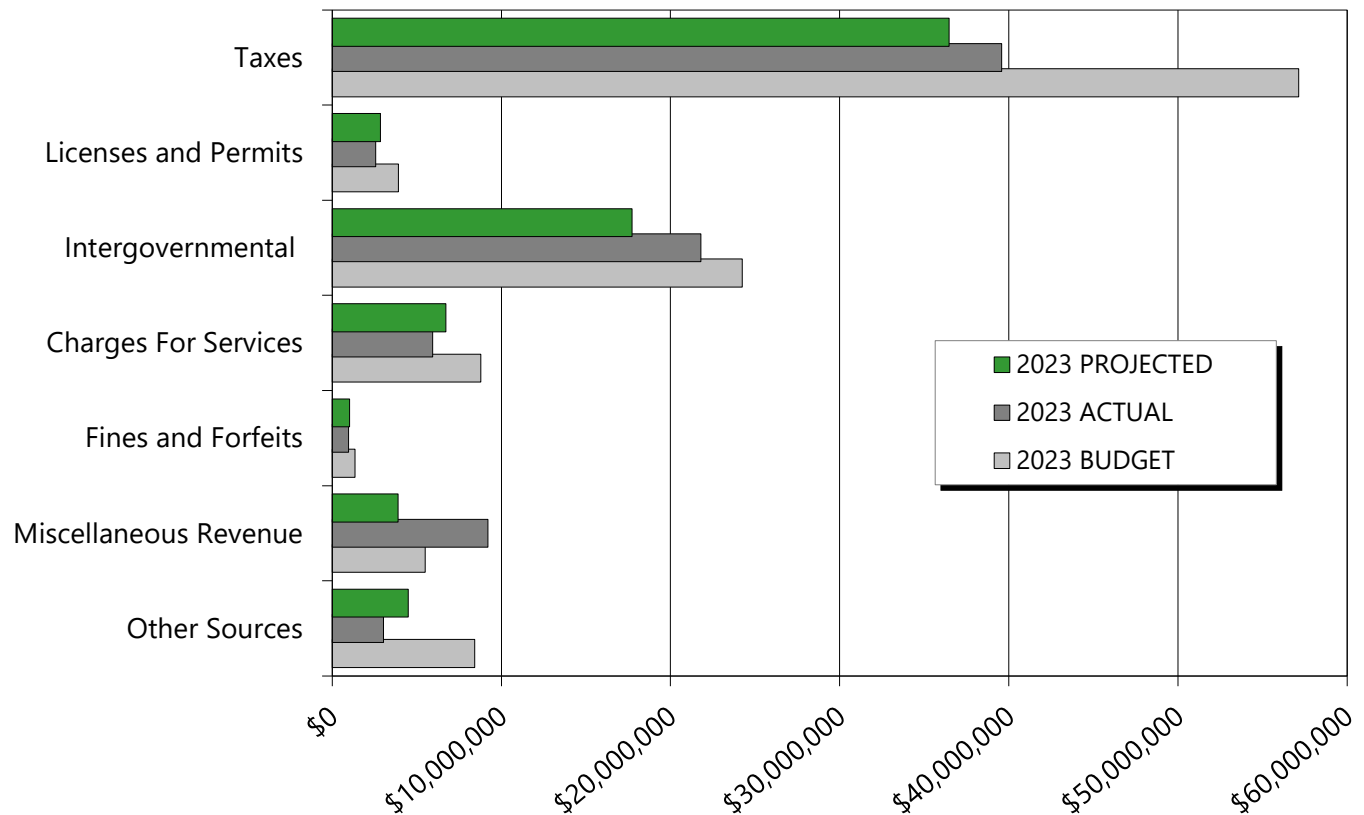
The current estimated 2023 General Fund ending fund balance is projected to be approximately \$31 million.

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General Fund Revenue - Budget vs. Actual



	2023 Budget Adopted	2023 Budget Supp'ls	2023 Budget Amended	Actual as of 9/30/2023	% Collected to Date	Projected as of 9/30/2023
Taxes	57,123,010	-	57,123,010	39,582,538	69.29%	36,467,356
Licenses and Permits	3,912,880	-	3,912,880	2,567,365	65.61%	2,850,234
Intergovernmental	21,004,265	3,237,049	24,241,314	21,789,185	89.88%	17,727,102
Charges For Services	8,664,764	113,281	8,778,045	5,937,674	67.64%	6,724,071
Fines and Forfeits	1,349,000	-	1,349,000	973,932	72.20%	1,036,986
Miscellaneous Revenue	5,025,304	477,536	5,502,840	9,214,843	167.46%	3,895,378
Other Sources	8,178,353	256,940	8,435,293	3,034,345	35.97%	4,487,875
Total Revenue	105,257,576	4,084,806	109,342,382	83,099,882	76.00%	73,189,002

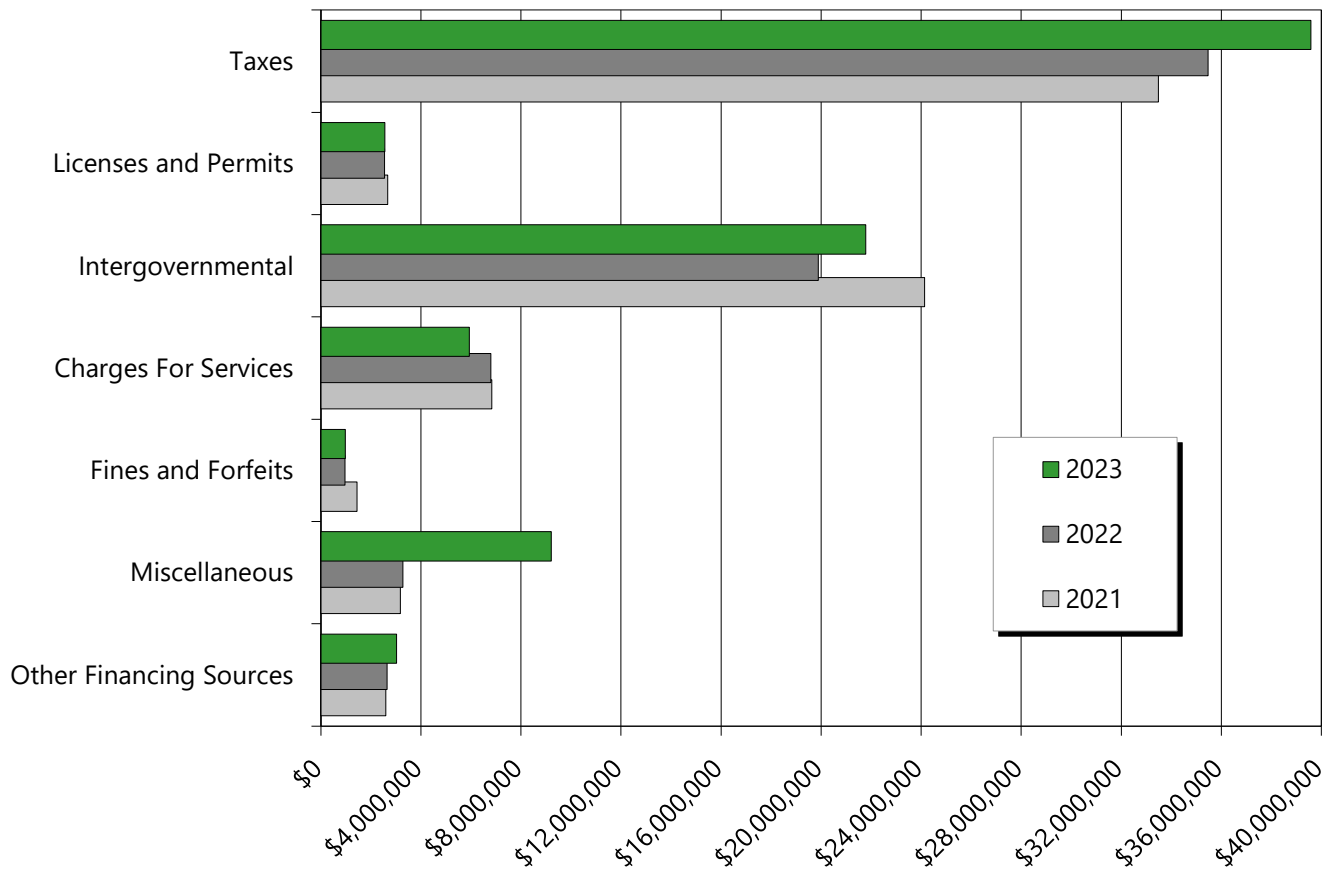
See pages 4 and 5 for General Fund Revenue Notes.

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General Fund Revenue to Date - Compared to Prior Years



	2021	2022	2023
Taxes	33,492,434	35,477,084	39,582,538
Licenses and Permits	2,668,803	2,553,515	2,567,365
Intergovernmental	24,142,981	19,892,294	21,789,185
Charges For Services	6,836,052	6,792,699	5,937,674
Fines and Forfeits	1,453,845	961,732	973,932
Miscellaneous	3,186,702	3,286,543	9,214,843
Other Financing Sources	2,604,250	2,649,660	3,034,345
Total Revenue	74,385,067	71,613,527	83,099,882

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 99.4% of Whatcom County's tax revenue budget.

Tax collections in total are up \$4.1 million over third quarter 2022. Property taxes are currently \$2,048,060 more than third quarter 2022 tax collections. The County has settled an appeal with Petrogras West LLC which has resulted in a back payment of taxes of approximately \$1.9 million. It is expected that approximately \$500,000 of that amount will be moved to 2024 through a year-end deferral adjustment. County road taxes diverted to the Sheriff's Office for traffic policing are up \$220,000 over 2022. The County Council increased the amount of the diversion by \$350,000 per year during the 2023-2024 biennial budget process. Current year sales tax collections are up 11.1%, or \$1.9 million, as compared to last year's third quarter collections. The County is benefiting from a healthy economy which includes increases in internet sales delivered directly to unincorporated residents, food service, hospitality and construction activities.

Licenses & Permits

Building permits account for 38.8% of "Licenses & Permits" budget. Health Department restaurant, food-handling, on-site septic and other miscellaneous health-related licenses and permits make up 38.7% of the budget. Cable franchise fee revenues are 18.9% and marriage licenses, firearm permits, well permits, and fire control permits account for the remaining 3.6%.

License and Permit Fees are \$13,850 more than amounts collected during the first three quarters of 2022, constituting less than a 1% change. Significant changes include restaurant licenses and food handling permits up about \$96,000 and building and on-site sewage permits down about \$77,000.

Intergovernmental Revenue

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

Revenues collected as of quarter end are \$1,896,887, or 9.5%, higher than the third quarter 2022. Some major changes from 2022 include the absence of \$2.9 million in federal Emergency Rental Assistance funds that will not be repeated in 2023; however, we have received \$2.7 million from the federal Local Assistance and Tribal Consistency Fund (LATCF). The LATCF funds will be carried over to 2024. This funding will supplement the American Rescue Plan Act award to support general government activities. State entitlement funding of Foundational Public Health Services support for the Health Department increased \$2 million. It is expected that approximately \$700,000 of that funding will also be deferred to 2024 through year-end adjustments.

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 decreased \$855,025, or 12.6%, when compared to third quarter 2022. Significant fluctuations in this category of revenues include general government fees decreasing \$163,970, or 5.3%. General government fees include real estate excise tax processing fees and Auditor's filing fees. These fees have declined \$259,781 as a result of rising interest rates. Also, in the general government category, municipal probation

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General Fund Revenue Notes, continued

fee contracts are up \$94,361 due to timely payments from area cities. Criminal justice related fees decreased \$115,885, or 15.6%. In this category, adult probation fee payments have been declining since 2021 and fell another \$79,154, which is 17% since last year. Economic development fees from the Planning & Development department are down \$468,020, or 21.5% in the last twelve months. Rifle Range fees are down over \$100,000 due to closures related to capital projects.

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 up \$12,199, which is virtually the same as prior year amounts. Traffic infraction revenues are up 74.7%, or \$203,680, after legislative changes have allowed a return to more normal enforcement activity. In addition, state funding to partially reimburse District Court for interpreter costs has resulted in \$63,213 of new revenues. On the other hand, property tax related penalties are down 44.5%, or \$207,905, as penalties are no longer being assessed due to changes in state law. There has also been a general decline for several years in court-imposed criminal fines and penalties.

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 up \$5,928,296, or 280%, over third quarter 2022. This is mainly due to two factors. There has been a \$2.6 million surge in investment earnings due to higher interest rates. We also received a \$2,580,000 property tax interest payment as a result of the Petrogas settlement mentioned above. In addition, an opioid lawsuit settlement of \$325,963 and special assessment interest settlement of \$155,000 account for most of the remainder of increases in this category.

Other Financing Sources

The "Other Financing Sources" revenue budget is composed of state timber revenues (3.5%) and transfers from other Whatcom County funds (96.5%).

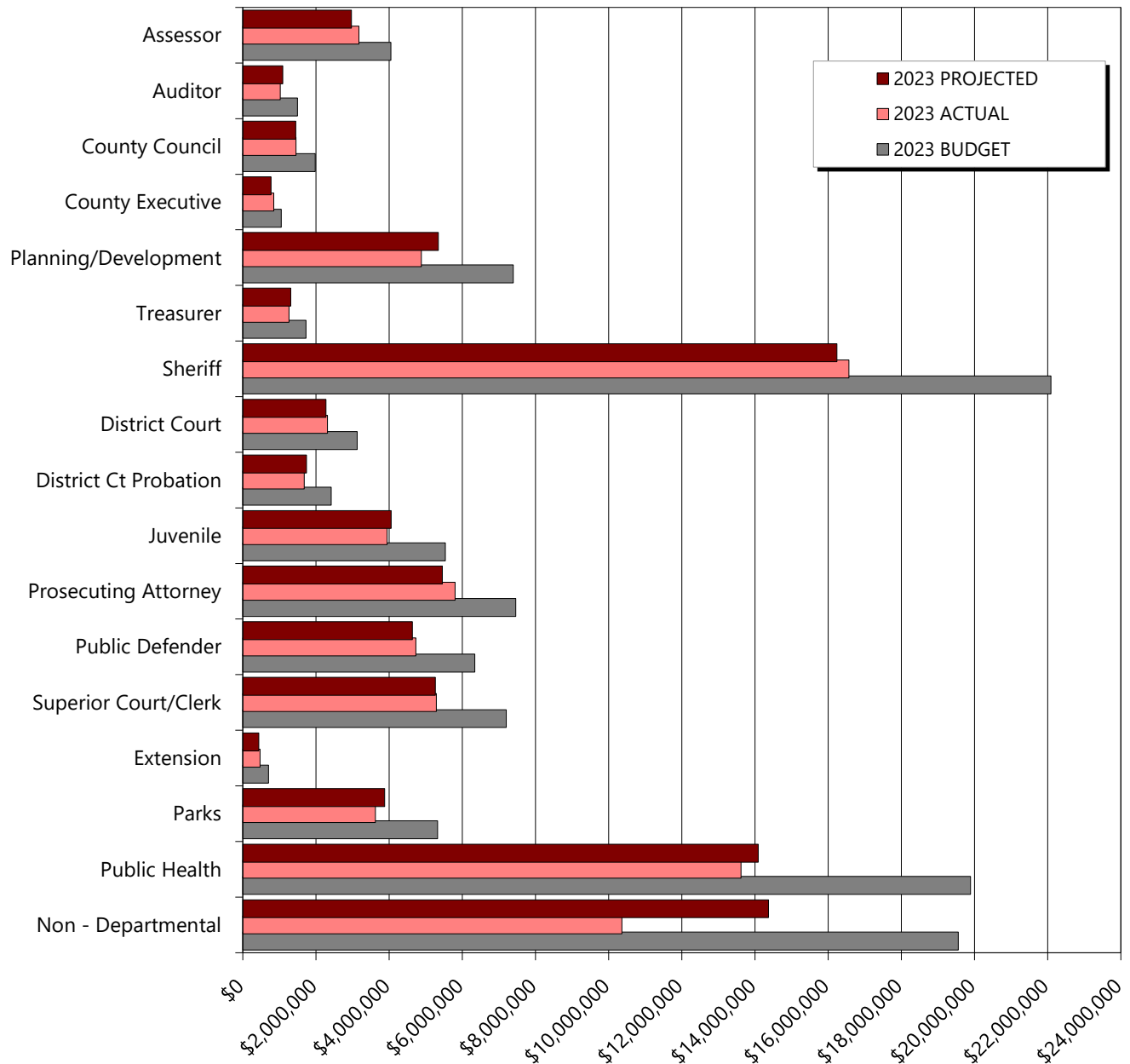
The Other Financing Sources category increased by \$466,859, or 17.6%, primarily due to an increase in the annual transfer of Public Safety Tax collected in the Emergency Medical Services fund for criminal justice purposes.

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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

	2023 Adopted Budget	2023 Budget Supp'ls	2023 Amended Budget	Actual as of 9/30/23	% Expended to Date	Projected as of 9/30/23
Assessor	4,026,482	20,000	4,046,482	3,174,841	78.46%	2,966,615
Auditor	1,491,588	-	1,491,588	1,022,763	68.57%	1,093,100
Council/Hearing Exam.	1,968,027	12,950	1,980,977	1,454,877	73.44%	1,441,931
County Executive	1,052,506	-	1,052,506	845,741	80.35%	769,730
Planning & Development	6,709,817	679,990	7,389,807	4,880,774	66.05%	5,342,015
Treasurer	1,726,988	-	1,726,988	1,257,930	72.84%	1,305,584
Sheriff	21,571,510	520,855	22,092,365	16,569,455	75.00%	16,241,807
District Court	3,126,608	-	3,126,608	2,311,754	73.94%	2,269,004
District Court Probation	2,351,782	64,650	2,416,432	1,674,633	69.30%	1,741,755
Juvenile	5,537,680	-	5,537,680	3,946,358	71.26%	4,053,425
Prosecuting Attorney	7,461,615	-	7,461,615	5,803,993	77.78%	5,455,660
Public Defender	6,339,771	-	6,339,771	4,728,148	74.58%	4,631,049
Superior Court/Clerk	7,093,196	109,440	7,202,636	5,292,389	73.48%	5,262,143
Extension	697,880	-	697,880	468,383	67.12%	437,996
Park	5,307,454	13,879	5,321,333	3,622,253	68.07%	3,876,502
Public Health	18,866,974	1,024,710	19,891,684	13,615,772	68.45%	14,086,282
Non - Departmental	17,685,126	1,874,826	19,559,952	10,364,863	52.99%	14,369,990
Total General Fund Exp	113,015,004	4,321,300	117,336,304	81,034,927	69.06%	85,344,588

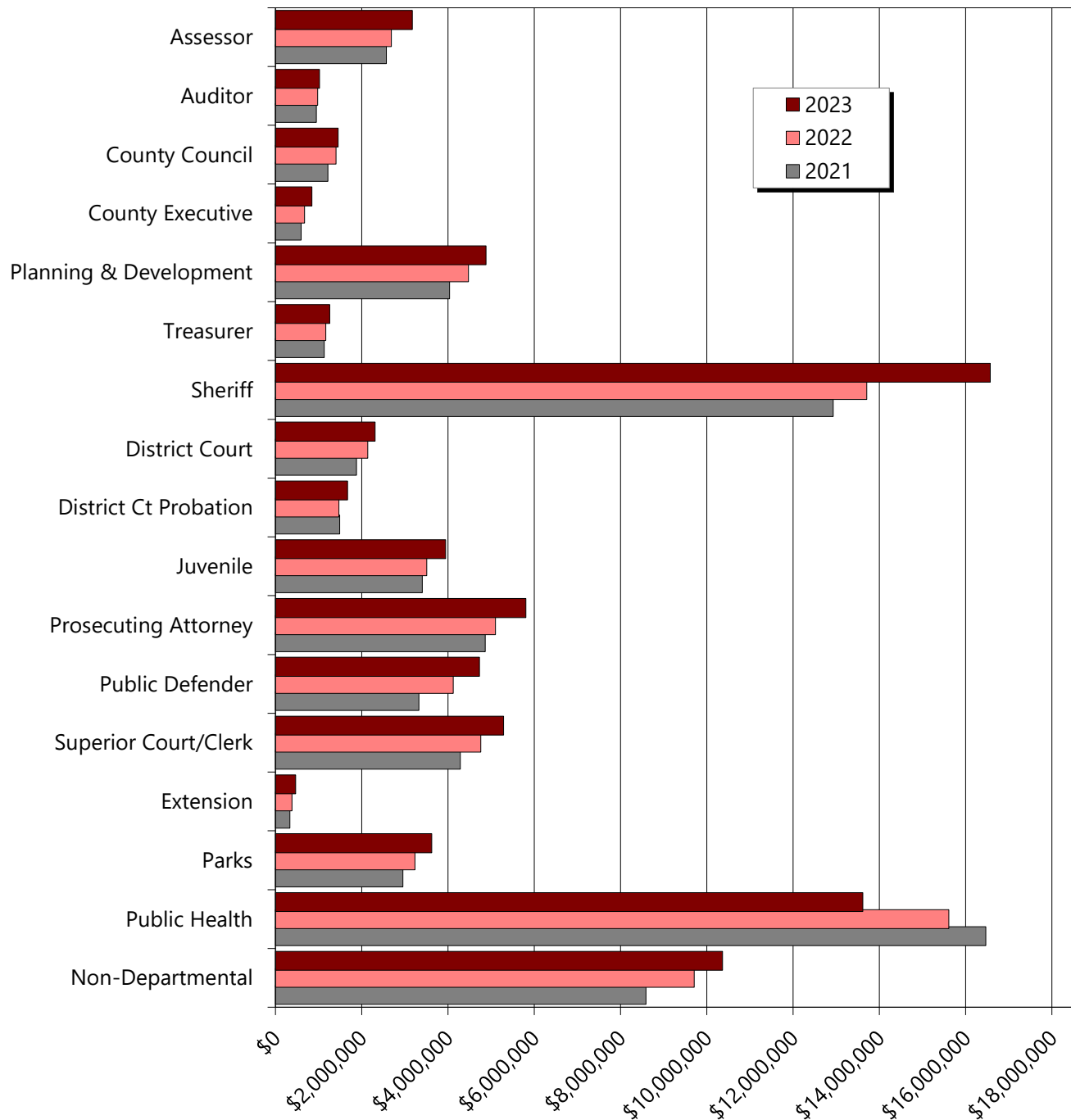
See page 9 for General Fund Expenditure Notes.

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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

	2021	2022	2023
Assessor	2,574,006	2,689,506	3,174,841
Auditor	952,439	982,523	1,022,763
Council/Hearing Examiner	1,219,586	1,406,490	1,454,877
County Executive	596,201	673,572	845,741
Planning & Development	4,038,846	4,472,792	4,880,774
Treasurer	1,133,080	1,168,938	1,257,930
Sheriff	12,928,011	13,708,034	16,569,455
District Court	1,882,543	2,140,121	2,311,754
District Ct Probation	1,493,138	1,472,012	1,674,633
Juvenile	3,407,206	3,510,071	3,946,358
Prosecuting Attorney	4,866,824	5,101,238	5,803,993
Public Defender	3,326,640	4,122,417	4,728,148
Superior Court /Clerk	4,287,971	4,759,649	5,292,389
Extension	335,371	385,023	468,383
Parks	2,958,223	3,232,744	3,622,253
Public Health	16,463,725	15,608,603	13,615,772
Non-Departmental	8,591,587	9,706,965	10,364,863
TOTAL	71,055,397	75,140,698	81,034,927

General Fund Expenditure Notes

Overall expenditures for the General Fund at the end of the third quarter were 69% of the approved budget, which is a few percentage points higher than recent prior years but well within reason. Departmental spending was largely within budget expectations and increased by 7.8%, or 5.9 million, when compared to the third quarter of 2022.

There was increased spending in all departments except Health. This was due to wage and benefit increases and the addition of new personnel in some departments. Health Department spending was down compared to prior year as some COVID-related grant funded projects were completed in 2022.

Three departments were greater than 75% spent due to budgets for bargaining unit settlements not being distributed from the Non-Departmental wage reserve account to the individual departmental budgets until October.

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General Fund Conclusion

	Actual
Beginning Fund Balance 1/1/23	<u>26,346,572</u>
Revenues	
Budgeted Revenues 2023	105,257,576
Increased Revenue Estimates	4,000,000
Continuing Appropriations from 2022	620,166
Supplemental Budgets 2023	3,464,640
Total Revenue	<u>113,342,382</u>
Expenditures	
Budgeted Expenditures 2023	113,015,004
Estimated intergovernmental transfers lapse	(2,950,000)
Continuing Appropriations from 2022	899,183
Supplemental Budgets 2023	3,422,117
Total Expenditures	<u>114,386,304</u>
Expected Surplus (Deficit)	(1,043,922)
Other Considerations	
Estimated Budget Lapse ¹	5,719,315
Projected Ending Fund Balance 12/31/23	<u><u>31,021,965</u></u>

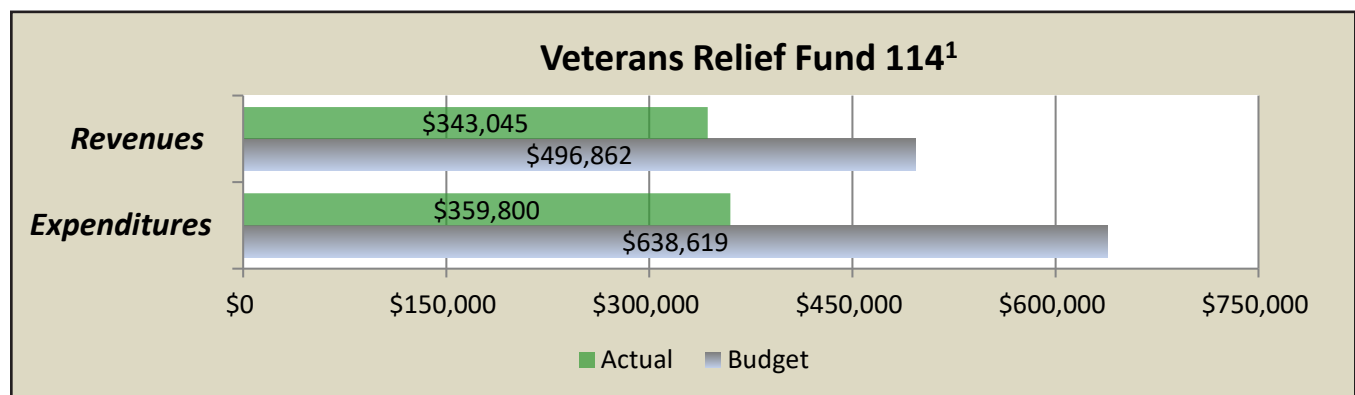
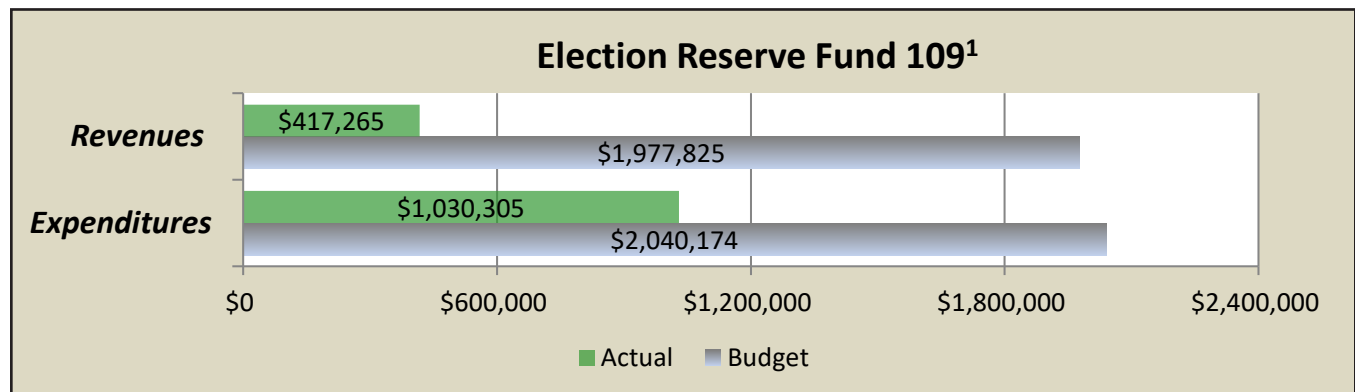
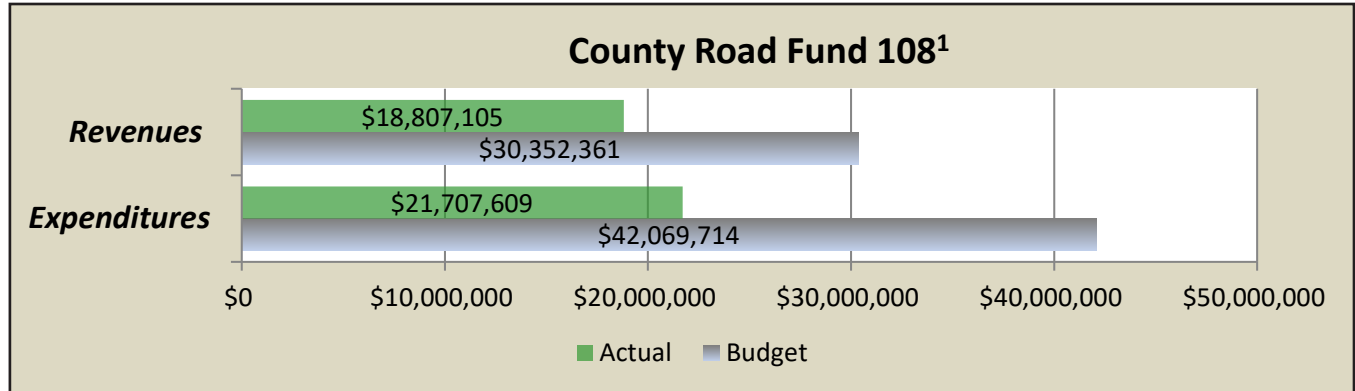
Note 1: The estimated budget lapse is 5% of the expenditure budget.

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Special Revenue Funds and Other Funds



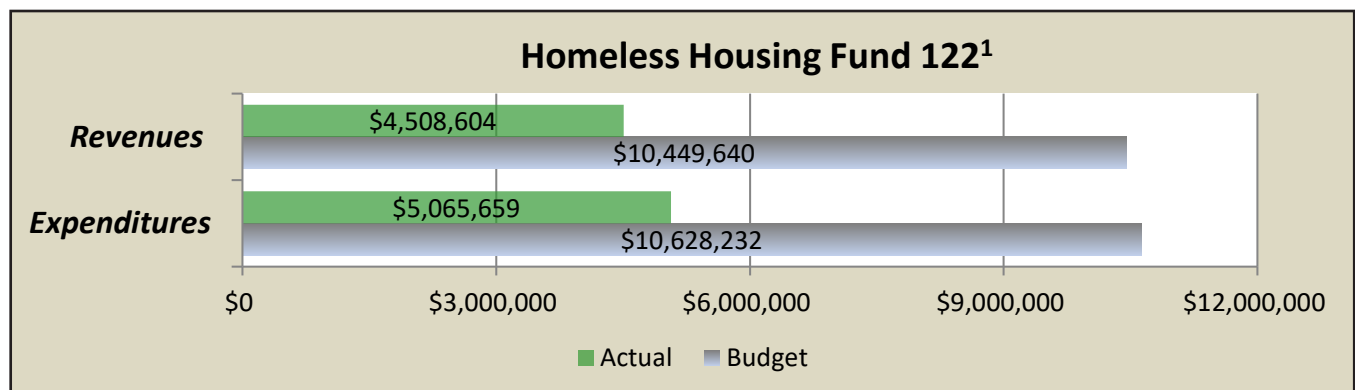
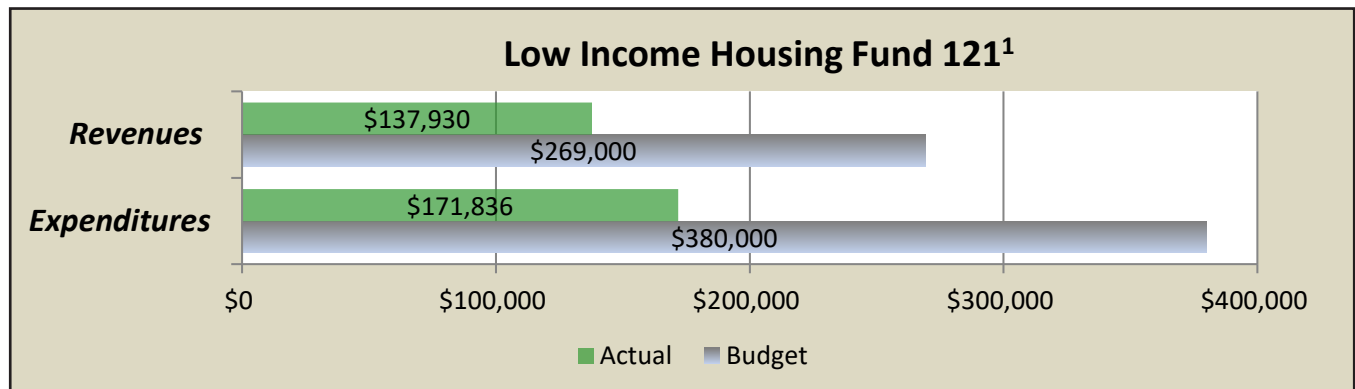
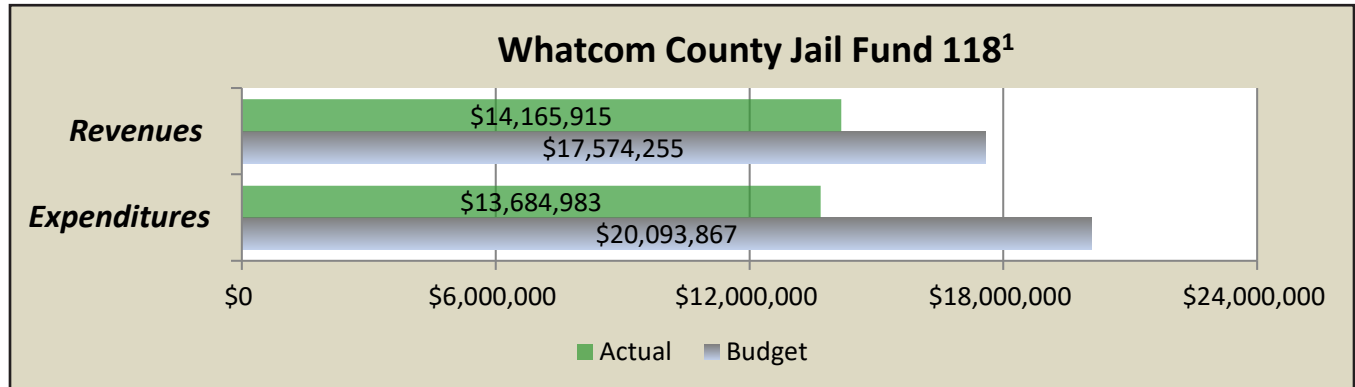
Note ¹: Funds with larger expenditure budgets than revenue budgets anticipate adequate budget lapse or use of fund equity reserves.

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Special Revenue Funds and Other Funds, continued



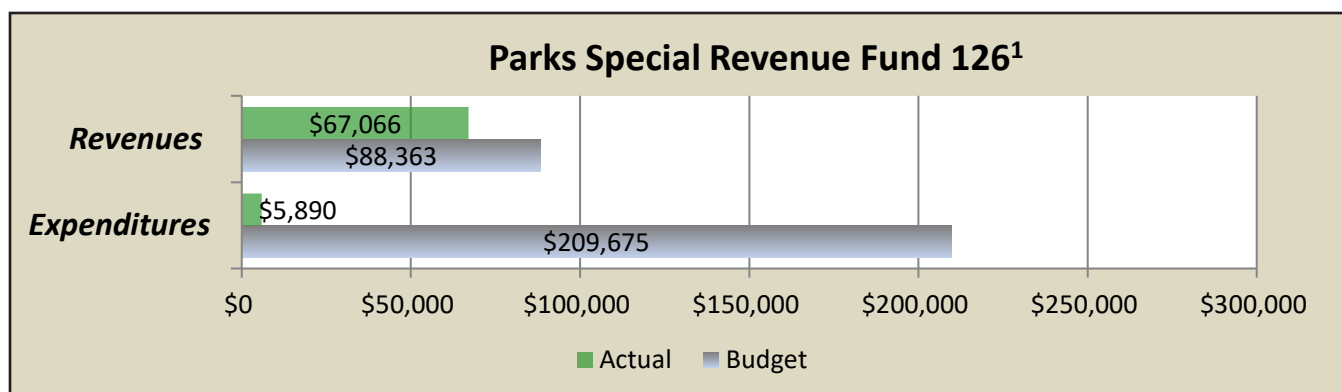
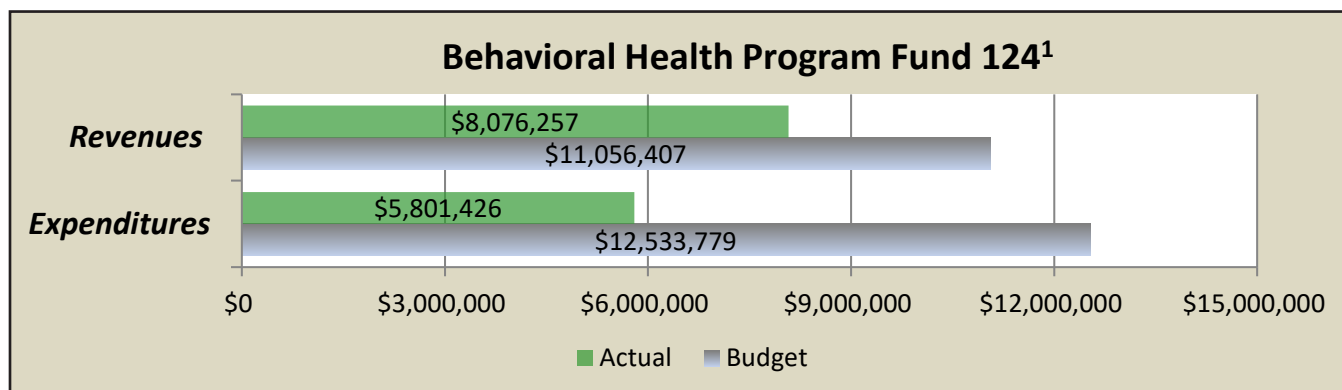
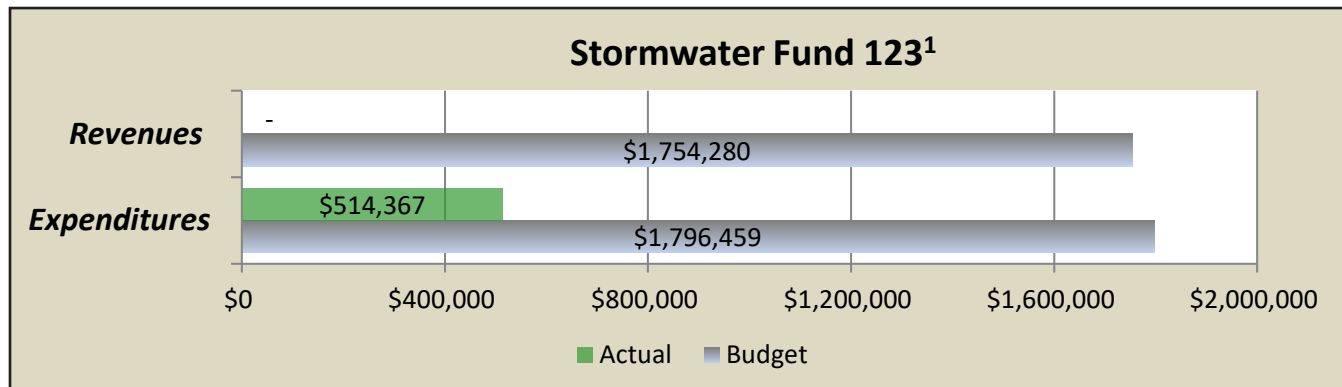
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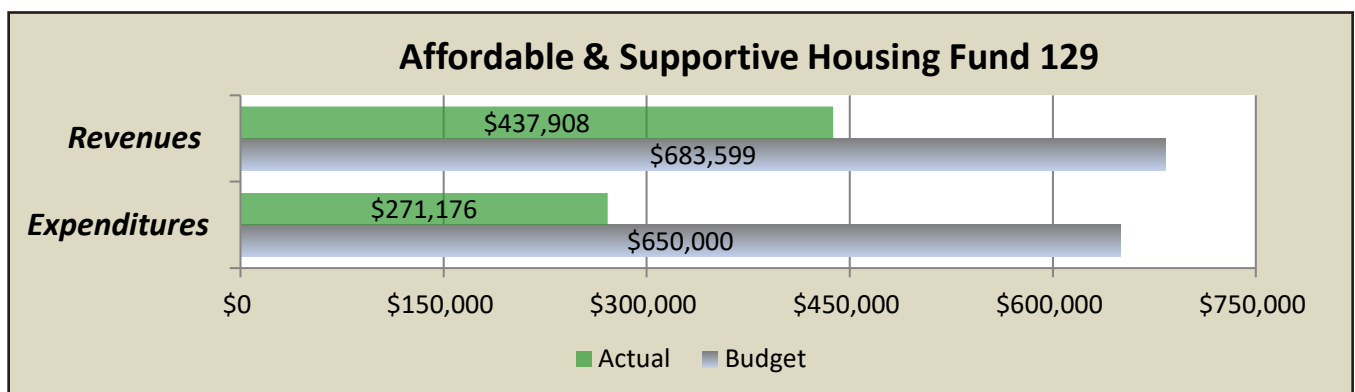
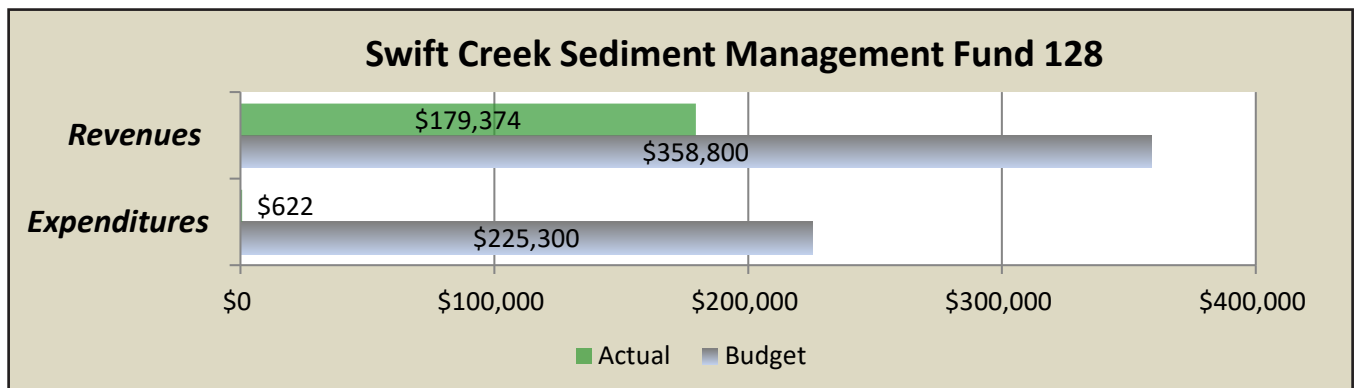
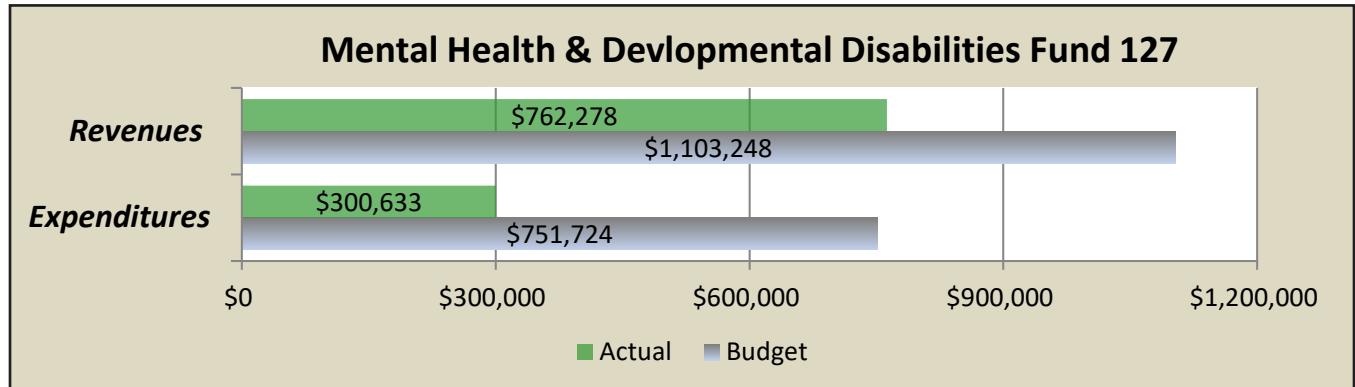
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Special Revenue Funds and Other Funds, continued

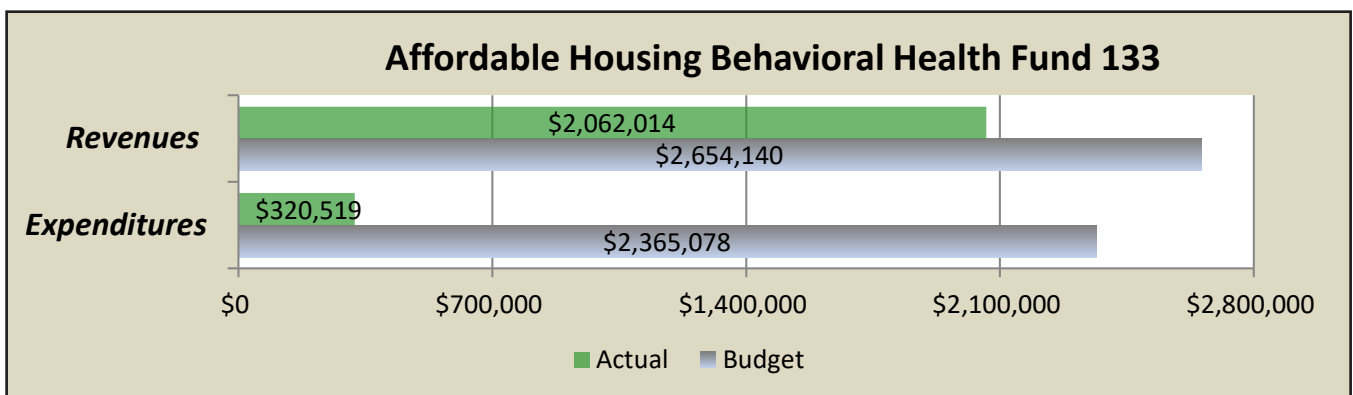
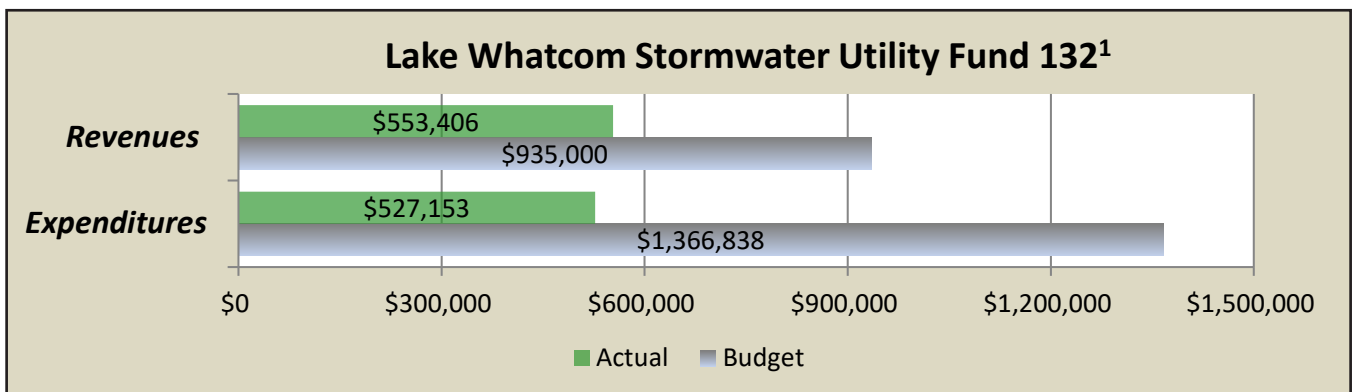
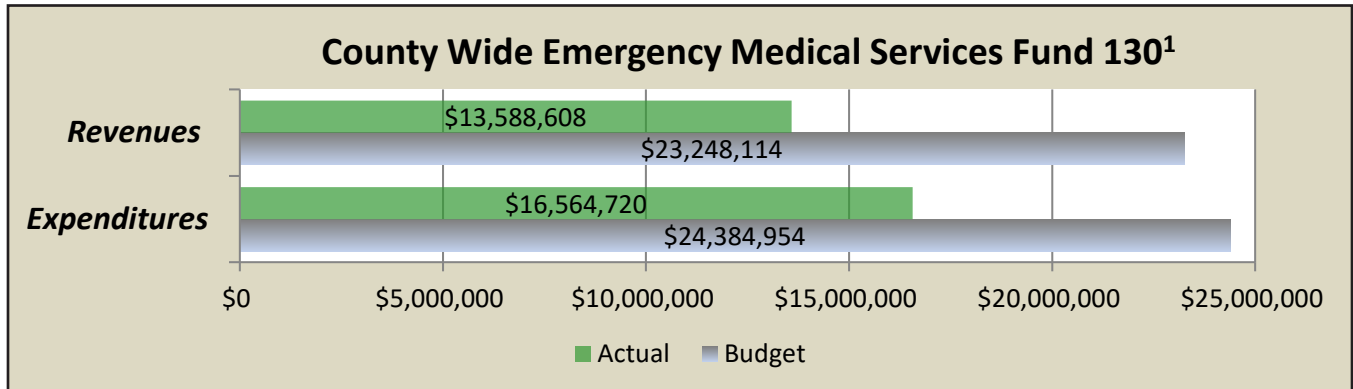


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Special Revenue Funds and Other Funds, continued



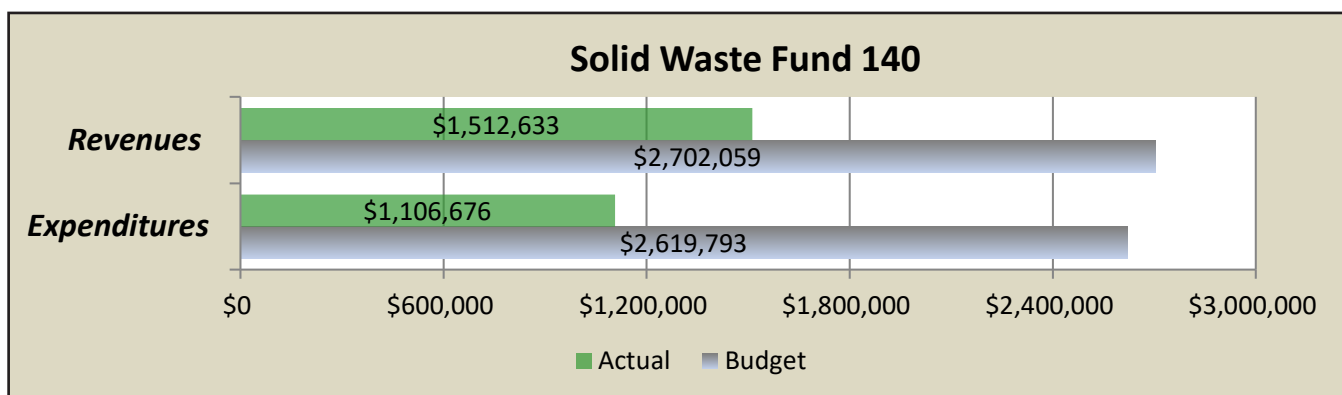
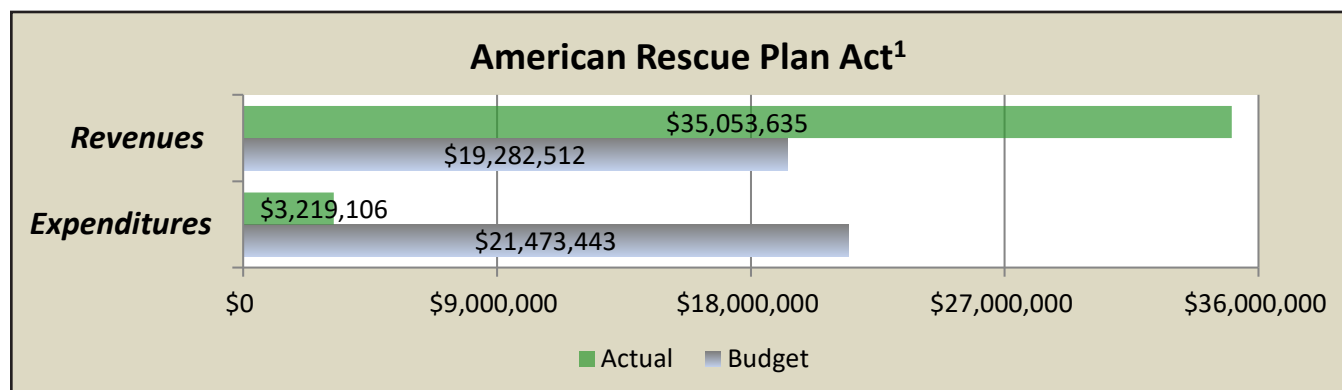
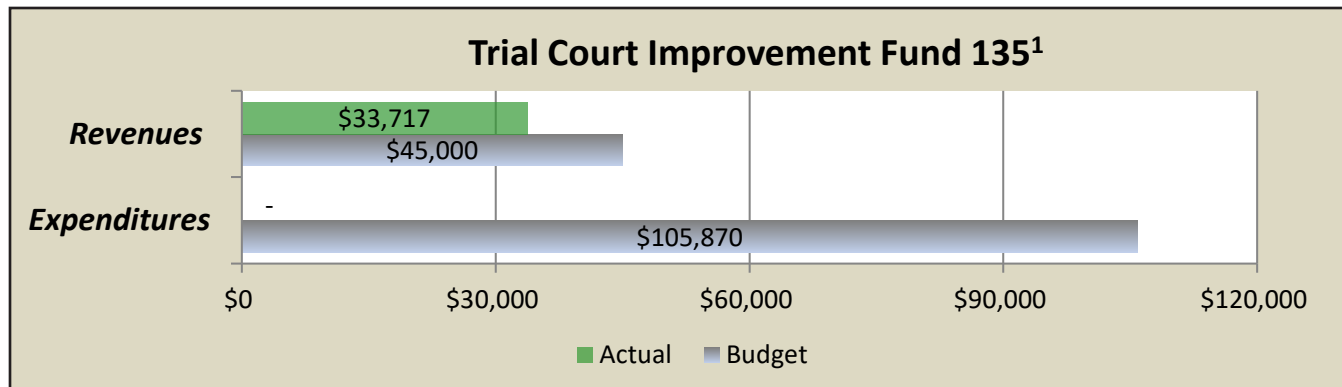
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Special Revenue Funds and Other Funds, continued



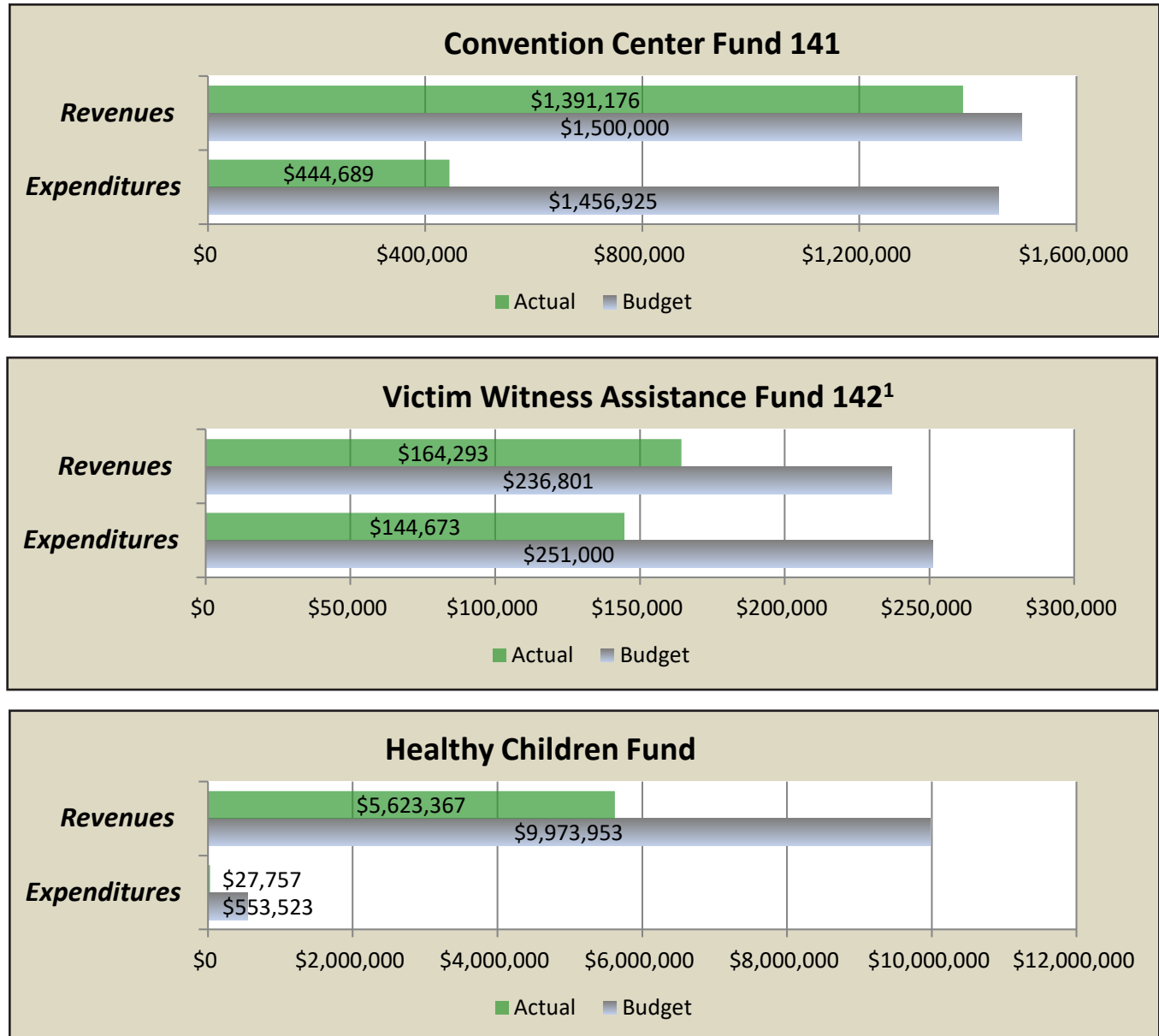
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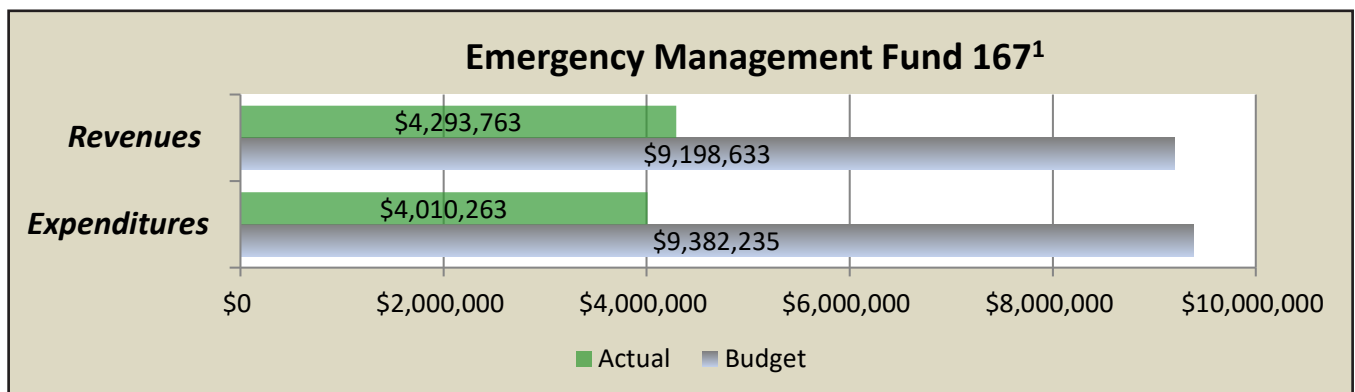
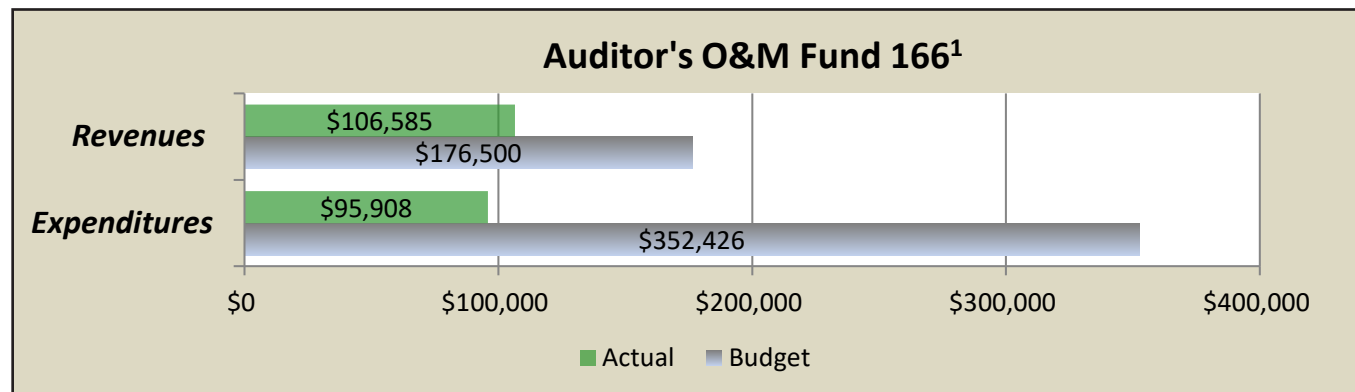
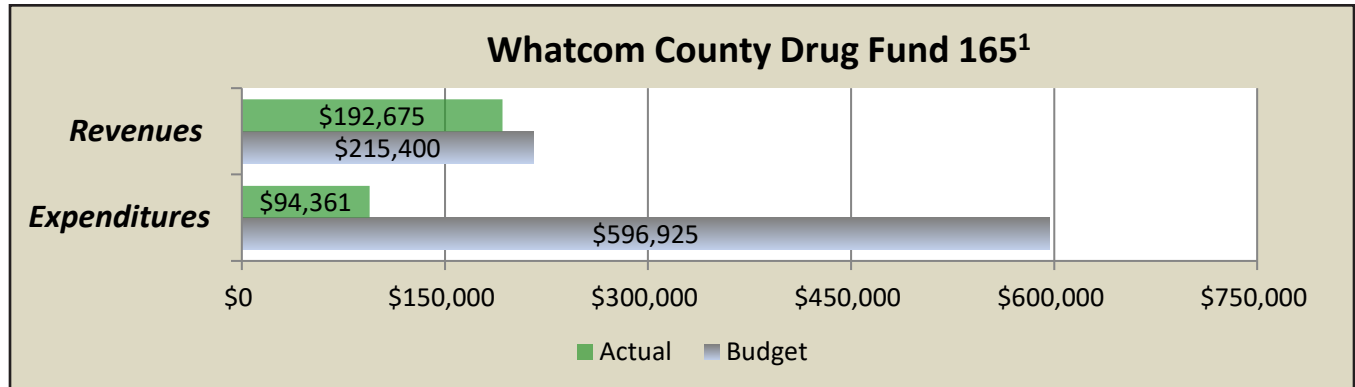
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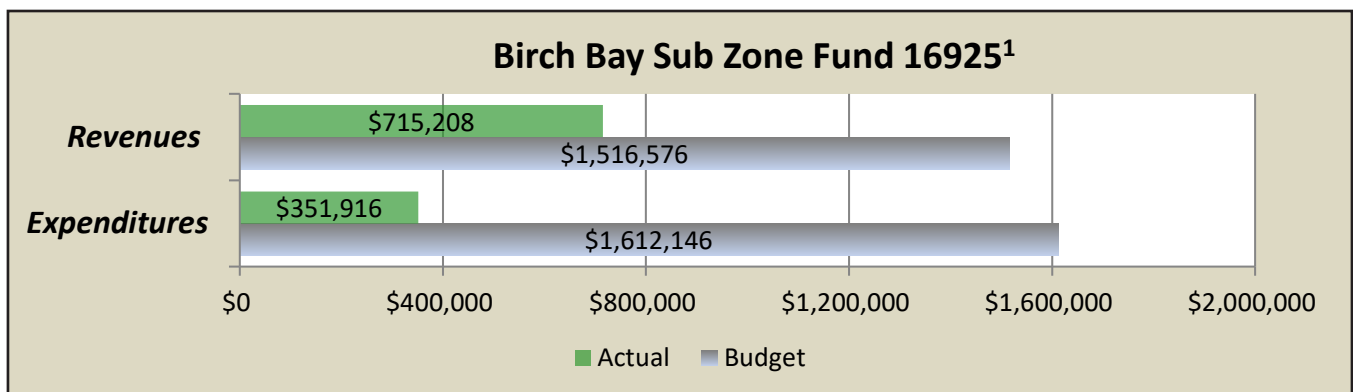
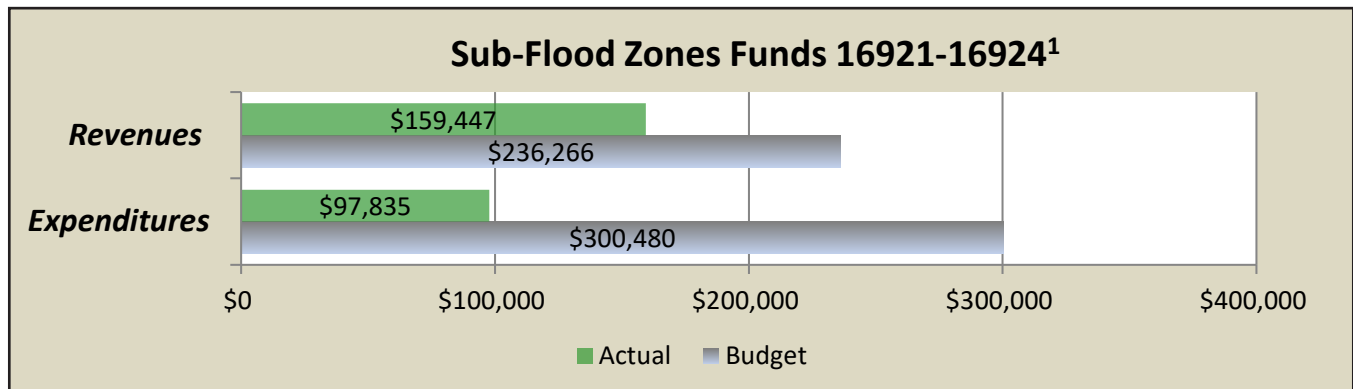
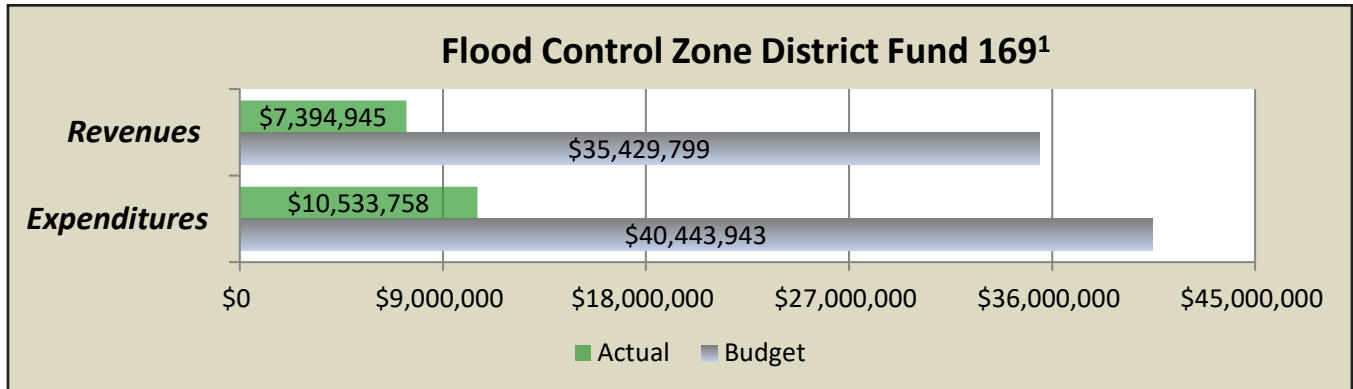
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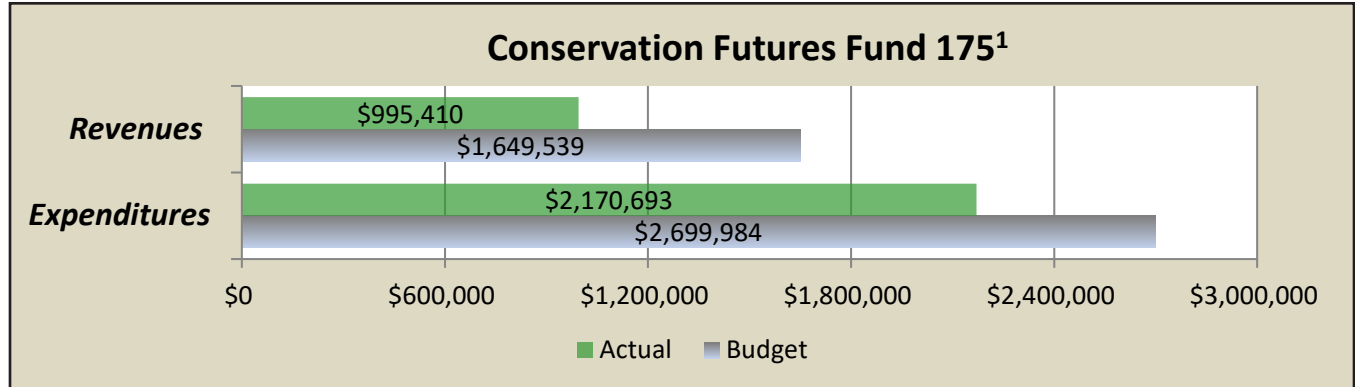
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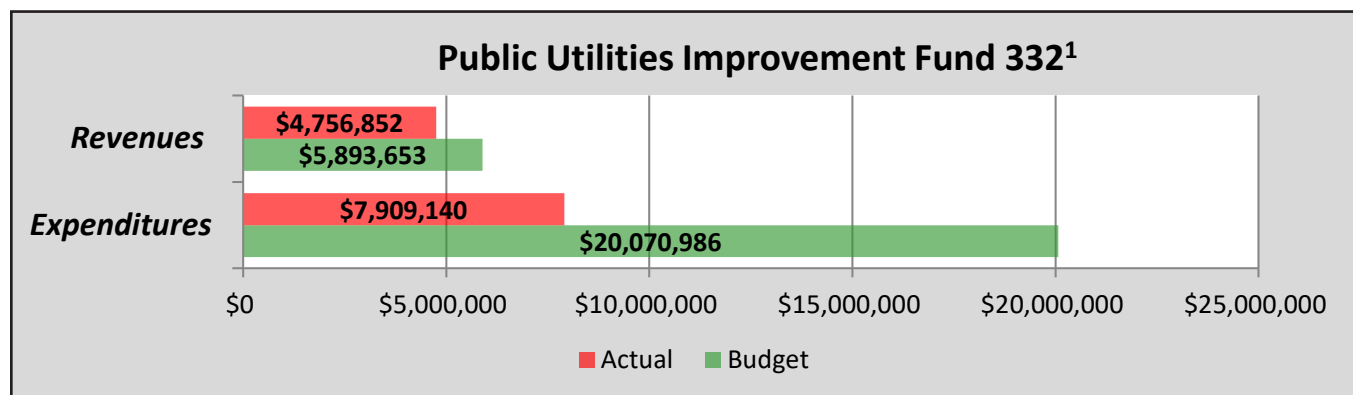
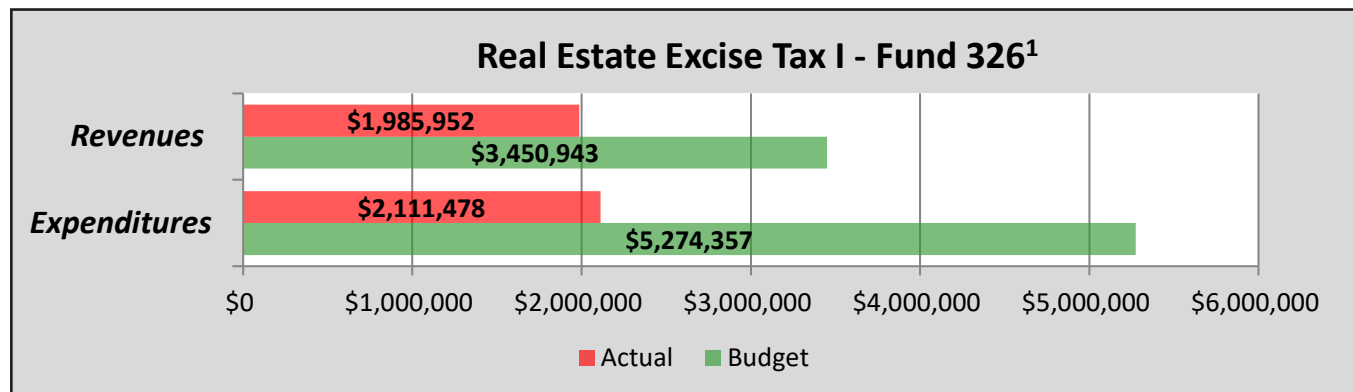
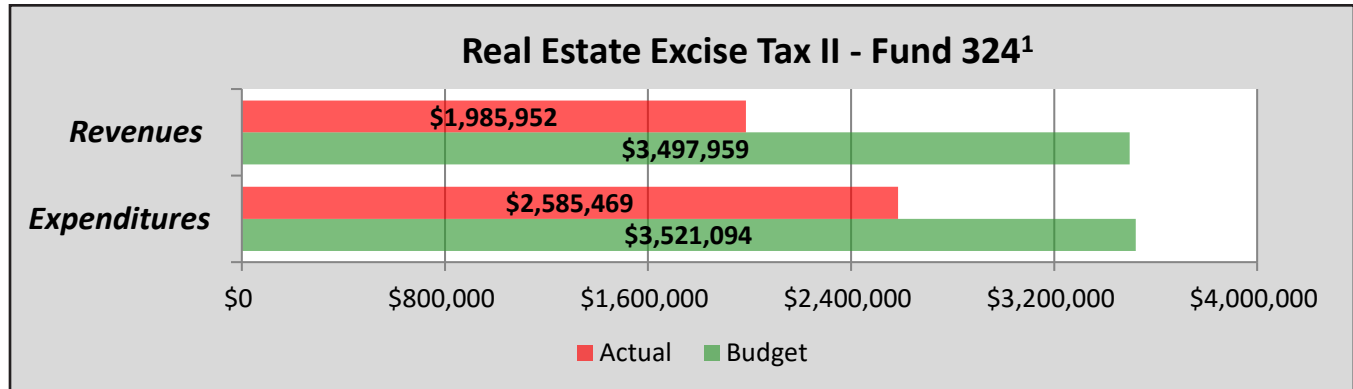
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Capital Project Funds



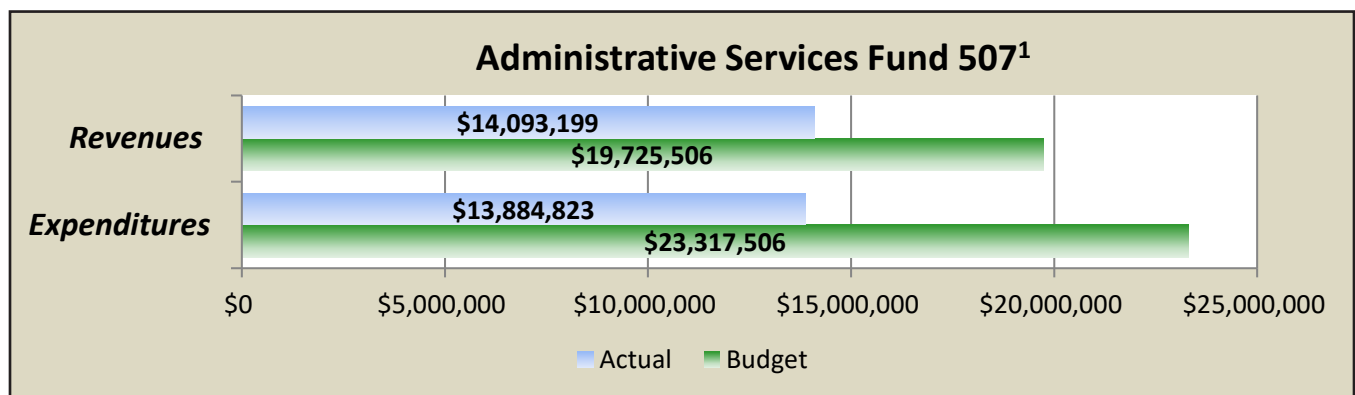
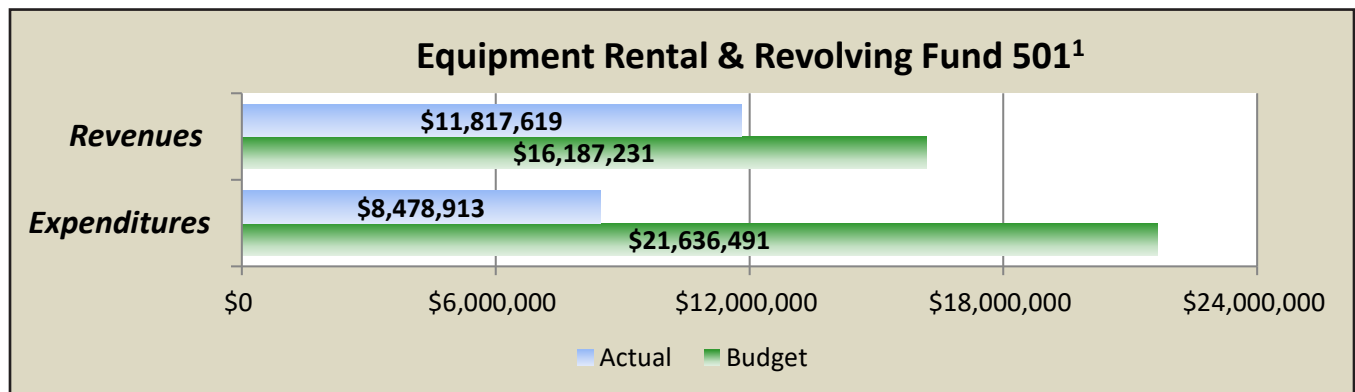
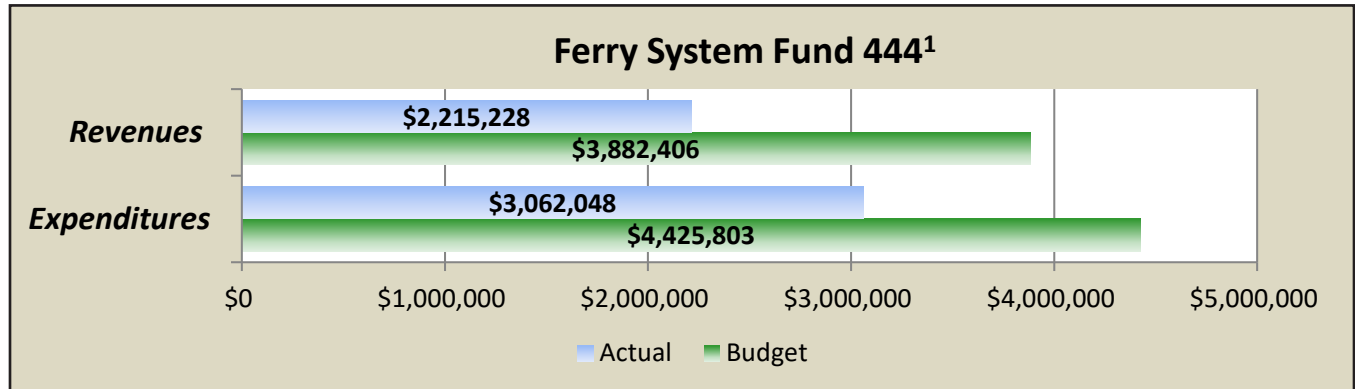
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Enterprise and Internal Service Funds



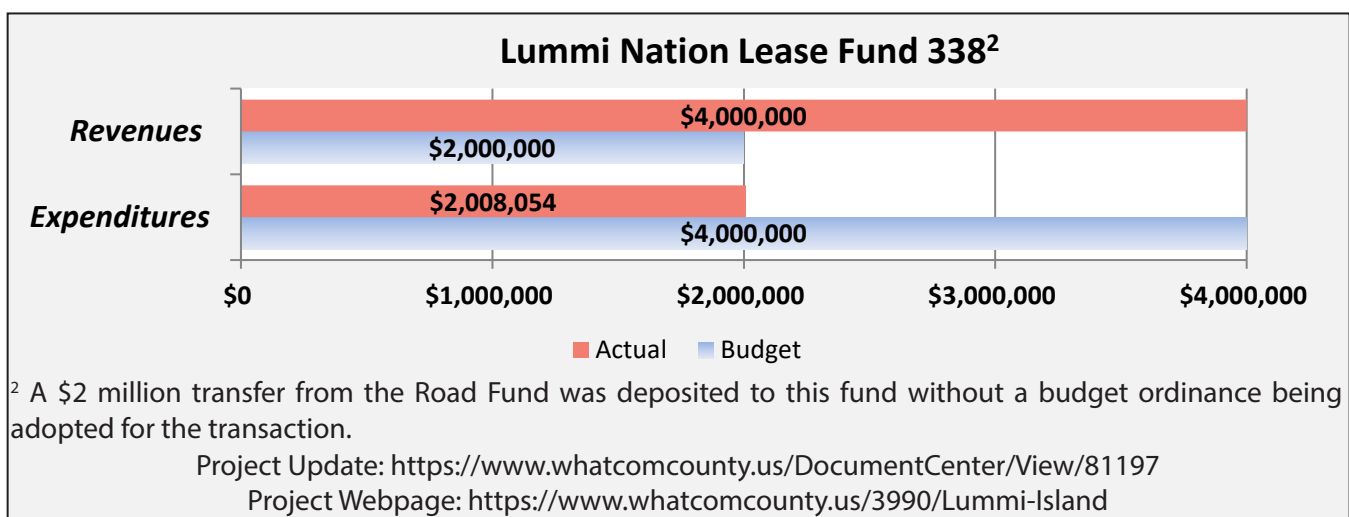
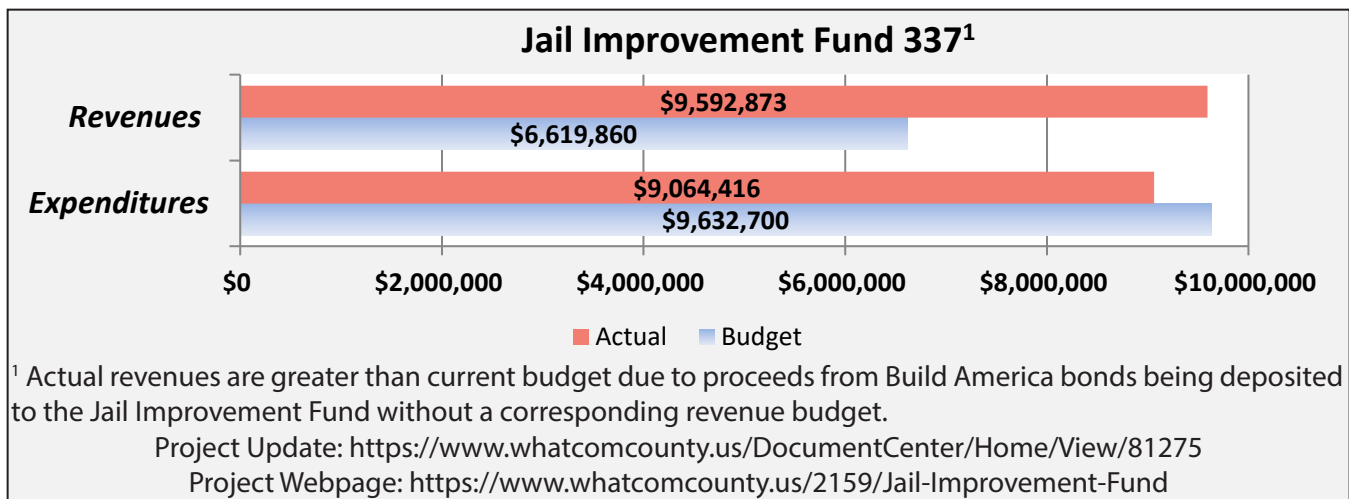
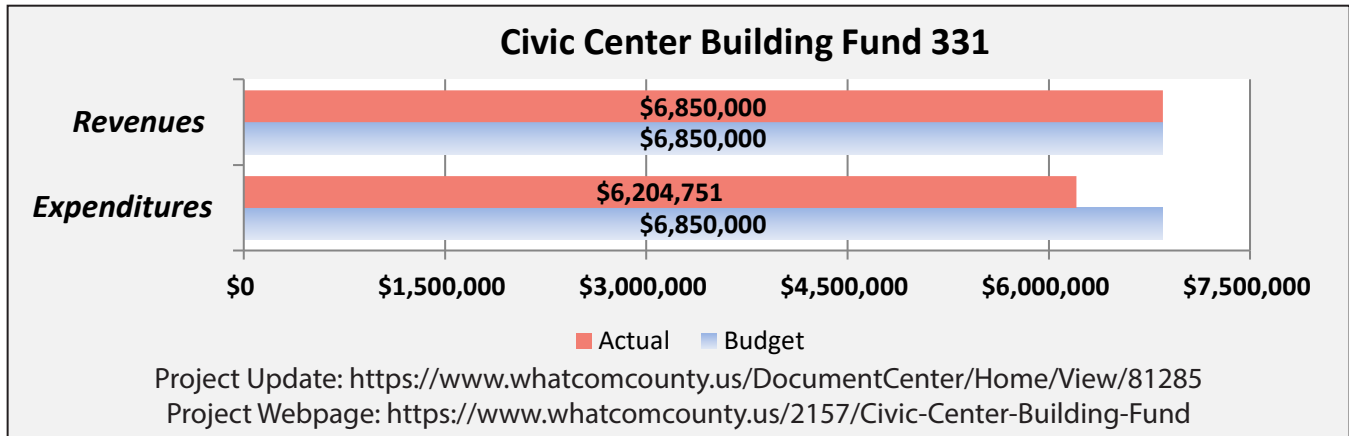
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Project Budget Funds

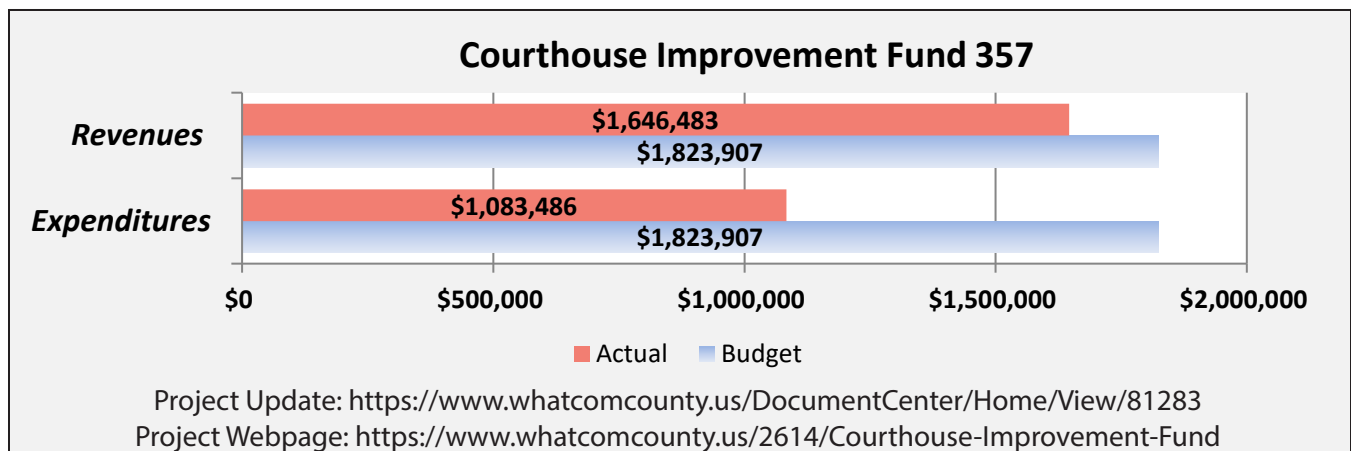
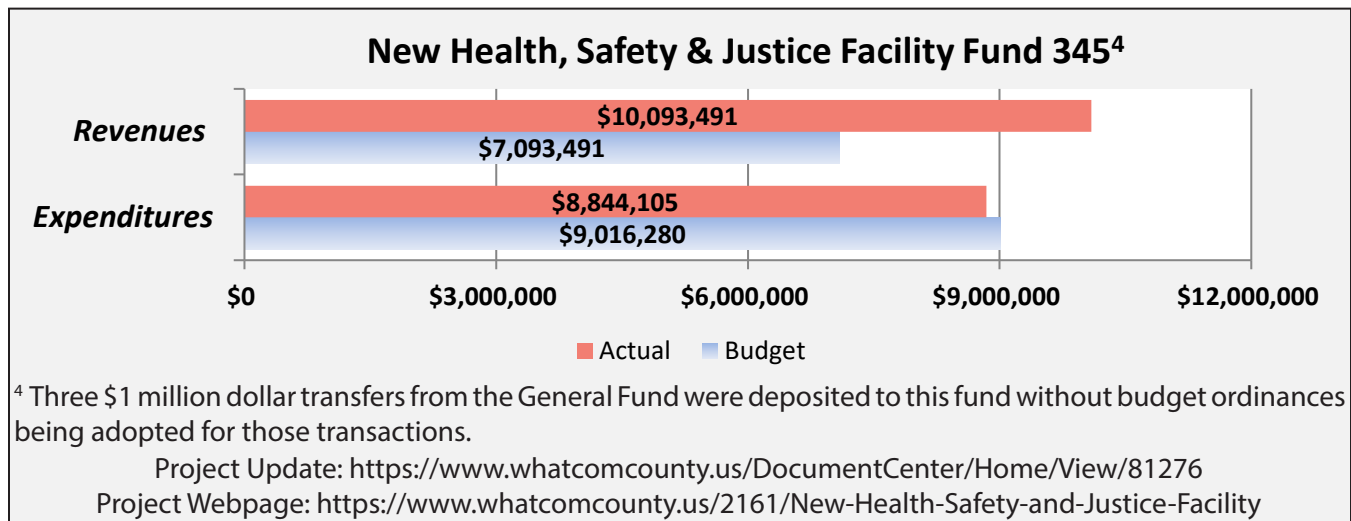
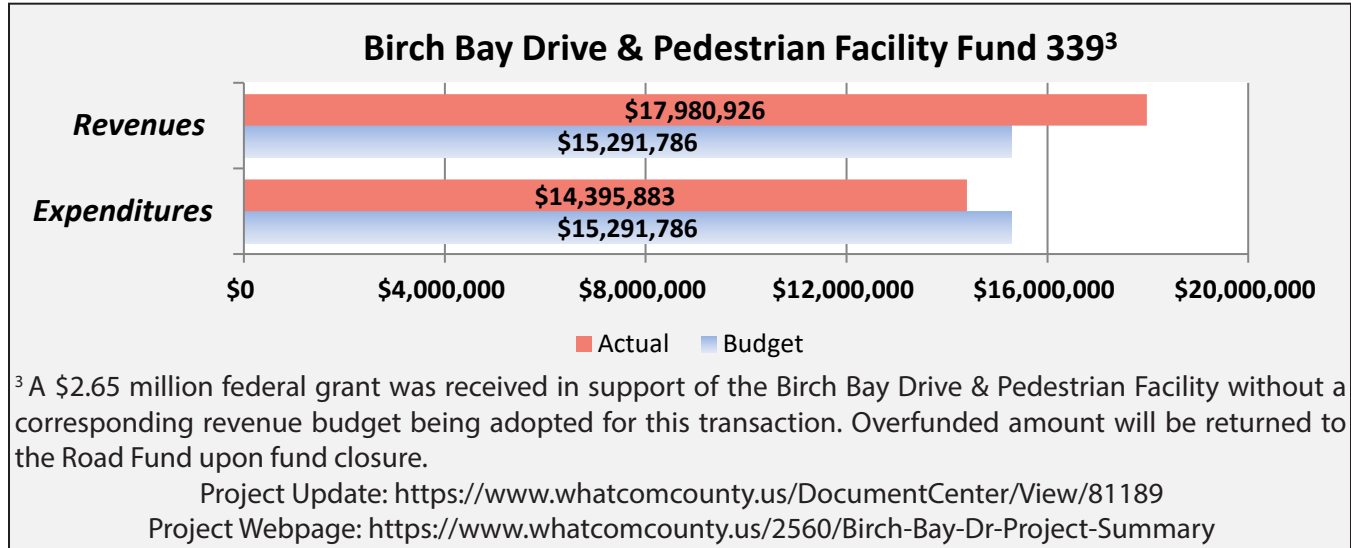


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued

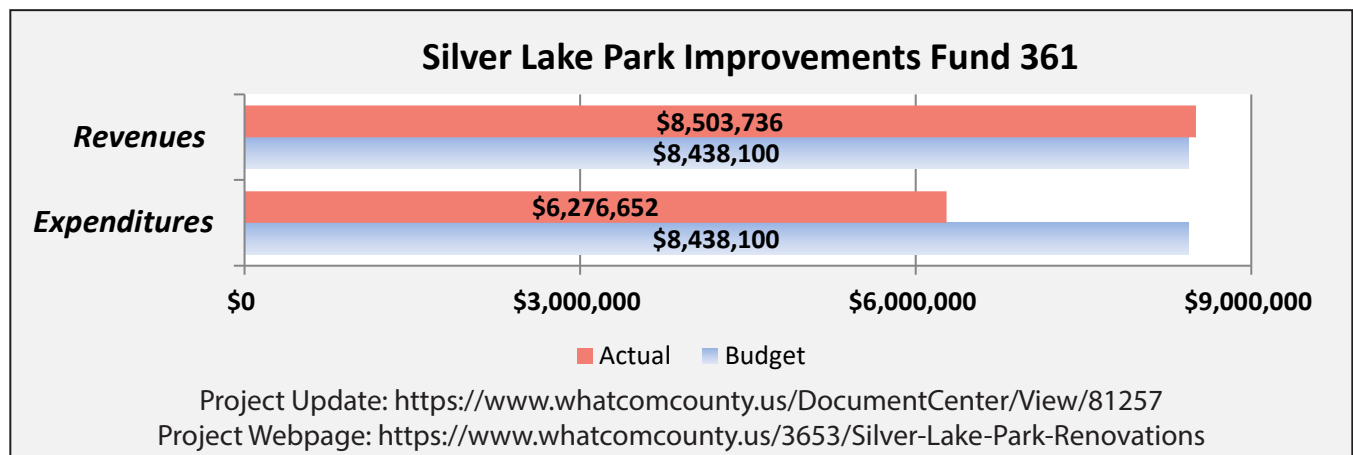
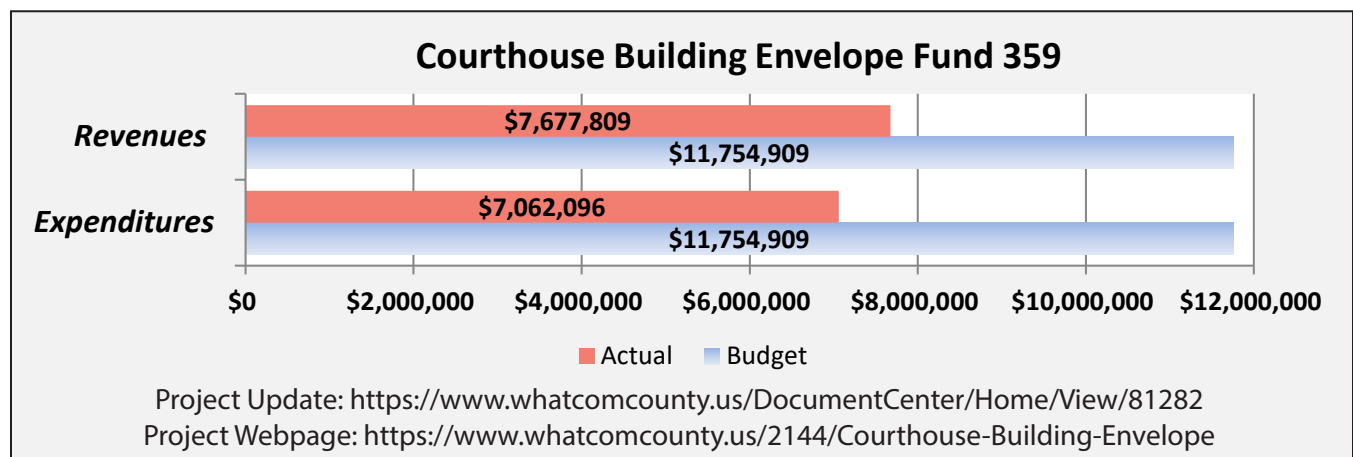
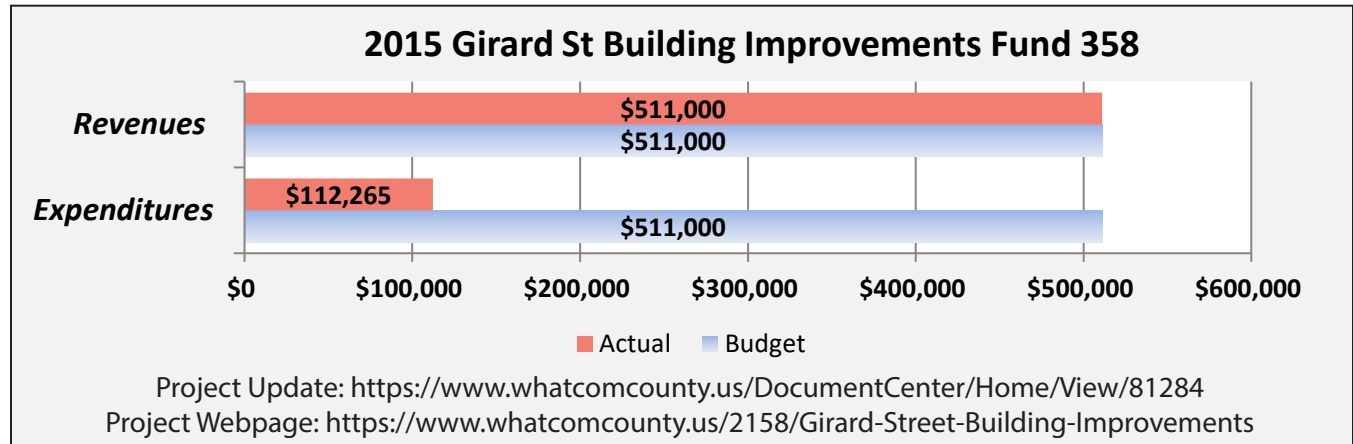


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued

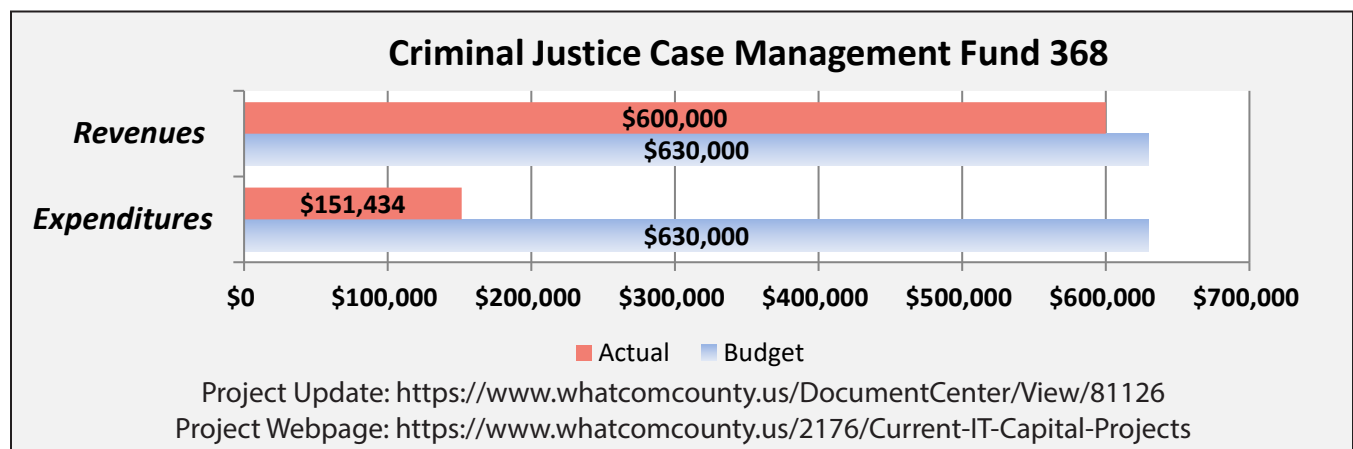
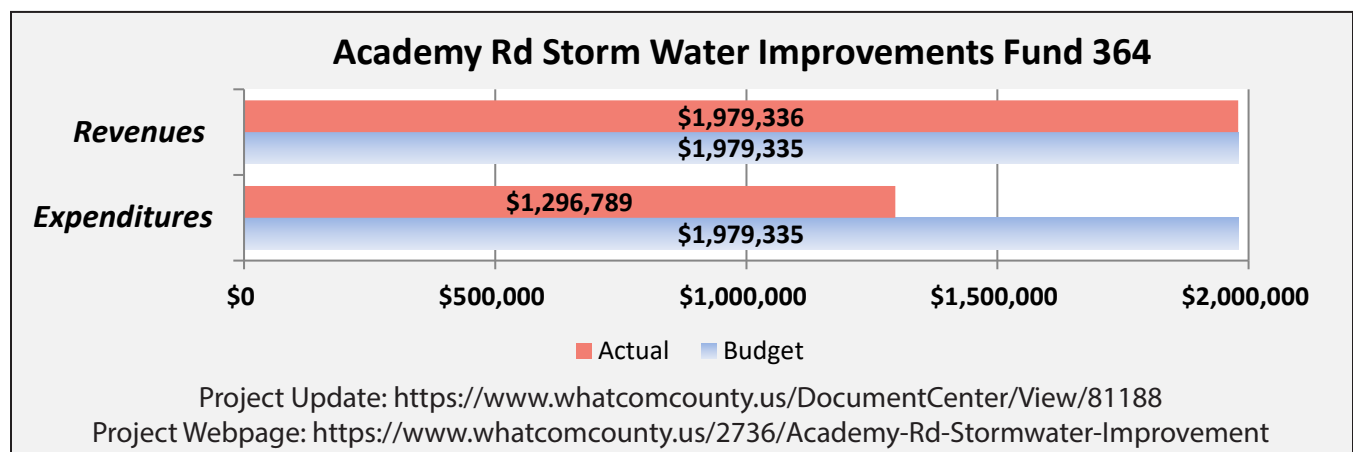
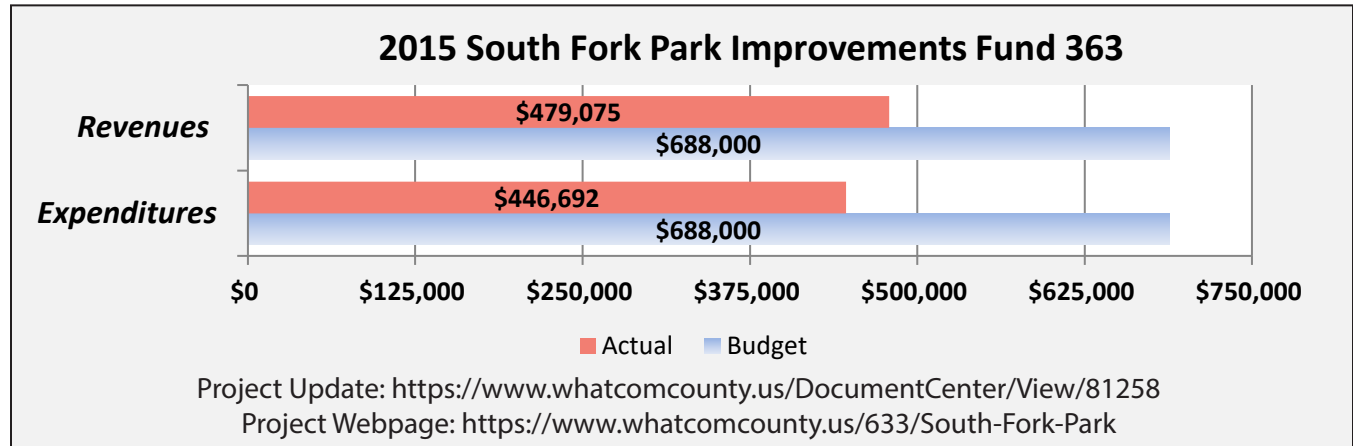


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued

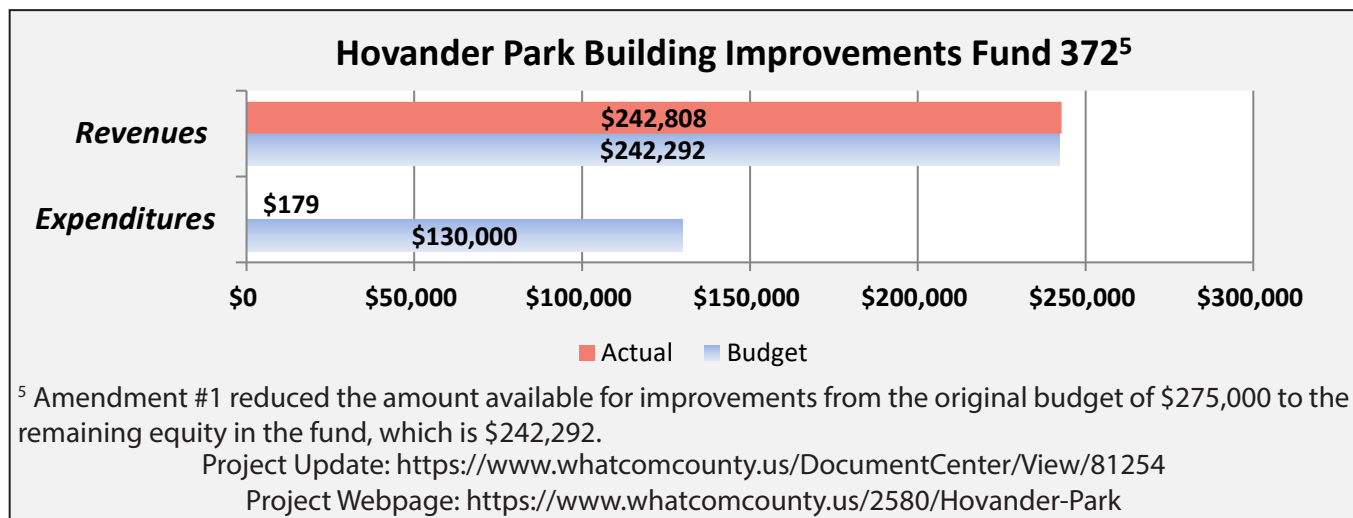
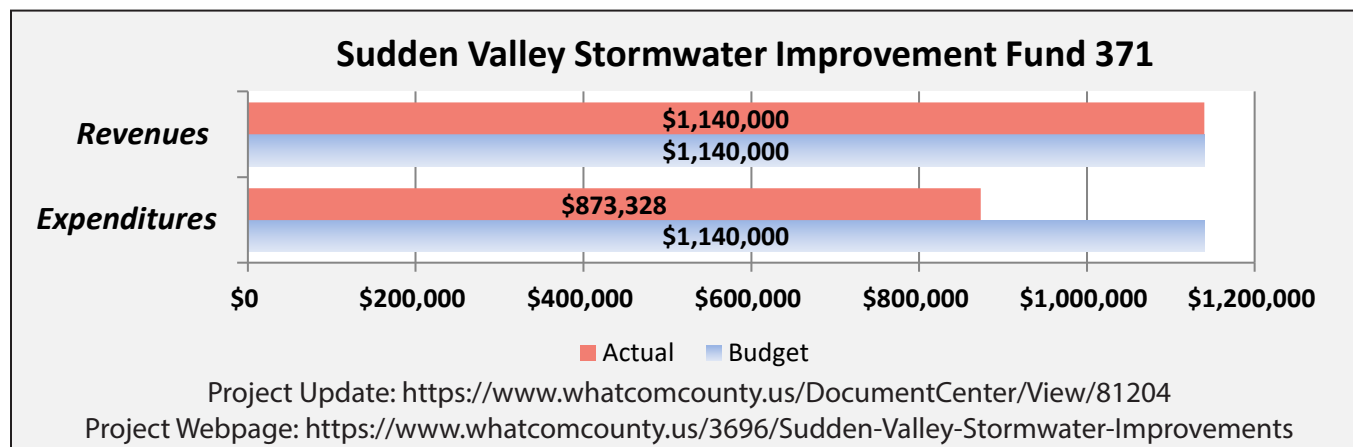
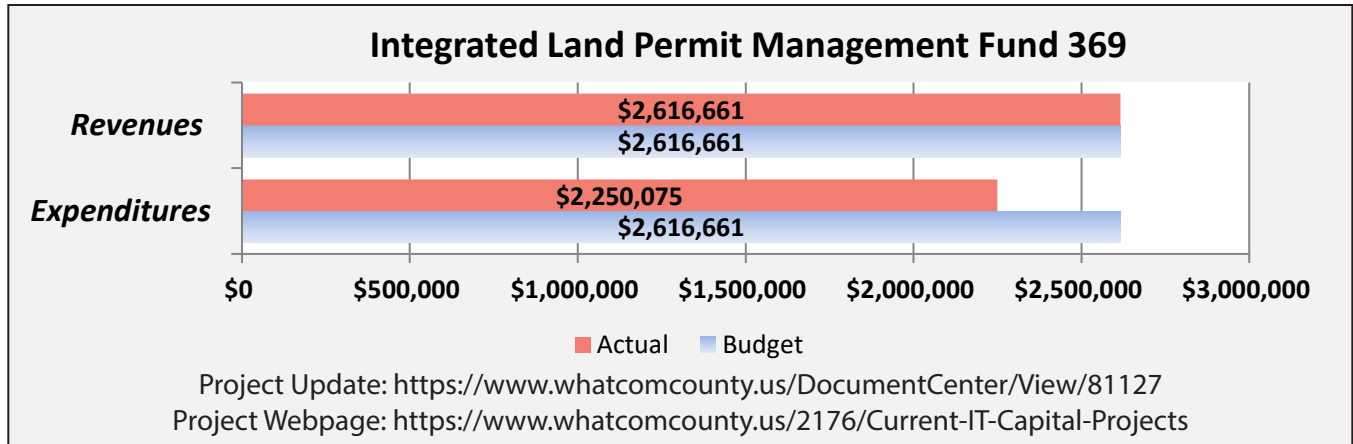


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued



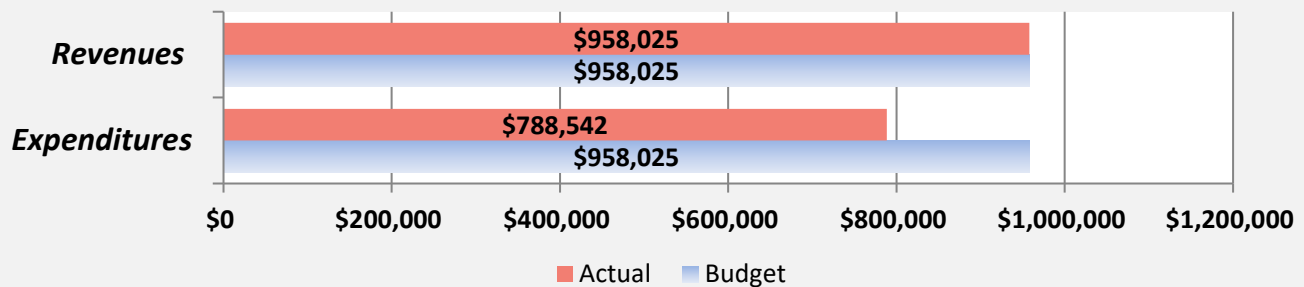
Whatcom County Third Quarter 2023 Financial Report

For the Quarter Ended September 30, 2023



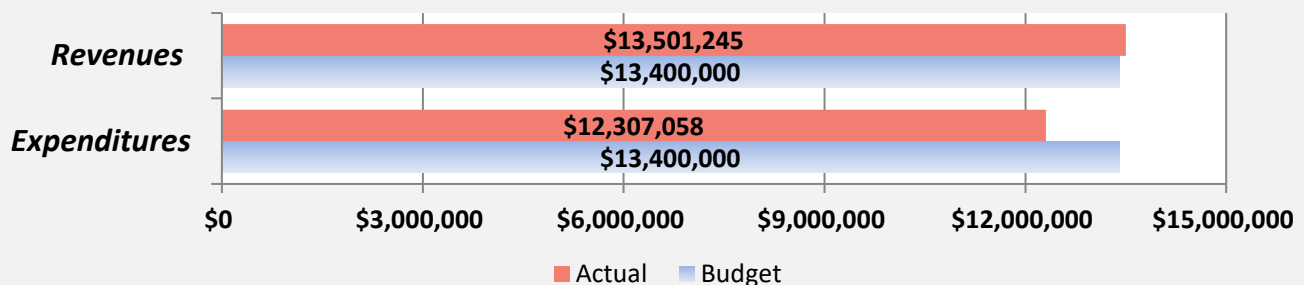
Project Budget Funds, continued

Lake Whatcom Trail Development Fund 373



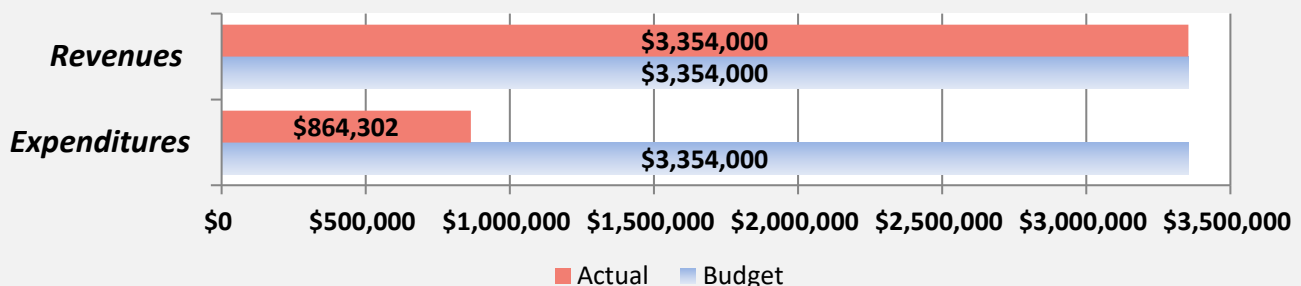
Project Update: <https://www.whatcomcounty.us/DocumentCenter/View/81255>
Project Webpage: <https://www.whatcomcounty.us/2581/Lake-Whatcom-Park-Development>

Triage Center Expansion Fund 374



Project Update: <https://www.whatcomcounty.us/DocumentCenter/View/81279>
Project Webpage: <https://www.whatcomcounty.us/2799/Crisis-Triage-Center>

Financial System Software Fund 375



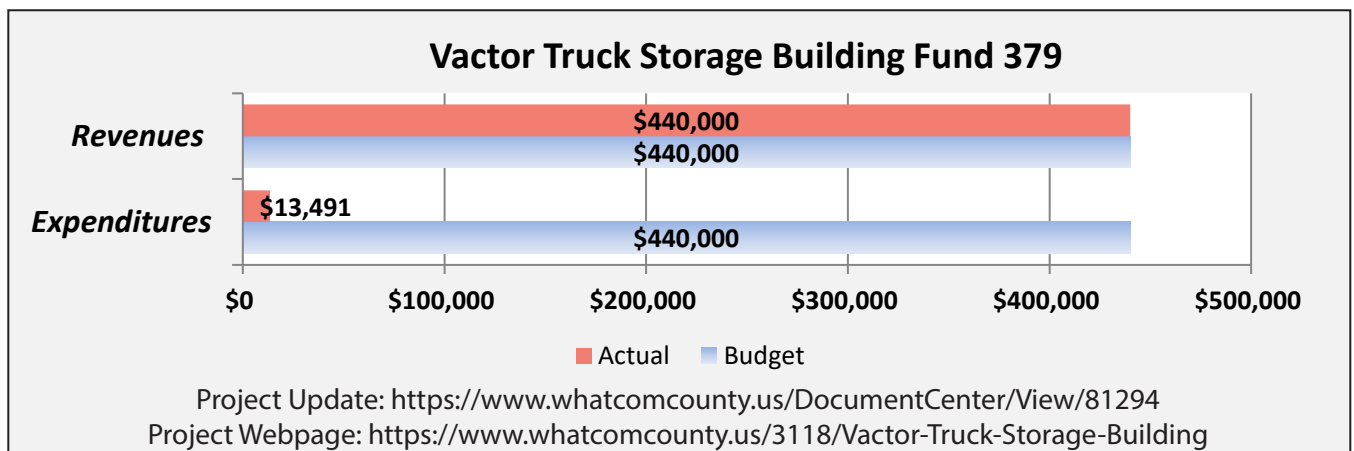
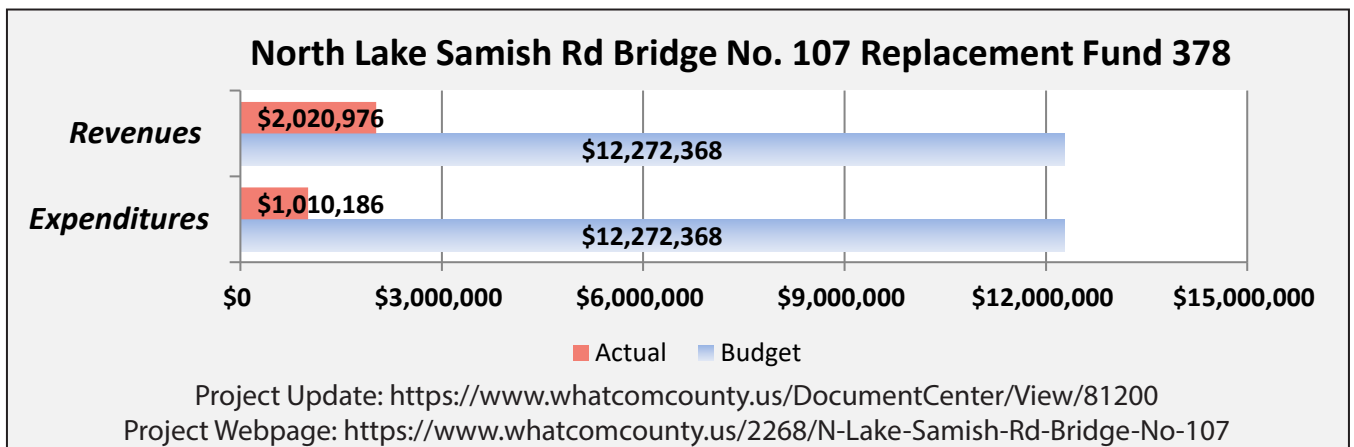
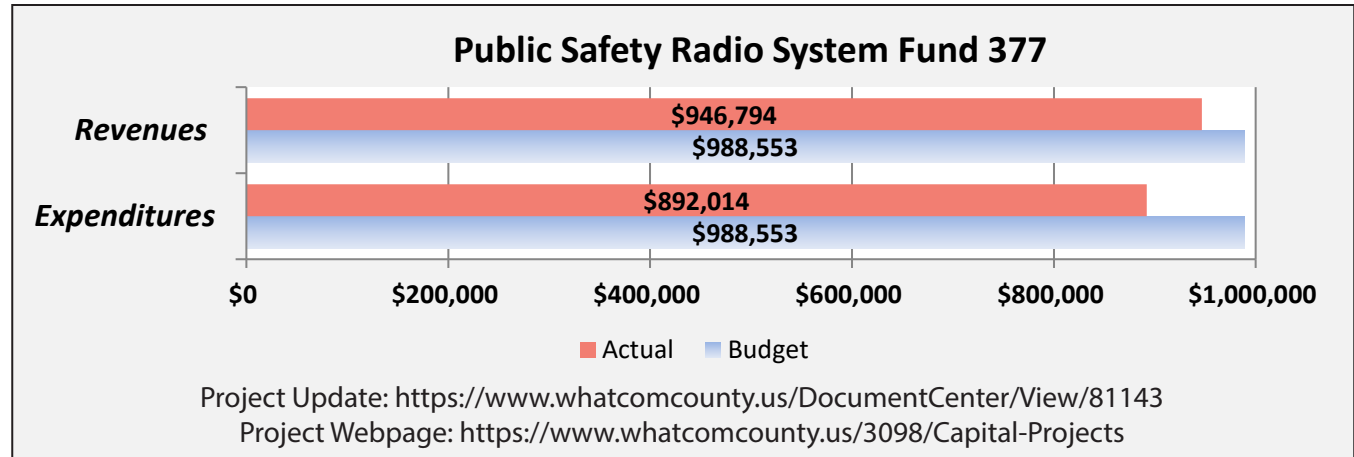
Project Update: <https://www.whatcomcounty.us/DocumentCenter/View/81128>
Project Webpage: <https://www.whatcomcounty.us/2176/Current-IT-Capital-Projects>

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Project Budget Funds, continued

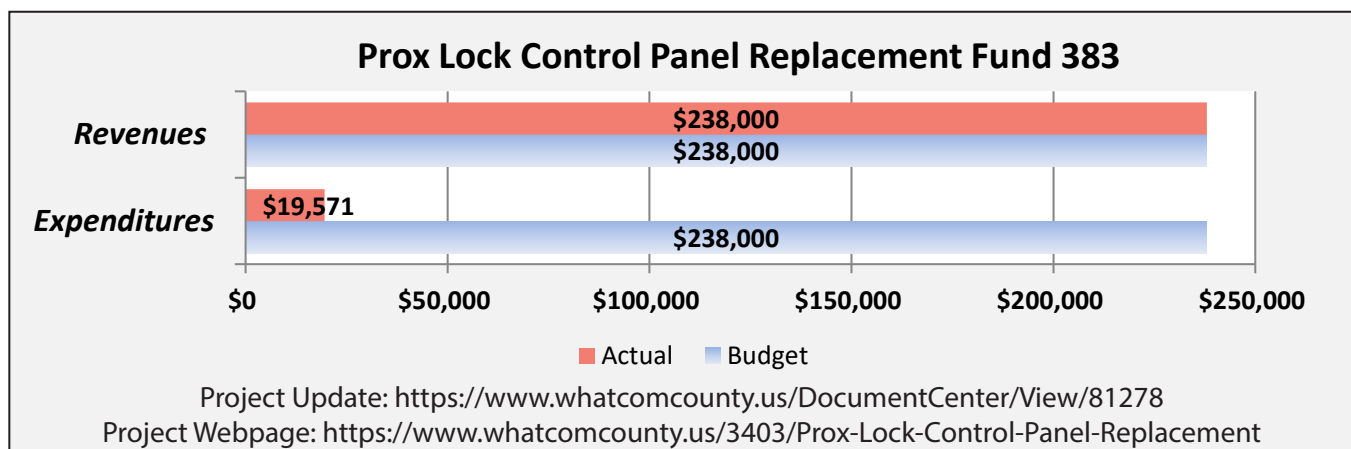
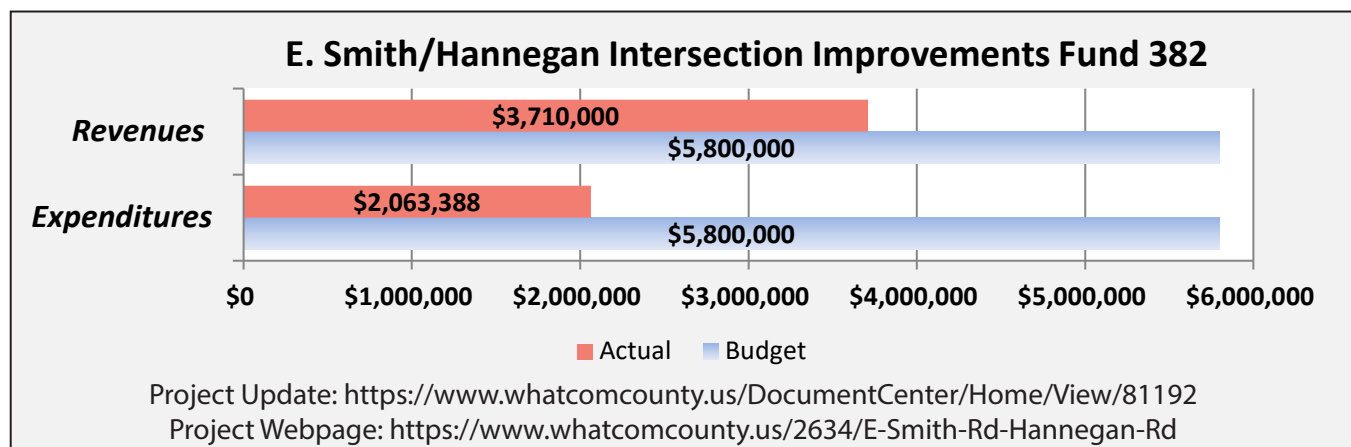
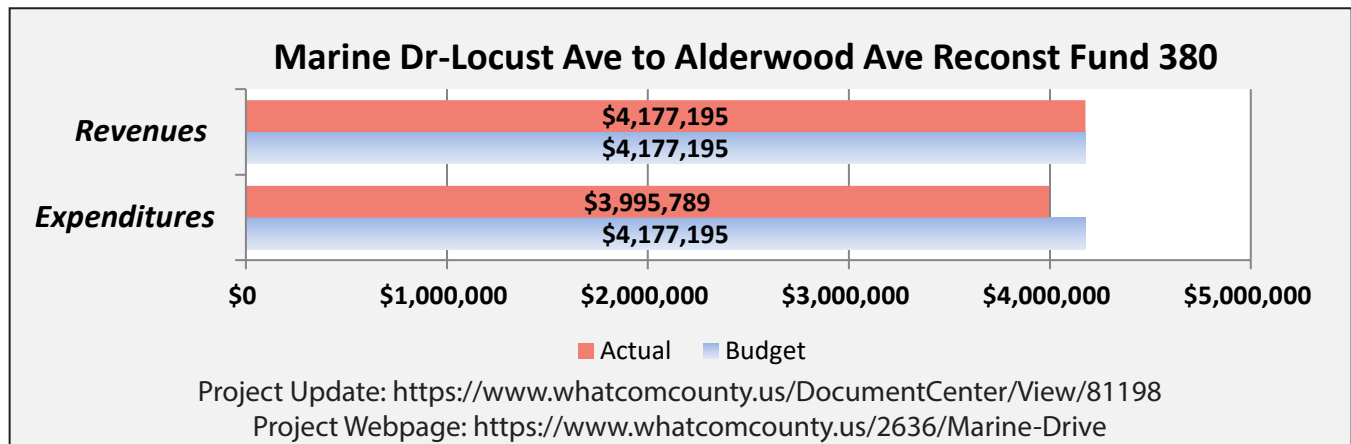


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued

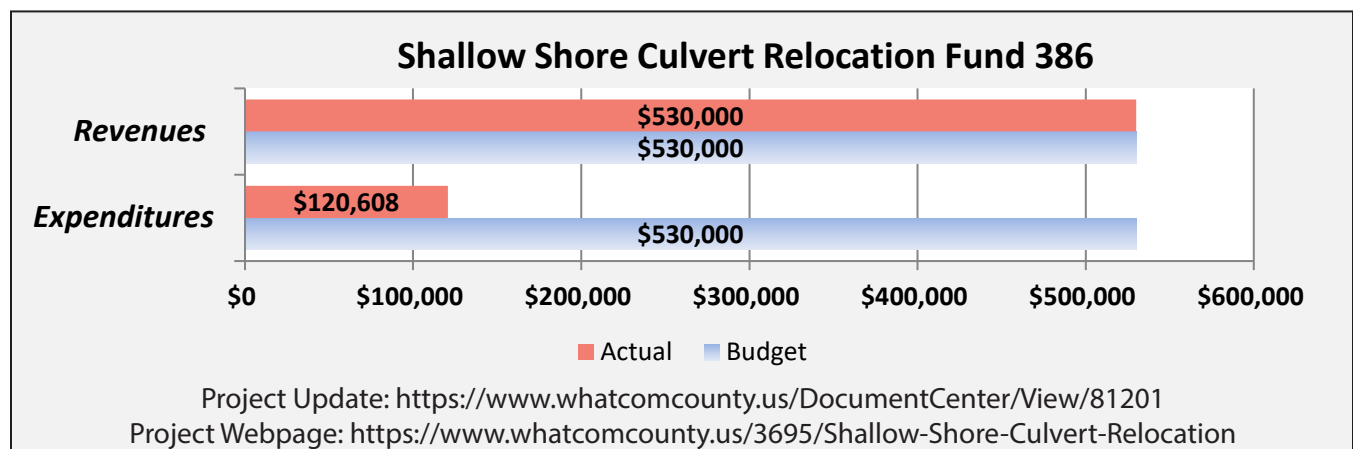
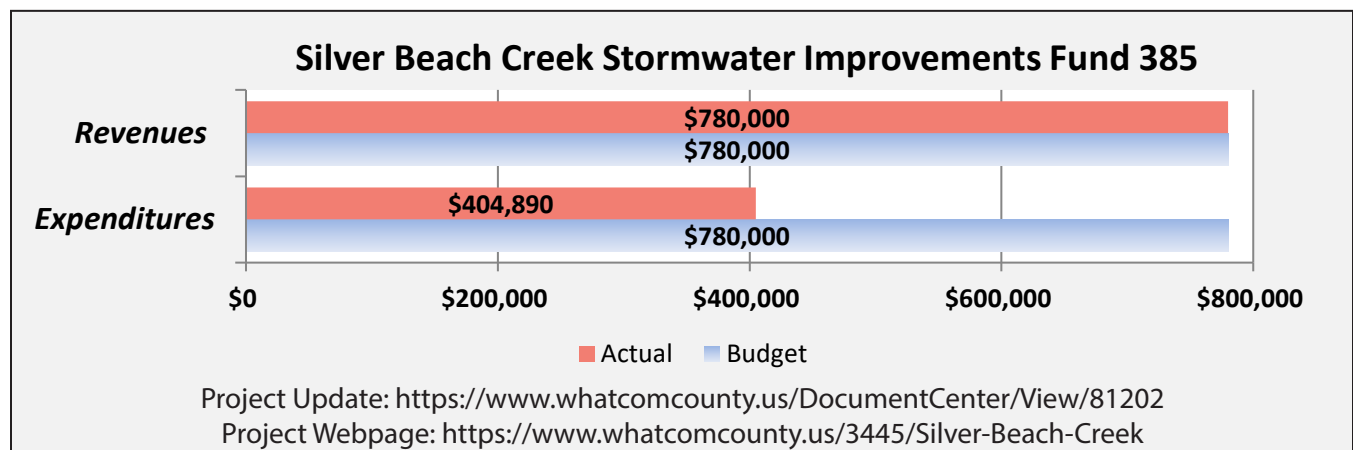
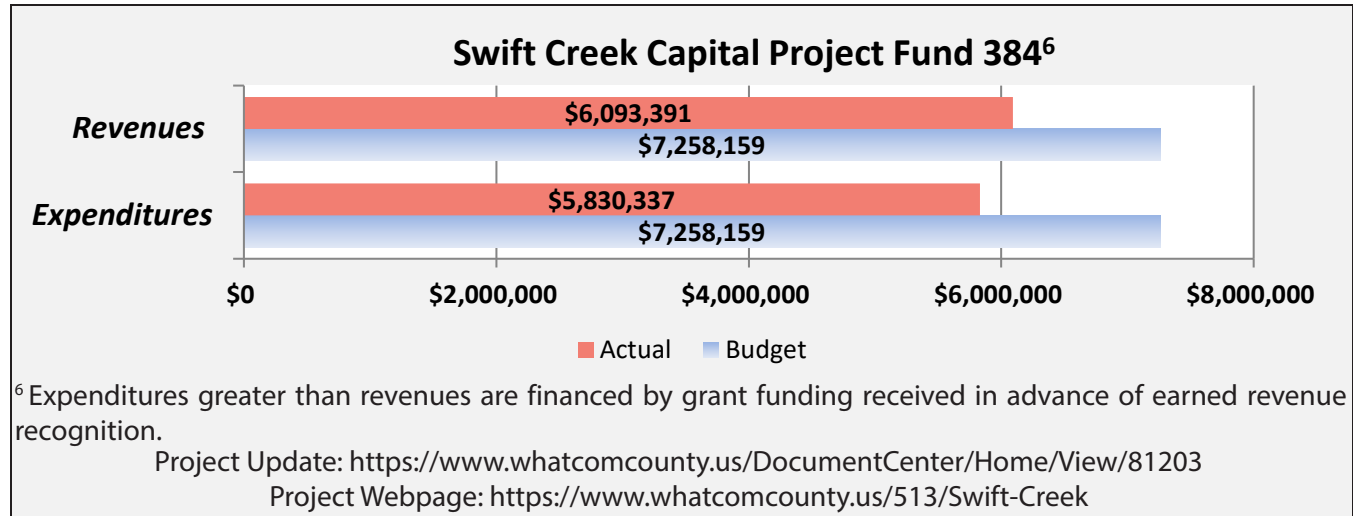


Whatcom County Third Quarter 2023 Financial Report

For the Quarter Ended September 30, 2023



Project Budget Funds, continued

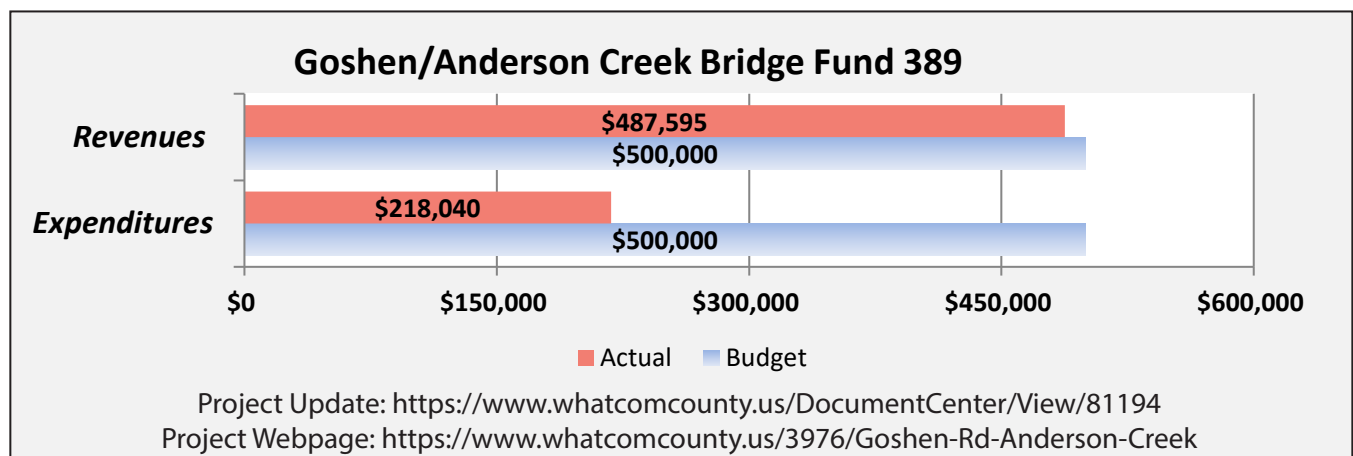
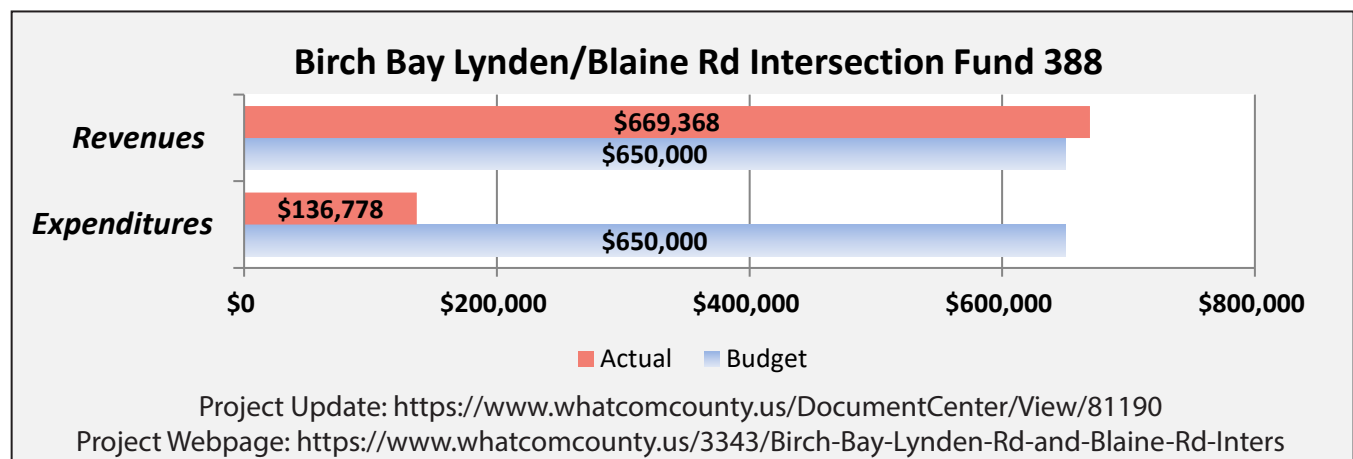
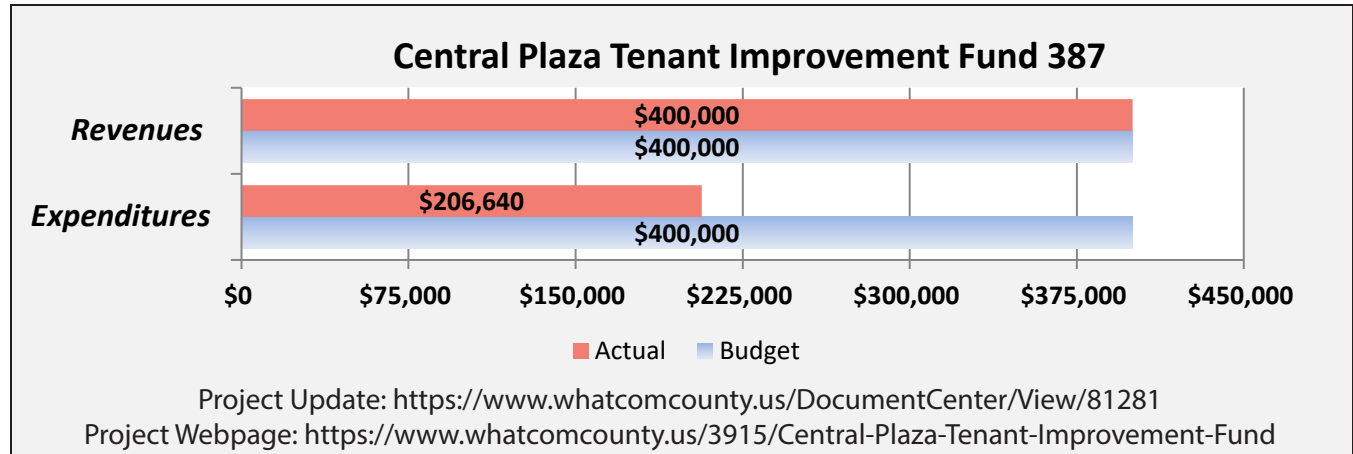


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued

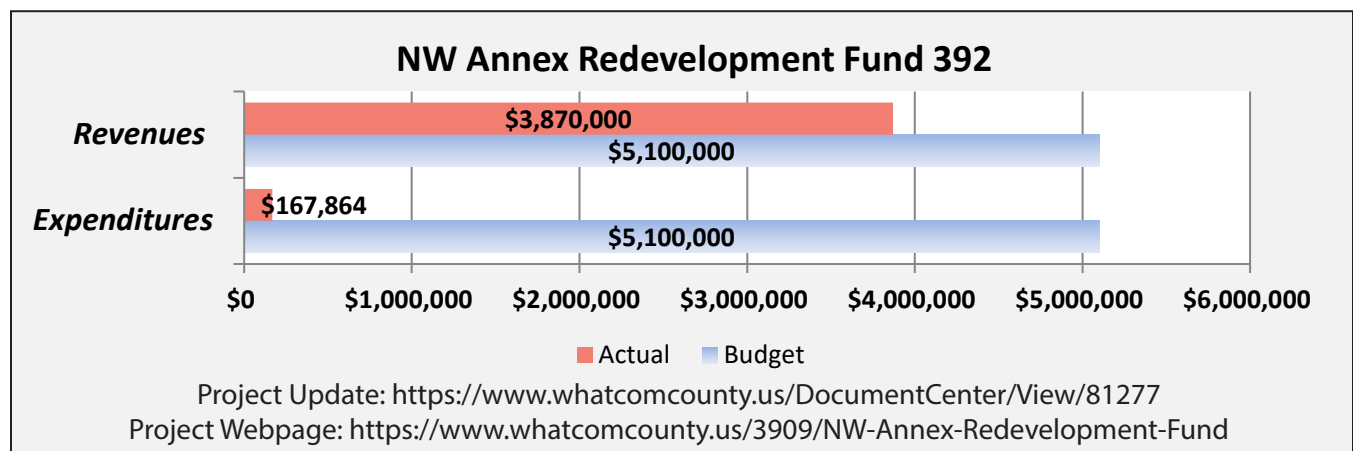
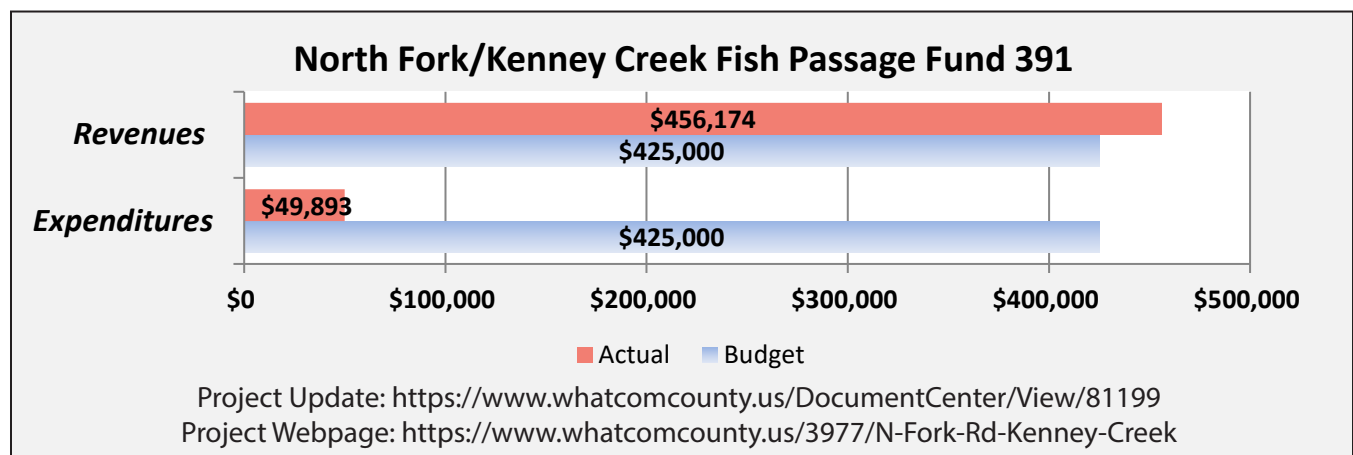
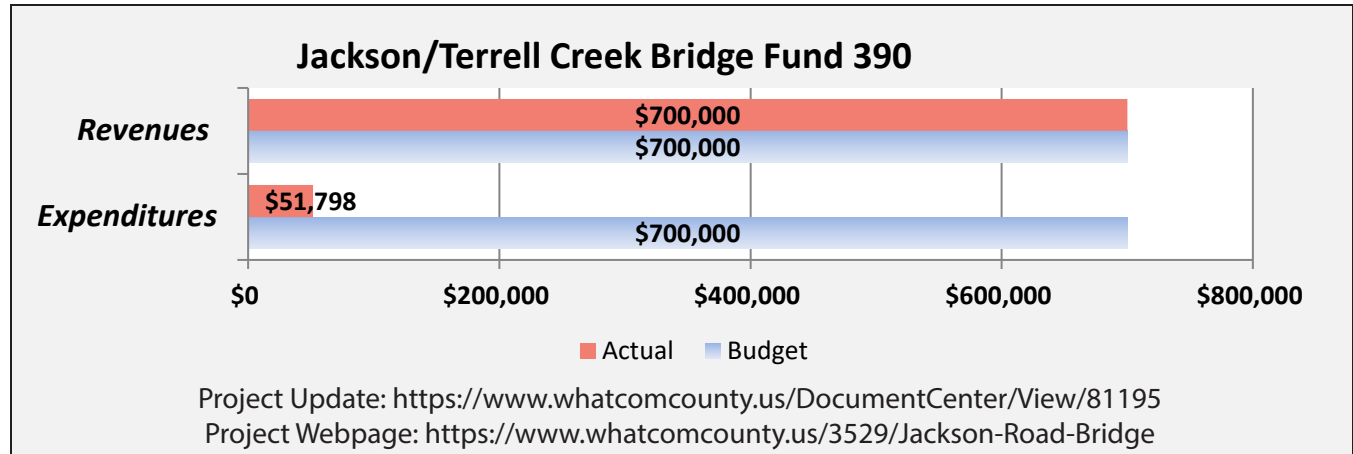


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued

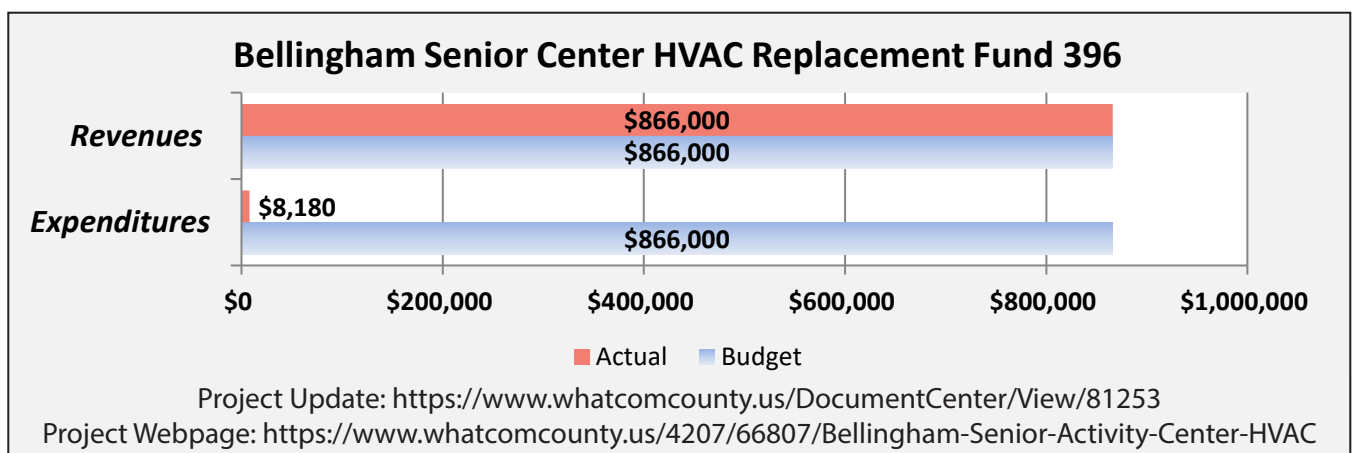
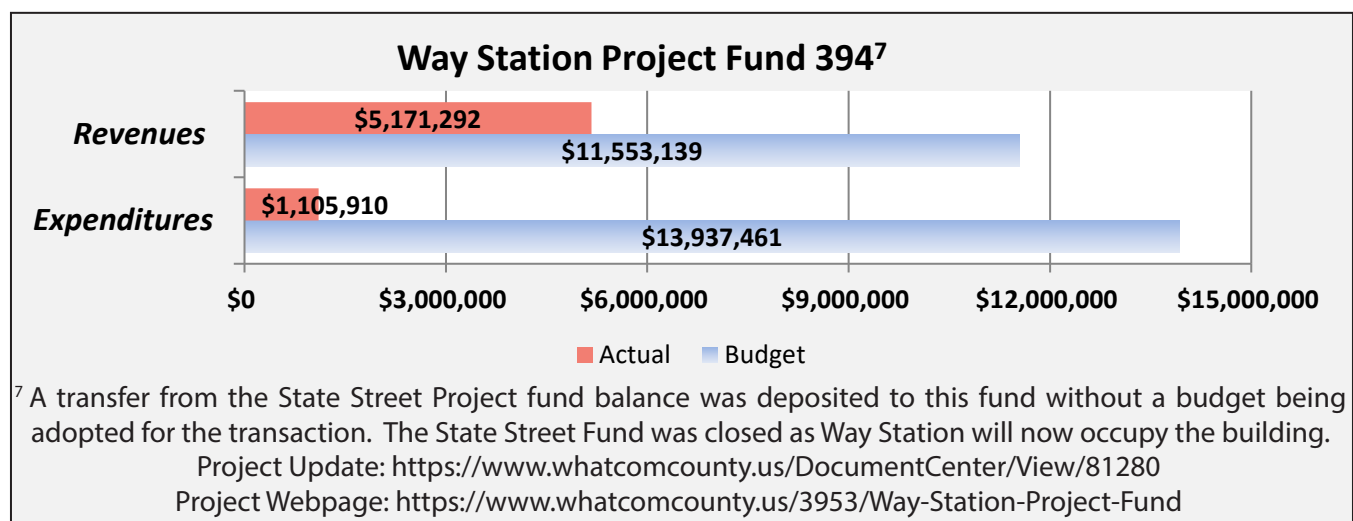
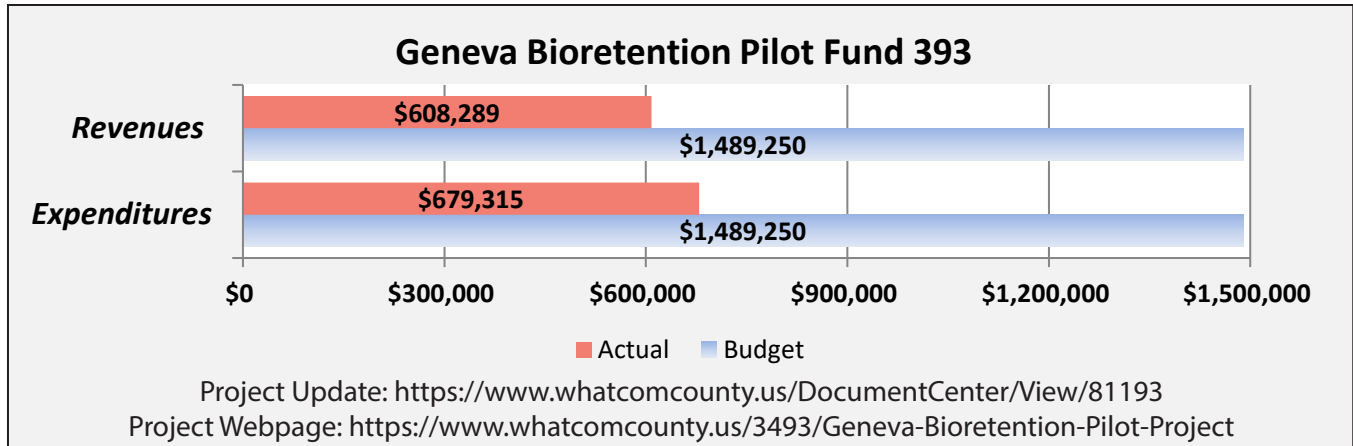


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For the Quarter Ended September 30, 2023



Project Budget Funds, continued



Whatcom County Third Quarter 2023 Financial Report

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Project Budget Funds, continued

