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TO: Katie Scott, Chair
Ways & Means Committee

FROM: Gregory Dill
County Administrator

DATE: August 7, 2019

SUBJECT: 2019 - 2022 General Fund and Non-general Fund Budget Adjustments

BOARD ACTION REQUESTED:

By Board policy, updates on the status of the budget are provided quarterly throughout the year, with resolutions to adjust the budget prepared as needed. A review of the 2nd quarter end status has been completed. It is requested that the Board of Commissioners authorize a budget adjustment to reflect the changes that have occurred since the modification of the budget on June 5, 2019.

BACKGROUND:

During the 2019 fiscal year, quarterly budget updates were presented (May 15th and August 7th) to the Board of Commissioners on the status of the budget. The presentations outlined the major factors contributing to fluctuations in the General Fund and Non-General Fund Budgets throughout the year.

Through the second quarter, total projected revenues are more than total projected expenditures for a projected surplus of \$4,879,434. The adopted 2019 General Fund Budget includes a budgeted plan use of fund balance in the amount of \$75,000. The General Fund projections are trending better than budget.

DISCUSSION:

The Board of Commissioners have authorized two budget adjustments that amended the 2019-2022 Quadrennial General Fund Budget:

On May 15, 2019, the Board of Commissioners approved per Resolution #19-088 a net neutral budget adjustment that removed public defender financial activities from the General Fund, re-categorized the County's local share to an appropriation/transfer out, and budgeted the local share within the Indigent Defense Fund as required per State law.

On June 5, 2019, the Board of Commissioners approved per Resolution #19-109 a budget adjustment to recognize the increased property tax revenue of \$2,950,702 as a result of the 2019 Equalization Report. Three immediate allocations were approved in alignment with State law, current adopted policy and labor contract requirements: 1.) a \$384,795 non-structural, one-time only, allocation to comply with the Community Mental Health Fund deficit elimination plan as required by State law and as approved by the Board per Resolution #19-108; 2.) a \$500,000 structural, ongoing annual, allocation per adopted policy was set aside for future personnel services increases to be implemented in alignment with the recommendations from the

compensation study; and 3.) a \$128,861 non-structural, one-time only, allocation to comply with labor agreements for the unplanned overtime as a result of the severe cold weather closers. Finally, the remaining structural allocation per adopted policy in the amount of \$1,937,046 was budgeted in the undesignated allocation for future investment to be discussed and determined upon resolving the projected Community Mental Health 9-30-19 deficit.

Now that the second quarter budget presentation is complete there are a few technical adjustments needed to bring the General Fund budget in-line with projections. Based on Board policy, the following recommendations need authorization by the Board to adjust the budget to account for these changes:

- Structural adjustments resulting in an increase in transfer in revenues and an increase in expenditures for personnel services in the amount of \$310,727 to recognize the public safety portion of increased property tax revenues from the Mental Health and Public Safety Millage as a result of the 2019 Equalization Report.
- Nonstructural, one-time, adjustments resulting in increased state revenues and an undesignated allocation in the amount of \$250,645 for 2018 personal property tax reimbursement settlement received in May, 2019 to be budgeted as an undesignated allocation for future investment to be discussed and determined upon resolving the projected Community Mental Health 9-30-19 deficit.

As a result of the major changes discussed above and upon Board of Commissioner authorization, both General Fund revenues and expenditures will increase \$561,372 for fiscal year 2019, \$315,388 for fiscal year 2020, \$320,119 for fiscal year 2021 and \$324,921 for fiscal year 2022.

In addition, there is a technical adjustment to bring the Mental Health and Public Safety Tax Collection Fund budget, a non-general fund, in-line with projections. Based on Board policy, the following recommendations need authorization by the Board to adjust the budget to account for these changes:

- Structural adjustments resulting in an increase in property tax revenues in the amount of \$817,702 and an increase in expenditures for other services and charges for payments to local municipalities with their own police agencies in the amount of \$196,248 and transfers out in the amount of \$621,454 for Sheriff Operations within the General Fund (\$310,727) for the public safety portion of the millage and Mental Health Millage Proceeds Fund (\$310,727), a non-general fund, for the mental health portion of the millage.

Finally, as a result of the major changes discussed above and upon Board of Commissioner authorization, both non-general fund revenues and expenditures within the Mental Health & Public Safety Tax Collection Fund will increase \$817,702 for fiscal year 2019, \$829,968 for fiscal year 2020, \$824,417 for fiscal year 2021 and \$855,054 for fiscal year 2022.

IMPACT ON HUMAN RESOURCES:

This budget adjustment has no impact on Human Resources.

IMPACT ON BUDGET:

There will be a net increase of \$561,372 to the 2019 General Fund Budget. The 2019 General Fund Budget will be amended by increasing personal property tax reimbursements within the

state revenue category and transfer in within the category and increasing salary and fringe benefits expenditures in the personnel services category in the amount of \$310,727 within the Sheriff's Office), and increasing other services and charges in the amount of \$250,645 for the undesignated allocation expense in the other services & charges category. Adjustments will increase future fiscal year General Fund budgets by: \$315,388 for 2020, \$320,119 for 2021 and \$324,921 for 2022.

There will be a net increase of \$817,702 to the Mental Health and Public Safety Tax Collection Fund budget, a non-general fund. The 2019 Mental Health and Public Safety Tax collection Fund will be amended by increasing property tax revenue within the taxes and penalties category and local municipalities payments within the other services and charges category and transfers out within the appropriations category. Adjustments will increase future fiscal year Mental Health and Public Safety Tax Collection Fund, a non-general fund budget, by: \$829,968 for 2020, \$842,417 for 2021 and \$855,054 for 2022.

IMPACT ON INDIRECT COSTS:

This budget adjustment has no impact on indirect costs.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

This budget adjustment has no impact on the operations of county departments or outside agencies.

CONFORMITY TO COUNTY POLICIES:

This adjustment is in alignment with county policies for required Board of Commissioners authorization for budget adjustments.

ATTACHMENTS/APPENDICES:

Resolution

A RESOLUTION AMENDING THE 2019-2022 GENERAL FUND AND NON-GENERAL FUND BUDGETS

WASHTENAW COUNTY BOARD OF COMMISSIONERS

August 7, 2019

WHEREAS, Administration has committed to partner with the Board and with the organization to monitor any major impacts on the 2019 budget and present these findings and recommendations to the Board of Commissioners on a quarterly basis; and

WHEREAS, Board of Commissioner authorization is needed to make program budget revisions for amounts greater than \$100,000 or over 10%, whichever is less; and

WHEREAS, on May 15, 2019, the Board of Commissioners approved per Resolution #19-088 a net neutral budget adjustment that removed public defender financial activities from the General Fund, re-categorized the County's local share to an appropriation/transfer out, and budgeted the local share within the Indigent Defense Fund as required per State law; and

WHEREAS, on June 5, 2019, the Board of Commissioners approved per Resolution #19-109 a budget adjustment to recognize the increased property tax revenue of \$2,950,702 as a result of the 2019 Equalization Report and included three immediate allocations 1.) a \$384,795 non-structural, one-time only, allocation to comply with the deficit elimination plan as required by State law and as approved by the Board per Resolution #19-108; 2.) a \$500,000 structural, ongoing annual, allocation per adopted policy was set aside for future personnel services increases to be implemented in alignment with the recommendations from the compensation study; and 3.) a \$128,861 non-structural, one-time only, allocation to comply with labor agreements for the unplanned overtime as a result of the severe cold weather closers; and finally, the remaining structural allocation per adopted policy in the amount of \$1,937,046 was budgeted in the undesignated allocation for future investment to be discussed and determined upon resolving the projected Community Mental Health 9-30-19 deficit; and

WHEREAS, a review of the 2nd quarter end status of the 2019 fiscal year is now complete and there are on-going structural and nonstructural financial items that impact the 2019-2022 General Fund and non-general fund budgets; and

WHEREAS, within the General Fund, a structural adjustment for 2019-2022 is needed for increased transfers in revenues in the amount of \$310,727 with an offset for increasing expenditures for personnel services with the Sheriff's Office for public safety operations; and

WHEREAS, within the General Fund, a nonstructural adjustment for 2019 only is needed for increased state revenues and an undesignated allocation in the amount of \$250,645 for 2018 personal property tax reimbursement settlement paid in May, 2019 and to be for future investment to be discussed and determined upon resolving the projected Community Mental Health 9-30-19 deficit; and

WHEREAS, within the Mental Health and Public Safety Tax Collection Fund, a structural adjustment for 2019-2022 is needed for increased property tax revenues in the amount of \$817,702 and an increase in expenditures for other services and charges for payments to local municipalities with their own police agencies in the amount of \$196,248 and transfers out in the

amount of \$621,454 for Sheriff Operations within the General Fund (\$310,727) for the public safety portion of the millage and Mental Health Millage Proceeds Fund (\$310,727), a non-general fund, for the mental health portion of the millage; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, Human Resources, the County Administrator's Office and the Ways & Means Committee

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby amends the 2019-2022 General Fund and Non-General Fund Budgets as attached hereto and made a part hereof.

**Washtenaw County
2019 - 2022 General Fund
(1010)**

	2019 Current Budget	2019 Recommended Budget	Variance	2020 Current Budget	2020 Recommended Budget	Variance	2021 Current Budget	2021 Recommended Budget	Variance	2022 Current Budget	2022 Recommended Budget	Variance
Revenues:												
40050 Taxes & Penalties	76,009,087	76,009,087	-	77,107,676	77,107,676	-	78,222,744	78,222,744	-	79,354,537	79,354,537	-
45000 Licenses & Permits	435,686	435,686	-	431,199	431,199	-	436,665	436,665	-	451,317	451,317	-
50000 Federal/State/Local Revenue	12,712,256	12,962,901	250,645	12,759,294	12,759,294	-	12,767,358	12,767,358	-	12,804,895	12,804,895	-
60000 Fees & Services	22,360,029	22,360,029	-	22,361,860	22,361,860	-	22,565,799	22,565,799	-	22,773,216	22,773,216	-
65000 Fines & Forfeitures	1,012,100	1,012,100	-	1,012,100	1,012,100	-	1,012,100	1,012,100	-	1,012,100	1,012,100	-
66000 Interest Revenue	120,646	120,646	-	107,419	107,419	-	107,419	107,419	-	107,419	107,419	-
67000 Other Revenue & Reimbursemen	2,182,952	2,182,952	-	2,127,365	2,127,365	-	2,126,905	2,126,905	-	2,128,320	2,128,320	-
69500 Transfer In	8,352,145	8,662,872	310,727	8,422,904	8,738,292	315,388	8,472,904	8,793,023	320,119	8,572,904	8,897,825	324,921
Total Revenue and Other Sources	123,184,901	123,746,273	561,372	124,329,817	124,645,205	315,388	125,711,894	126,032,013	320,119	127,204,708	127,529,629	324,921
Expenditures:												
70000 Personal Services	77,292,940	77,603,667	310,727	78,700,899	79,016,287	315,388	80,338,012	80,658,131	320,119	81,356,997	81,681,918	324,921
72500 Supplies	1,568,119	1,568,119	-	1,718,279	1,718,279	-	1,562,279	1,562,279	-	1,711,279	1,711,279	-
80000 Other Services & Charges	14,400,689	14,651,334	250,645	15,172,565	15,172,565	-	15,230,996	15,230,996	-	15,270,121	15,270,121	-
94000 Internal Service Charges	1,605,058	1,605,058	-	1,697,632	1,697,632	-	1,801,218	1,801,218	-	1,825,181	1,825,181	-
95000 Capital Outlay	88,625	88,625	-	88,625	88,625	-	88,625	88,625	-	88,625	88,625	-
97000 Debt Service	359,089	359,089	-	-	-	-	-	-	-	-	-	-
98000 Reserves	300,000	300,000	-	650,000	650,000	-	800,000	800,000	-	800,000	800,000	-
99000 Transfers Out/Appropriations	27,570,381	27,570,381	-	26,301,817	26,301,817	-	25,890,764	25,890,764	-	26,152,505	26,152,505	-
Total Expenditures and Other Uses	123,184,901	123,746,273	561,372	124,329,817	124,645,205	315,388	125,711,894	126,032,013	320,119	127,204,708	127,529,629	324,921

Washtenaw County
2019 - 2022 Mental Health & Public Safety Tax Collection Fund
(2295)

	2019 Current Budget	2019 Recommended Budget	Variance	2020 Current Budget	2020 Recommended Budget	Variance	2021 Current Budget	2021 Recommended Budget	Variance	2022 Current Budget	2022 Recommended Budget	Variance
Revenues:												
40050 Taxes & Penalties	16,085,365	16,903,067	817,702	16,326,645	17,156,613	829,968	16,571,545	17,413,962	842,417	16,820,118	17,675,172	855,054
Total Revenue and Other Sources	16,085,365	16,903,067	817,702	16,326,645	17,156,613	829,968	16,571,545	17,413,962	842,417	16,820,118	17,675,172	855,054
Expenditures:												
80000 Other Services & Charges	3,860,488	4,056,736	196,248	3,918,395	4,117,587	199,192	3,977,171	4,179,351	202,180	4,036,828	4,242,041	205,213
99000 Transfers Out/Appropriations	12,224,877	12,846,331	621,454	12,408,250	13,039,026	630,776	12,594,374	13,234,611	640,237	12,783,290	13,433,131	649,841
Total Expenditures and Other Uses	16,085,365	16,903,067	817,702	16,326,645	17,156,613	829,968	16,571,545	17,413,962	842,417	16,820,118	17,675,172	855,054