

2019 2nd Quarter Budget Update



Washtenaw County Board of Commissioners
August 7, 2019

AGENDA

- ▶ Budget Adjustments
- ▶ Revenues
- ▶ Expenditures
- ▶ General Fund Status
- ▶ Structural and Nonstructural Investments
- ▶ Non General Funds Status
- ▶ General Fund Budget Summary
- ▶ Summary and Next Steps

2019 General Fund Budget Adjustments

- ▶ August 7, 2019, Resolution #19-TBD (on the agenda for consideration tonight)
 - Structural budget adjustment 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. To be used for Sheriff program expansion and operations in alignment with their 8 year plan.
 - Nonstructural budget adjustment in the amount of \$250,645 for the 2018 personal property tax reimbursement settlement received in May, 2019 to be identified as undesignated allocation for future investment to be discussed and determined upon resolving the CMH 9-30-19 deficit
- ▶ June 5, 2019, Resolution #19-109
 - Structural budget adjustment in the amount of \$2,950,702 to recognize increased property tax revenues with a portion being allocated for both structural (\$500,000) and non-structural (\$513,656) investments and the remaining identified as undesignated allocations (\$1,934,046) for future investment to be discussed and determined upon resolving the CMH 9-30-19 deficit
- ▶ May 15, 2019, Resolution #19-088
 - Net zero budget adjustment that removed public defender financial activities from the General Fund and re-categorized the County's local share to an appropriation/transfer out and budgets the local share within the Indigent Defensive Fund as required per State law

General Fund Revenues

- ▶ Clerk/Register of Deeds: Projected surplus of \$459K due to real estate transfer tax receipts and recording fees
- ▶ Intergovernmental Revenues: Projected net surplus of \$236K due to the 2018 personal property tax settlement received in May 2019, partially offset by a shortfall from local animal control reimbursements
- ▶ Interest Revenue: Projected surplus of \$163K due to investment earnings for the first half of the year
- ▶ Sheriff's Office: Projected shortfall of \$655K due to fees and services for contracted road patrol and civil division activities

General Fund Revenues Actual Variance as of 6/30/19

Clerk/Register of Deeds	\$ 458,519
Intergovernmental Revenues	235,606
Interest Revenue	162,563
Sheriff's Office	(655,103)
All Other Combined	25,384
Total Projected Revenue Surplus	\$ 226,969

General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net surplus of \$1.9M due to position vacancies, attrition and operational savings
- ▶ Central Charges & Reserves: Projected surplus of \$2.5M due to the undesignated allocations, tax refund and overpayments savings, lower than budgeted appropriations and budgeted contingencies
- ▶ Courts: Projected surplus of \$306K primarily due to personnel savings from attrition and leaves
- ▶ Sheriff's Office: Projected to be on budget

General Fund Expenditures Actual Variance as of 6/30/19

Personnel Services & Departmental Operating (excludes District and Trial Courts & Sheriff's Office)	\$ 1,861,159
Central Charges & Reserves	2,484,946
District and Trial Courts	306,360
Total Expenditure Surplus	\$ 4,652,465

General Fund Status Actual Variance as of 6/30/19

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
REVENUES						
40 - Taxes	73,058,385	2,950,702	76,009,087	76,003,184	(5,903)	0.0%
44 - Special Assessments	-	-	-	-	-	0.0%
45 - Licenses and Permits	435,686	-	435,686	417,505	(18,181)	-4.2%
50 - Federal Revenue	90,800	-	90,800	50,000	(40,800)	-44.9%
54 - State Revenue	11,154,643	-	11,154,643	11,428,455	273,812	2.5%
58 - Local Revenue	1,466,813	-	1,466,813	1,620,737	153,924	10.5%
60 - Fees and Services	22,360,029	-	22,360,029	22,418,221	58,192	0.3%
65 - Fines and Forfeits	1,012,100	-	1,012,100	915,912	(96,188)	-9.5%
66 - Interest	107,419	13,227	120,646	285,395	164,749	136.6%
67 - Other Revenue	2,111,987	70,965	2,182,952	1,920,316	(262,636)	-12.0%
69 - Transfers In	8,385,319	(33,174)	8,352,145	8,352,146	1	0.0%
Total Revenues	120,183,181	3,001,720	123,184,901	123,411,870	226,969	0.18%
EXPENDITURES						
70 - Personal Services	76,770,274	537,666	77,292,940	74,461,328	2,831,612	3.7%
75 - Supplies	1,571,849	(3,730)	1,568,119	1,937,559	(369,440)	-23.6%
80 - Other Svcs and Chgs	12,675,936	1,709,753	14,400,689	13,741,253	659,436	4.6%
95 - Internal Svc Chgs	1,605,058	-	1,605,058	1,262,506	342,552	21.3%
96 - Capital Outlay	88,625	-	88,625	35,460	53,165	60.0%
97 - Debt Service	-	359,089	359,089	359,089	(0)	0.0%
98 - Reserves	300,000	-	300,000	-	300,000	100.0%
99 - Transfers Out	27,171,439	398,942	27,570,381	26,735,242	835,139	3.0%
Total Expenditures	120,183,181	3,001,720	123,184,901	118,532,436	4,652,465	3.8%
				Surplus/(Shortfall)	4,879,434	

General Fund Budget vs. Quarterly Projection as of 6-30-19

	Revised Budget	1st Quarter Projected	2nd Quarter Projected
Total Revenues	123,184,901	122,541,520	123,411,870
Total Expenditures	(123,184,901)	(118,757,045)	(118,532,436)
Projected Surplus/(Shortfall)	-	3,784,475	4,879,434
Planned Use of Fund Balance	(75,000)	(75,000)	(75,000)

Structural vs. Nonstructural Investments

- ▶ Structural Investments should only be made with structural funds. Structural funds come from revenues sources that occur each year. Property Tax Revenue is a primary source of structural revenue.
- ▶ Any nonstructural annual surplus exceeding the final budgeted planned contribution to fund balance as reported in March of each year for the prior year and confirmed in the Comprehensive Annual Financial Report as presented in April of each year may be considered by the Board of Commissioners for investment in their priorities and principles. The investments supported by this one-time annual surplus shall be considered non-structural and non-reoccurring decisions on utilization of these funds are made annually.

Quadrennial Recommended General Fund Budget Summary as of 6/30/19

Category	2019 Adopted Budget	2020 Adopted Budget	2021 Adopted Budget	2022 Adopted Budget
Taxes and Penalties	76,009,087	77,107,676	78,222,744	79,354,537
Licenses & Permits	435,686	431,199	436,665	451,317
Federal/State/Local Revenue	12,712,256	12,759,294	12,767,358	12,804,895
Fees & Services	22,360,029	22,361,860	22,565,799	22,773,216
Fines & Forfeitures	1,012,100	1,012,100	1,012,100	1,012,100
Interest Revenue	120,646	107,419	107,419	107,419
Other Revenue & Reimbursement	2,182,952	2,127,365	2,126,905	2,128,320
Transfers In	8,352,145	8,422,904	8,472,904	8,572,904
Total Revenues	123,184,901	124,329,817	125,711,894	127,204,708
Personal Services	77,292,940	78,700,899	80,338,012	81,356,997
Supplies	1,568,119	1,718,279	1,562,279	1,711,279
Other Services and Charges	14,400,689	15,172,565	15,230,996	15,270,121
Internal Service Charges	1,605,058	1,697,632	1,801,218	1,825,181
Capital Outlay	88,625	88,625	88,625	88,625
Debt Service	359,089	-	0	0
Reserves/Contingencies	300,000	650,000	800,000	800,000
Appropriations/Transfers	27,570,381	26,301,817	25,890,764	26,152,505
Total Expenditures	123,184,901	124,329,817	125,711,894	127,204,708
Budgeted Planned Contribution / (Use of) Fund Balance	(75,000)	-	-	-

Non General Fund Statuses Actual Variance as of 6/30/19

Child Care (9-30-18 year-end)	Surplus
Community Mental Health (9-30-18 year end)	Shortfall
Facilities Operations	Fund Balance
Friend of the Court - CRP (9-30-18 year-end)	Surplus
Prosecuting Attorney - CRP (9-30-18 year-end)	Surplus
Health Department (9-30-18 year end)	Fund Balance
Building Inspection	Surplus
Office of Community & Economic Development	On budget
Risk Management	Fund Balance
Economic Development & Agriculture	Surplus
Veteran's Relief	Surplus

Revenue Items to Monitor

- ▶ Annual Equalization Report & impact on property tax revenues
- ▶ Clerk/Register of Deeds revenues
- ▶ Community Mental Health funding issues
- ▶ Court Cost revenues & legislation impact
- ▶ District Court revenues & impact of declining caseload
- ▶ Personal Property Tax reform & revenue elimination

Expenditure Items to Monitor

- ▶ Capital/Infrastructure/Space
- ▶ Child Care expenditures rising due to caseload & placements and age change per legislation
- ▶ Community Mental Health: right size services to bring cost in line with available revenues
- ▶ Health & Human Services funding considerations
- ▶ Union Contract Obligations/Fringe Benefit Trends

2019 Summary & Next Steps

- ▶ Quarterly Budget Updates: 3rd Q November & 2019 Year-end Report March (2020)
- ▶ Development of Administrator's Recommended Budget and Integration of Board strategic budget priorities and principles included in the 2020-2023 Quadrennial Budget July - August
- ▶ Presentation of Administrator's Recommended 2020-2023 Quadrennial Budget October
- ▶ Ways & Means Deliberation of Budget October - November
- ▶ Public Hearing on the Budget November
- ▶ Adoption of the 2020-2023 Quadrennial Budget November