


# 2020 Year End Budget Update



Washtenaw County Board of Commissioners  
April 7, 2021

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## AGENDA

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

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## 2020 General Fund Budget Adjustments

- ▶ August 7, 2019, Resolution #19-141  
Nonstructural budget adjustment in the amount of \$197K for the contract with TBD Solutions, Inc. to complete a Community Mental Health program utilization, authorization and operational review.
- ▶ April 8, 2020 & March 18, 2020, Resolutions #20-068 & #20-058  
Nonstructural budget adjustment in the amount of \$3.45M explicitly from the 2019 year-end surplus specifically to support the response for the COVID-19 pandemic.
- ▶ May 20, 2020, Resolution #20-092  
Net zero budget adjustment in the amount of \$2,013,517 to resolve the 2019 Community Mental Health four-year deficit elimination plan, increasing the appropriation to CMH and decreasing the BOC undesignated allocation.

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## 2020 General Fund Budget Adjustments

- ▶ July 1, 2020, Resolution #20-111  
Structural budget adjustment in the amount of \$1,881,367 to recognize increased property tax revenue as a result of the 2020 Equalization Report and an increase in expenditures for personal services in the amount of \$500K and the BOC undesignated allocation in the amount of \$1,381,367.
- ▶ November 4, 2020, Resolution #20-162  
Nonstructural budget adjustment in the amount of \$1,008,242 to increase both revenues and expenses for specific items that had not been budgeted for as a result of the County's emergency response to COVID-19 and a recategorization of \$5,949,252 of both revenue and expenses for qualifying expenditures under the CARES Federal grant programs passed through the State.  
Net neutral budget adjustment in the amount of \$6,565,388 for the recategorization of revenues for the Sheriff's Office Millage Operations ORG reducing transfers in (other sources) and increasing taxes and penalties revenues.

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## General Fund Revenues

- ▶ Federal Emergency Management Agency (FEMA) and Coronavirus Aid, Relief and Economic Security (CARES) Act: Projected surplus of \$1,157,171
- ▶ Intergovernmental-State Revenues: Projected surplus of \$692K due to personal property tax reimbursement from the State and State Revenue Sharing payments
- ▶ Clerk/Register of Deeds: Projected surplus of \$368K due to real estate transfer tax receipts and recording fees
- ▶ Interest Revenues: Projected surplus of \$307K due to earnings and allocations

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## General Fund Revenues

- ▶ Trial Court: Projected shortfall of \$376K due to reduced court activities and state court equity payments
- ▶ District Court: Projected shortfall of \$824K due to reduced court activities, fees & services and fines & forfeitures revenues
- ▶ Sheriff's Office: Projected shortfall of \$1,191,910 due to fees and services for contracted road patrol and dispatch services, overtime reimbursements and civil division activities
- ▶ Planned Use of Fund Balance: Current budget \$2,195,123; hence a projected shortfall

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## General Fund Revenues Actual Variance as of 12/31/20

FEMA/CARES Act Other Federal Grants	\$ 1,157,171
State Revenues	691,773
Clerk/Register of Deeds	368,078
Interest Revenue	307,196
Trial Court	(375,696)
District Court	(823,806)
Sheriff's Office	(1,191,910)
Planned Use of Fund Balance	(2,195,123)
All Other Combined	(19,936)
<b>Total Projected Revenue Shortfall</b>	<b>\$ (2,082,252)</b>

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## General Fund Expenditures

- ▶ Sheriff's Office: Net projected surplus of \$3.8M as a result of attrition and position vacancies
- ▶ Personnel Services & Departmental Operating: Net surplus of \$1.8M due to position vacancies, attrition and operational savings
- ▶ Central Charges & Reserves: Projected surplus of \$1.7M due to the undesignated allocations, tax refund and overpayments savings, and budgeted contingencies
- ▶ Courts: Projected surplus of \$1.4M primarily due to personnel savings from attrition and leaves
- ▶ COVID-19 Response: Net projected shortfall of \$999K above budgeted cost

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## General Fund Expenditures Actual Variance as of 12/31/20

Sheriff's Office	\$ 3,786,368
Personnel Services & Departmental Operating (excludes District and Trial Courts, Sheriff's Office & COVID-19 Response)	1,811,747
Central Charges & Reserves	1,672,158
District and Trial Courts	1,389,035
COVID-19 Response	(999,604)
<b>Total Expenditure Surplus</b>	<b>\$ 7,660,704</b>

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## General Fund Status Actual Variance as of 12/31/20

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
<b>REVENUES</b>						
40 - Taxes	77,107,676	8,446,755	85,554,431	85,427,030	(127,401)	-0.1%
44 - Special Assessments	-	-	-	-	-	0.0%
45 - Licenses and Permits	431,199	-	431,199	285,061	(146,138)	-33.9%
50 - Federal Revenue	90,800	6,608,983	6,699,783	7,700,669	1,000,886	14.9%
54 - State Revenue	11,231,362	(1,634,117)	9,597,245	10,245,373	648,128	6.8%
58 - Local Revenue	1,498,851	125,000	1,623,851	1,532,149	(91,702)	-5.6%
60 - Fees and Services	22,361,860	(808,635)	21,553,225	20,816,961	(736,264)	-3.4%
65 - Fines and Forfeits	1,012,100	-	1,012,100	547,209	(464,891)	-45.9%
66 - Interest	107,419	-	107,419	416,328	308,909	287.6%
67 - Other Revenue	3,283,118	1,016,578	4,299,696	1,779,325	(2,520,371)	-58.6%
69 - Transfers In	8,784,610	(6,375,051)	2,409,559	2,456,151	46,592	1.9%
<b>Total Revenues</b>	<b>125,908,995</b>	<b>7,379,513</b>	<b>133,288,508</b>	<b>131,206,256</b>	<b>(2,082,252)</b>	<b>-1.56%</b>
<b>EXPENDITURES</b>						
70 - Personal Services	77,141,974	507,031	77,649,005	71,151,248	6,497,757	8.4%
75 - Supplies	1,674,503	1,922,866	3,597,369	3,912,414	(315,045)	-8.8%
80 - Other Svcs and Chgs	14,716,054	2,403,826	17,119,880	15,958,550	1,161,330	6.8%
95 - Internal Svc Chgs	90,853	-	90,853	341,786	(250,933)	-276.2%
96 - Capital Outlay	88,625	143,539	232,164	134,533	97,631	42.1%
97 - Debt Service	-	-	-	-	-	0.0%
98 - Reserves	650,000	(350,000)	300,000	-	300,000	100.0%
99 - Transfers Out	31,546,986	2,752,251	34,299,237	34,129,273	169,964	0.5%
<b>Total Expenditures</b>	<b>125,908,995</b>	<b>7,379,513</b>	<b>133,288,508</b>	<b>125,627,804</b>	<b>7,660,704</b>	<b>5.7%</b>
<b>Surplus/(Shortfall)</b>				<b>5,578,452</b>		

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## General Fund Budget vs. Quarterly Projection as of 12-31-20

	Revised Budget	3rd Quarter Projected	Year-End Projected
<b>Total Revenues</b>	<b>133,288,508</b>	129,253,582	<b>131,206,256</b>
<b>Total Expenditures</b>	<b>(133,288,508)</b>	(128,665,854)	<b>(125,627,804)</b>
<b>Projected Surplus/(Shortfall)</b>	-	587,728	<b>5,578,452</b>
<b>Planned Use of Fund Balance</b>	<b>(1,605,123)</b>	(1,605,123)	<b>(2,195,123)</b>

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## 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.

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## Quadrennial General Fund Budget Summary As Adopted 12/2/20

Category Account	2021 Adopted Budget	2022 Adopted Budget	2023 Adopted Budget	2024 Adopted Budget	Percent of Total Budget
<b>Revenues</b>					
40 - Taxes	\$ 85,554,431	\$ 86,763,612	\$ 88,040,180	\$ 89,334,396	66.8%
45 - Licenses and Permits	\$ 436,665	\$ 451,317	\$ 451,317	\$ 451,317	0.3%
50 - Federal Revenue	\$ 90,800	\$ 90,800	\$ 90,800	\$ 90,800	0.1%
54 - State Revenue	\$ 11,231,362	\$ 11,231,362	\$ 11,231,362	\$ 11,231,362	8.8%
58 - Local Revenue	\$ 1,386,142	\$ 1,423,679	\$ 1,423,679	\$ 1,423,679	1.1%
60 - Fees and Services	\$ 22,565,799	\$ 22,773,216	\$ 22,773,216	\$ 22,773,216	17.6%
65 - Fines and Forfeits	\$ 1,012,100	\$ 1,012,100	\$ 1,012,100	\$ 1,012,100	0.8%
66 - Interest	\$ 107,419	\$ 107,419	\$ 107,419	\$ 107,419	0.1%
67 - Other Revenue	\$ 3,634,187	\$ 2,043,296	\$ 2,043,296	\$ 2,043,296	2.8%
69 - Transfers In	\$ 2,139,730	\$ 2,139,730	\$ 2,139,730	\$ 2,139,730	1.7%
<b>Revenue Total</b>	<b>\$ 128,158,635</b>	<b>\$ 128,036,531</b>	<b>\$ 129,313,099</b>	<b>\$ 130,607,315</b>	<b>100.0%</b>
<b>Expenditures</b>					
70 - Personal Services	\$ 79,920,241	\$ 81,484,379	\$ 83,118,944	\$ 86,056,985	62.4%
75 - Supplies	\$ 1,518,503	\$ 1,667,503	\$ 1,518,503	\$ 1,667,503	1.2%
80 - Other Svcs and Chgs	\$ 13,364,328	\$ 13,177,458	\$ 13,181,168	\$ 13,184,934	10.4%
95 - Internal Svc Chgs	\$ (497,484)	\$ (349,572)	\$ (298,815)	\$ (206,581)	-0.4%
96 - Capital Outlay	\$ 88,625	\$ 88,625	\$ 88,625	\$ 88,625	0.1%
98 - Reserves	\$ 1,384,019	\$ 895,871	\$ 866,315	\$ 807,566	1.1%
99 - Transfers Out	\$ 32,380,403	\$ 31,072,267	\$ 30,838,359	\$ 29,008,283	25.3%
<b>Expenditure Total</b>	<b>\$ 128,158,635</b>	<b>\$ 128,036,531</b>	<b>\$ 129,313,099</b>	<b>\$ 130,607,315</b>	<b>100.0%</b>

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## Non General Fund Statuses Actual Variance as of 12/31/20

Building Inspection	Surplus
Child Care (9-30-20 year-end)	On budget
Community Mental Health (9-30 year end)	Surplus
Economic Development & Agriculture	Surplus
Facilities Operations	Surplus
Friend of the Court - CRP (9-30 year-end)	On budget
Health Department (9-30 year end)	Surplus
Indigent Defense/Public Defender (9-30 year end)	Surplus
Office of Community & Economic Development	Surplus
Prosecuting Attorney - CRP (9-30 year-end)	On budget
Risk Management	Surplus
Veteran's Relief	Surplus

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## 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

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## 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

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## Summary & Next Steps

- ▶ Equalization Report presentation April
- ▶ Departmental Program Inventory and Budget Working Session Presentations April - November
- ▶ Budget Updates Quarterly: 1<sup>st</sup> Q - May, 2<sup>nd</sup> Q - August, 3<sup>rd</sup> Q - November and Year-end Report (Mar/Apr) 2022
- ▶ 2022-2025 Quadrennial Budget
  - ▶ Ways & Means Deliberation of Budget October - November
  - ▶ Public Hearing on the Budget November
  - ▶ Adoption of the 2022-2025 Quadrennial Budget November - December