


# 2021 1<sup>st</sup> Quarter Budget Update



Washtenaw County Board of Commissioners  
May 19, 2021

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## AGENDA

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

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## 2021 Pending General Fund Budget Adjustments for Consideration by the Board of Commissioners

► May 19, 2021 (W&M's agenda)/June 2, 2021 (Board agenda), Resolution #21-TBD

Two structural adjustment components:

- Structural adjustment resulting in an increase each year in property tax revenues in the amount of \$2,439,062 and an increase in expenditures for personal services in the amount of \$500K and the undesignated allocation in the amount of \$1,939,062
- Structural adjustments each year resulting in an increase to state revenues in the amount of \$376,088 from increased State Revenue Sharing/County Incentive Program payments (\$145,077) and Recreational Marijuana payment (\$231,011) and an increase in expenditures in the amount of \$231,011 to be earmarked for equity programming expansion and the undesignated allocation in the amount of \$145,077 within the other services and charges category until the County Administrator recommends options for use

A non-structural adjustment component:

- Non-structural adjustment in the amount of \$385,018 for fiscal year 2021 only resulting in increased intergovernmental revenue due to the State of Michigan Recreational Marijuana payment and an increase in expenditures by the same amount the undesignated allocation within the other services and charges category until the County Administrator recommends options for use

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## 2021 Budget Adjustments >\$25K and <\$100K within Administrative Authority

Quarterly Budget Adjustment Report January 1 - March 31, 2021

Effective Date	Journal Number	Reference 1	Journal Description	Org With Desc	Revenue Changes	Expenditure Changes	Notes
2/23/2021	1067	AdAuth	TC/FOC PCs	42101612 - IT Replacements	\$35,946.82	\$35,946.82	679300 Planned Use of Fund Balance/964010 PC Replacement - TC/FOC WFH PCs
				Total	\$35,946.82	\$35,946.82	

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## General Fund Revenues

- ▶ Property Tax Revenues: Projected surplus of \$2.4M based on the 2021 Equalization Report
- ▶ Intergovernmental Revenues: Projected surplus of \$761K for increased State Revenues as a result of the recreational marijuana and revenue sharing/county incentive payments
- ▶ Clerk/Register of Deeds: Surplus of \$483K due to real estate transfer tax receipts and recording fees
- ▶ Trial Court: Projected shortfall of \$403K due to reduced court activities and state court equity payments

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## General Fund Revenues

- ▶ District Court: Projected shortfall of \$819K due to reduced court activities fees & services and fines & forfeitures revenues
- ▶ Sheriff's Office: Projected shortfall of \$1.1M due to fees and services for no special event overtime reimbursements and civil division activities
- ▶ Planned Use of Fund Balance: Current budget \$1,614,038; hence a projected shortfall

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## General Fund Revenues Actual Variance as of 3/31/21

Property Tax	\$ 2,439,024
Intergovernmental Revenue	761,106
Clerk/Register of Deeds	482,899
Trial Court	(402,932)
District Court	(818,987)
Sheriff's Office	(1,129,186)
Planned Use of Fund Balance	(1,614,038)
All Other Combined	72,714
<b>Total Projected Revenue Shortfall</b>	<b>(\$ 209,400)</b>

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## General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net surplus of \$3.2M due to budgeted allocations for implementation of the compensation study, position vacancies, attrition and operational savings
- ▶ Sheriff's Office: Net projected surplus of \$2.1M as a result of attrition and position vacancies
- ▶ Central Charges & Reserves: Projected surplus of \$1.4M due to the undesignated allocation, tax refund and overpayments savings and budgeted contingencies

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## General Fund Expenditures

- ▶ Trial Court: Projected surplus of \$579K primarily due to personnel savings from attrition and leaves
- ▶ District Court: Projected surplus of \$356K primarily due to personnel savings from attrition and leaves
- ▶ COVID-19 Response: Net projected shortfall of \$3.1M

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## General Fund Expenditures Actual Variance as of 3/31/21

Personnel Services & Departmental Operating (excludes Courts, COVID Response & Sheriff's Office)	\$ 3,211,263
Sheriff's Office	2,098,939
Central Charges & Reserves	1,358,636
Trial Court	579,462
District Court	356,398
COVID-19 Response	(3,053,941)
<b>Total Net Expenditure Surplus</b>	<b>\$ 4,550,757</b>

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## General Fund Status Actual Variance as of 3/31/21

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
<b>REVENUES</b>						
40 - Taxes	85,554,431	-	85,554,431	88,308,710	2,754,279	3.2%
44 - Special Assessments	-	-	-	-	-	0.0%
45 - Licenses and Permits	436,665	-	436,665	448,108	11,443	2.6%
50 - Federal Revenue	90,800	-	90,800	46,563	(44,237)	-48.7%
54 - State Revenue	11,231,362	-	11,231,362	11,860,228	628,866	5.6%
58 - Local Revenue	1,386,142	119,600	1,505,742	1,605,153	99,411	6.6%
60 - Fees and Services	22,565,799	-	22,565,799	21,546,505	(1,019,294)	-4.5%
65 - Fines and Forfeits	1,012,100	-	1,012,100	554,294	(457,806)	-45.2%
66 - Interest	107,419	-	107,419	123,284	15,865	14.8%
67 - Other Revenue	3,634,187	(95,105)	3,539,082	1,373,635	(2,165,447)	-61.2%
69 - Transfers In	2,139,730	-	2,139,730	2,107,249	(32,481)	-1.5%
<b>Total Revenues</b>	<b>128,158,635</b>	<b>24,495</b>	<b>128,183,130</b>	<b>127,973,730</b>	<b>(209,400)</b>	<b>-0.16%</b>
<b>EXPENDITURES</b>						
70 - Personal Services	79,920,241	8,142	79,928,383	74,655,551	5,272,832	6.6%
75 - Supplies	1,518,503	2,690	1,521,193	2,166,068	(644,875)	-42.4%
80 - Other Svcs and Chgs	13,364,328	177,820	13,542,148	14,489,800	(947,652)	-7.0%
95 - Internal Svc Chgs	(497,484)	134,805	(362,679)	(264,263)	(98,416)	27.1%
96 - Capital Outlay	88,625	-	88,625	100,051	(11,426)	-12.9%
97 - Debt Service	-	-	-	-	-	0.0%
98 - Reserves	1,384,019	-	1,384,019	500,000	884,019	63.9%
99 - Transfers Out	32,380,403	(298,962)	32,081,441	31,985,167	96,274	0.3%
<b>Total Expenditures</b>	<b>128,158,635</b>	<b>24,495</b>	<b>128,183,130</b>	<b>123,632,373</b>	<b>4,550,757</b>	<b>3.6%</b>
<b>Surplus/(Shortfall)</b>				<b>4,341,357</b>		

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## General Fund Budget vs. Quarterly Projection as of 3-31-21

	Revised Budget	1st Quarter Projected
<b>Total Revenues</b>	<b>128,183,130</b>	<b>127,973,730</b>
<b>Total Expenditures</b>	<b>(128,183,130)</b>	<b>(123,632,373)</b>
<b>Projected Surplus/(Shortfall)</b>	<b>-</b>	<b>4,341,357</b>
<b>Planned Use of Fund Balance</b>	<b>(1,614,138)</b>	<b>(1,614,138)</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 Recommended General Fund Budget Summary as of 3/31/21

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	66.7%
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	\$ 1,505,742	\$ 1,423,679	\$ 1,423,679	\$ 1,423,679	1.2%
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	\$ 3,539,082	\$ 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>\$ 128,183,130</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	\$ 79,928,383	\$ 81,484,379	\$ 83,118,944	\$ 86,056,985	62.4%
75 - Supplies	\$ 1,521,193	\$ 1,667,503	\$ 1,518,503	\$ 1,667,503	1.2%
80 - Other Svcs and Chgs	\$ 13,542,148	\$ 13,177,458	\$ 13,181,168	\$ 13,184,934	10.6%
95 - Internal Svc Chgs	\$ (362,679)	\$ (349,572)	\$ (298,815)	\$ (206,581)	-0.3%
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	\$ 32,081,441	\$ 31,072,267	\$ 30,838,359	\$ 29,008,283	25.0%
<b>Expenditure Total</b>	<b>\$ 128,183,130</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 3/31/21

Building Inspection	Surplus
Child Care (9-30 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)	Fund Balance
Indigent Defense/Public Defender (9-30 year end)	Surplus
Office of Community & Economic Development	On budget
Prosecuting Attorney - CRP (9-30 year-end)	On budget
Risk Management	Shortfall
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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## 2021 Summary & Next Steps

- ▶ Community Engagement for allocation of the America Rescue Plan funds (Commissioner review, feedback and discussion phase)
- ▶ Departmental Program Inventory and Budget Working Session Presentations April - November
- ▶ Budget Updates Quarterly: 2<sup>nd</sup> Q - August/September, 3<sup>rd</sup> Q - November and Year-end Report (March/April) 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

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