


2021 3rd Quarter Budget Update



Washtenaw County Board of Commissioners
November 17, 2021

1

AGENDA

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

2

2021 General Fund Budget Adjustments Authorized by the Board of Commissioners

June 2, 2021-Resolution #21-097

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

3

2021 General Fund Budget Adjustments Authorized by the Board of Commissioners

July 7, 2021 Non-structural (One-Time) Adjustments

- ▶ **Resolution #21-121**
 - In the amount of up to \$113K increasing both revenues (use of fund balance within the other revenues category) and expenditures (consultant and contracts in the other services and charges category)
- ▶ **Resolution #21-122**
 - In the amount of up to \$1.9M increasing both revenues (use of fund balance within the other revenues category) and expenditures (salaries and fringes in the personal services category)
- ▶ **Resolution #21-124**
 - In the amount of up to \$500K increasing both revenues (use of fund balance within the other revenues category) and expenditures (consultant and contracts in the other services and charges category)

4

2021 General Fund Budget Adjustments Authorized by the Board of Commissioners

September 15, 2021 Non-structural (One-Time) Adjustments

- ▶ Resolution #21-158
 - ▶ In the amount of \$5,785,500 in GF Fund Balance to address childcare access, children's savings accounts, and broadband infrastructure alongside the ARPA allocation

- ▶ Resolution #21-160
 - ▶ In the amount of \$320,378 increased expenditures for continued COVID-19 response funded by an increase in intergovernmental revenues for personal property tax reimbursement and other federal grant revenues from CARES Act

 - ▶ In the amount of \$1,014,030 for surplus property from the sale of Platt Road and an increase to transfers out

5

2021 General Fund Budget Adjustments Authorized by the Board of Commissioners

October 6, 2021 Non-structural (One-Time) Adjustments

- ▶ Resolution #21-175
 - ▶ In the amount up to \$75,000 to provide resources to help survivors of gender-based and domestic violence

6

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

Quarterly Budget Adjustment Report July 1 - September 30, 2021

Effective Date	Journal Number	Reference 1	Journal Description	Org With Desc	Revenue Changes	Expenditure Changes	Notes
7/30/2021	1259	AdAuth	DSH Q3	22165009 - Indigent Health	\$25,559.54	\$25,559.54	690000 Transfers in / 850000 Dental Adjustment
				Total	\$25,559.54	\$25,559.54	
9/28/2021	1291	AdAuth	ITEnhancem	42201613 - IT Enhancements	\$92,448.08	\$92,448.08	673900 Planned Use of Fund Balance / 964900 Enterprise Applications - Use of Munis Project Surplus for Munis Enhancements
				Total	\$92,448.08	\$92,448.08	

7

General Fund Revenues

- ▶ Clerk/Register of Deeds: Surplus of \$1.2M due to real estate transfer tax receipts and recording fees
- ▶ General Government: Net surplus of \$250K for Water Resources Commissioner and various Support Services activities
- ▶ Prosecuting Attorney: Surplus of \$134K due to state revenue reimbursements for crime victim rights program
- ▶ Trial Court: Projected shortfall of \$530K due to reduced court activities and state court equity payments

8

General Fund Revenues

- ▶ District Court: Projected shortfall of \$922K due to reduced court activities fees & services and fines & forfeitures revenues
- ▶ Sheriff's Office: Projected shortfall of \$1.4M due to fees and services for limited special event overtime reimbursements and civil division activities
- ▶ Planned Use of Fund Balance: Current budget \$9,847,538; hence a projected shortfall

9

2021 Planned Use of Fund Balance

	Amount
Health Department Non-Structural Allocation	\$ 1,500,000
Washtenaw My Brother's Keeper	50,000
Ypsilanti District Library	50,000
Corridor Fiber Optic Backbone Project	113,000
Non-Structural Lump Sum	1,760,000
Flood Response	500,000
Bridge Loans	14,038
ARPA: Ensuring Childcare Access	1,000,000
ARPA: Children's Savings Accounts	3,785,500
ARPA: Broadband Infrastructure	1,000,000
Domestic Violence Response	75,000
Total	\$ 9,847,538

10

General Fund Revenues Actual Variance as of 9/30/21

Clerk/Register of Deeds	\$ 1,270,587
General Government Activities	249,584
Prosecuting Attorney's Office	133,704
Trial Court	(530,343)
District Court	(922,108)
Sheriff's Office	(1,418,673)
Planned Use of Fund Balance	(9,847,538)
All Other Combined	(41,503)
Total Projected Revenue Shortfall	(\$11,106,290)

11

General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net surplus of \$4.2M due to budgeted allocations for implementation of the compensation study, position vacancies, attrition and operational savings
- ▶ Central Charges & Reserves: Projected surplus of \$3.0M due to the undesignated allocation, tax refund and overpayments savings and budgeted contingencies
- ▶ Sheriff's Office: Net projected surplus of \$1.5M as a result of attrition and position vacancies

12

General Fund Expenditures

- ▶ Trial Court: Projected surplus of \$677K primarily due to personnel savings from attrition and leaves
- ▶ District Court: Projected surplus of \$284K primarily due to personnel savings from attrition and leaves
- ▶ COVID-19 Response: Net projected surplus of \$333K

13

General Fund Expenditures Actual Variance as of 9/30/21

Personnel Services & Departmental Operating (excludes Courts, COVID Response & Sheriff's Office)	\$ 4,168,031
Central Charges & Reserves	3,064,370
Sheriff's Office	1,513,097
Trial Court	676,808
District Court	283,795
COVID-19 Response	333,090
Total Net Expenditure Surplus	\$ 10,039,192

14

General Fund Status Actual Variance as of 9/30/21

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
REVENUES						
40 - Taxes	85,554,431	2,439,062	87,993,493	88,192,414	198,921	0.2%
44 - Special Assessments	-	-	-	-	-	0.0%
45 - Licenses and Permits	436,665	-	436,665	447,902	11,237	2.6%
50 - Federal Revenue	90,800	128,743	219,543	175,306	(44,237)	-20.1%
54 - State Revenue	11,231,362	1,251,791	12,483,153	12,336,599	(146,554)	-1.2%
58 - Local Revenue	1,386,142	62,000	1,448,142	1,772,723	324,581	22.4%
60 - Fees and Services	22,565,799	(49,050)	22,516,749	22,231,888	(284,861)	-1.3%
65 - Fines and Forfeits	1,012,100	800	1,012,900	475,985	(536,915)	-53.0%
66 - Interest	107,419	-	107,419	(4,462)	(111,881)	-104.2%
67 - Other Revenue	3,634,187	9,152,425	12,786,612	2,411,585	(10,375,027)	-81.1%
69 - Transfers In	2,139,730	-	2,139,730	1,998,176	(141,554)	-6.6%
Total Revenues	128,158,635	12,985,771	141,144,406	130,038,116	(11,106,290)	-7.87%
EXPENDITURES						
70 - Personal Services	79,920,241	2,268,142	82,188,383	75,213,776	6,974,607	8.5%
75 - Supplies	1,518,503	2,690	1,521,193	1,966,174	(444,981)	-29.3%
80 - Other Svcs and Chgs	13,364,328	4,654,488	18,018,816	14,567,005	3,451,811	19.2%
95 - Internal Svc Chgs	(497,484)	134,805	(362,679)	(111,456)	(251,223)	69.3%
96 - Capital Outlay	88,625	-	88,625	122,071	(33,446)	-37.7%
97 - Debt Service	-	-	-	-	-	0.0%
98 - Reserves	1,384,019	(584,019)	800,000	500,000	300,000	37.5%
99 - Transfers Out	32,380,403	6,509,665	38,890,068	38,847,646	42,422	0.1%
Total Expenditures	128,158,635	12,985,771	141,144,406	131,105,215	10,039,191	7.1%
				Surplus/(Shortfall)	(1,067,099)	

15

General Fund Budget vs. Quarterly Projection as of 9-30-21

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected
Total Revenues	141,144,406	127,973,730	128,777,667	130,038,116
Total Expenditures	(141,144,406)	(123,632,373)	(123,586,696)	(131,105,215)
Projected Surplus/(Shortfall)	-	4,341,357	5,190,971	(1,067,099)
Planned Use of Fund Balance	9,847,538	(1,614,138)	(1,614,138)	(9,847,538)

16

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 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.

17

Quadrennial Recommended General Fund Budget Summary

Category Account	2022 Recommended Budget	2023 Recommended Budget	2024 Recommended Budget	2025 Recommended Budget	Percent of Total Budget
Revenues					
40 - Taxes	\$ 89,510,703	\$ 90,833,790	\$ 92,176,724	\$ 93,539,801	68.3%
45 - Licenses and Permits	\$ 451,317	\$ 451,317	\$ 451,317	\$ 451,317	0.3%
50 - Federal Revenue	\$ 90,800	\$ 90,800	\$ 90,800	\$ 90,800	0.1%
54 - State Revenue	\$ 11,451,962	\$ 11,451,962	\$ 11,451,962	\$ 11,451,962	8.7%
58 - Local Revenue	\$ 1,423,679	\$ 1,423,679	\$ 1,423,679	\$ 1,423,679	1.1%
60 - Fees and Services	\$ 22,773,216	\$ 22,773,216	\$ 22,773,216	\$ 22,773,216	17.4%
65 - Fines and Forfeits	\$ 1,012,100	\$ 1,012,100	\$ 1,012,100	\$ 1,012,100	0.8%
66 - Interest	\$ 196,944	\$ 202,270	\$ 206,519	\$ 211,705	0.2%
67 - Other Revenue	\$ 1,931,352	\$ 2,221,022	\$ 1,931,352	\$ 2,543,406	1.5%
69 - Transfers In	\$ 2,139,730	\$ 2,139,730	\$ 2,139,730	\$ 2,139,730	1.6%
Revenue Total	\$ 130,981,803	\$ 132,599,886	\$ 133,657,399	\$ 135,637,716	100.0%
Expenditures					
70 - Personal Services	\$ 82,839,537	\$ 85,201,242	\$ 87,184,905	\$ 89,386,154	63.2%
75 - Supplies	\$ 1,662,838	\$ 1,513,838	\$ 1,662,838	\$ 1,513,838	1.3%
80 - Other Svcs and Chgs	\$ 13,743,597	\$ 13,791,097	\$ 13,900,503	\$ 13,982,946	10.5%
95 - Internal Svc Chgs	\$ 827,660	\$ 972,866	\$ 855,549	\$ 1,047,662	0.6%
96 - Capital Outlay	\$ 88,625	\$ 88,625	\$ 88,625	\$ 88,625	0.1%
97 - Debt Service	\$ -	\$ -	\$ -	\$ -	0.0%
98 - Reserves	\$ 1,143,057	\$ 800,000	\$ 1,358,668	\$ 800,000	0.9%
99 - Transfers Out	\$ 30,676,489	\$ 30,232,218	\$ 28,606,311	\$ 28,818,491	23.4%
Expenditure Total	\$ 130,981,803	\$ 132,599,886	\$ 133,657,399	\$ 135,637,716	100.0%

Planned contributions to fund balance are budgeted in the reserves category.

Planned use of fund balance are budgeted in the other revenue and reimbursement category.

18

Non General Fund Statuses Actual Variance as of 9/30/21

Building Inspection	Surplus
Child Care (9-30 year-end)	Surplus
Community Mental Health (9-30 year end)	Surplus
Economic Development & Agriculture	Surplus
Facilities Operations	Surplus
Friend of the Court - CRP (9-30 year-end)	Surplus
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)	Surplus
Risk Management	Shortfall
Veteran's Relief	Surplus

19

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

20

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

21

2021 Summary & Next Steps

- ▶ Board of Commissioner Community Engagement for allocation of the America Rescue Plan Act funds
- ▶ Budget Updates Quarterly: Year-end Report (March/April) 2022
- ▶ 2022-2025 Quadrennial Budget
 - ▶ Ways & Means Deliberation of Budget
 - ▶ Adoption of the 2022-2025 Quadrennial Budget November - December

22