

2017 3rd Quarter Budget Update



Washtenaw County Board of Commissioners
November 15, 2017

AGENDA

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

2017 General Fund Budget Adjustments Approved by the Board of Commissioners

- ▶ September 21, 2016, Resolution #16-0132
One-time allocation of up to \$300,000 from fund balance for Public Health if there is a need for additional funding
- ▶ October 19, 2016, Resolution #16-0156
One-time allocation for Act 88 Replacement funding of up to \$944,752 from fund balance for specific projects
- ▶ April 19, 2017, Resolution #17-0059
One-time allocation of \$1,435,932 from fund balance to be transferred out for highly critical infrastructure needs, future use as determined by the WCSO in alignment with the MOU agreement and an increase in the undesignated allocation for future non-structural allocations to be determined by the BOC

2017 General Fund Budget Adjustments Approved by the Board of Commissioners

- ▶ September 20, 2017, Resolution #17-0145
Structural adjustment in the amount of \$1,199,045 to recognize increased property tax revenues earmarked for future allocations
- ▶ The Board also authorized other net neutral budget adjustments in the amount of \$470,045, all reclassifications from the undesignated allocation

General Fund Revenues

- ▶ Clerks/Register of Deeds: Projected surplus of \$769K due to real estate transfer tax receipts and recording fees
- ▶ Sheriff's Office: Projected surplus of \$303K due to other reimbursements, fees for services and intergovernmental revenues
- ▶ Trial Court: Projected shortfall of \$110K due to state court equity payments and juror compensation reimbursements
- ▶ District Court: Projected shortfall of \$562K due to reduced court fees and fines as a result of the current caseload
- ▶ Planned Use of Fund Balance: Current budget \$2,680,684; thus projected shortfall

General Fund Revenues Actual Variance as of 9/30/17

Clerk/Register of Deeds	\$ 769,080
Sheriff's Office	303,014
Trial Court	(109,642)
District Court	(562,126)
Planned Use of Fund Balance	(2,680,684)
All Other Combined	126,664
Total Projected Revenue Shortfall	(\$2,153,694)

General Fund Expenditures

- ▶ Departmental Operating & Personnel: Projected surplus of \$2.0M due cost containment efforts, position vacancies and attrition as well as the undesignated allocation
- ▶ Reserves & Appropriations: Projected surplus of \$433K due to budgeted reserves and transfers out
- ▶ Planned Contribution to Fund Balance: Current budget \$360,044; thus a surplus
- ▶ Trial Court: Projected surplus of \$199K primarily due personnel savings and continued cost containment in operations
- ▶ Sheriff's Office: Projected shortfall of \$1.0M due to higher than budgeted personnel and operating costs

General Fund Expenditures Actual Variance as of 9/30/17

Departmental Operating & Personnel (excludes PS&J)	\$ 2,016,943
Appropriations & Reserves	433,220
Planned Contribution to Fund Balance	360,044
Trial Court	198,938
Sheriff	(1,009,441)
Total Projected Expenditure Surplus	\$ 1,999,704

General Fund Status Actual Variance as of 9/30/17

Category	Original Budget	Adj	Revised Budget	Projected	Variance	% Variance
Taxes and Penalties	68,206,587	1,199,045	69,405,632	69,405,632	(0)	0.00%
Licenses & Permits	332,052	-	332,052	355,359	23,307	7.02%
Federal Revenue	90,800	-	90,800	55,559	(35,241)	-38.81%
State Revenue	11,150,754	-	11,150,754	10,952,885	(197,869)	-1.77%
Local Revenue	1,319,699	168,570	1,488,269	1,395,706	(92,563)	-6.22%
Fees & Services	21,957,892	(27,133)	21,930,759	22,876,316	945,557	4.31%
Fines & Forfeitures	1,012,100	-	1,012,100	847,563	(164,537)	-16.26%
Interest Revenue	107,419	-	107,419	106,092	(1,327)	-1.24%
Other Revenue & Reimbursement	2,130,034	2,591,523	4,721,557	2,142,304	(2,579,253)	-54.63%
Transfers In	2,043,766	(16,866)	2,026,900	1,975,132	(51,768)	-2.55%
Total Revenues	108,351,103	3,915,139	112,266,242	110,112,548	(2,153,694)	-1.92%
Personnel Services	71,749,847	(363,692)	71,386,155	71,221,570	164,585	0.23%
Supplies	1,583,372	51,100	1,634,472	1,899,869	(265,397)	-16.24%
Other Services and Charges	11,855,946	1,028,990	12,884,936	12,437,336	447,600	3.47%
Internal Service Charges	3,025,706	(163,369)	2,862,337	2,269,290	593,047	20.72%
Capital Outlay	88,625	40,000	128,625	78,670	49,955	38.84%
Reserves	1,392,417	(99,153)	1,293,264	300,000	993,264	76.80%
Appropriations	18,655,190	3,421,263	22,076,453	22,059,802	16,651	0.08%
Total Expenditures	108,351,103	3,915,139	112,266,242	110,266,538	1,999,704	1.78%
			Surplus/(Shortfall)	(153,990)		

General Fund Budget vs. Quarterly Projection as of 9-30-17

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected
Total Revenues	110,979,027	108,820,570	108,984,252	110,112,548
Total Expenditures	(110,979,027)	(110,925,768)	(110,762,357)	(110,266,538)
Projected Surplus/(Shortfall)	-	(2,105,198)	(1,778,105)	(153,990)
Planned Use of Fund Balance	(2,680,684)	(2,680,684)	(2,680,684)	(2,680,684)
Planned Contribution to Fund Balance	360,044	360,044	360,044	360,044
Projected Planned Use of Fund Balance	(2,320,640)	(2,105,198)	(1,778,105)	(153,990)

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. The investments supported by this one-time annual surplus shall be considered non-structural and non-recurring decisions on utilization of these funds are made annually.

Quadrennial General Fund Recommended Budget Summary as of 11/15/17

Category	2018 Recommended Budget	2019 Recommended Budget	2020 Recommended Budget	2021 Recommended Budget
Taxes and Penalties	70,098,299	70,790,965	71,483,632	72,157,139
Licenses & Permits	348,833	359,145	369,806	369,626
Federal/State/Local Revenue	12,732,464	12,781,531	12,815,560	12,812,780
Fees & Services	22,311,023	22,506,791	22,704,592	22,900,058
Fines & Forfeitures	1,012,100	1,012,100	1,012,100	1,012,100
Interest Revenue	107,419	107,419	107,419	107,419
Other Revenue & Reimbursement	2,096,722	2,116,754	3,271,637	2,112,836
Transfers In	2,195,239	2,197,904	2,197,904	2,197,904
Total Revenues	110,902,099	111,872,609	113,962,650	113,669,862
Personal Services	73,444,313	74,855,532	76,526,203	75,338,631
Supplies	1,764,532	1,615,949	1,765,379	1,616,379
Other Services and Charges	11,711,283	11,754,669	11,782,241	11,879,046
Internal Service Charges	2,828,988	2,722,815	2,718,880	2,871,175
Capital Outlay	88,625	88,625	88,625	88,625
Reserves/Contingencies	841,657	405,420	405,420	1,140,359
Appropriations/Transfers	20,222,701	20,429,599	20,675,902	20,735,647
Total Expenditures	110,902,099	111,872,609	113,962,650	113,669,862
Budgeted Planned Contribution / (Use of) Fund Balance	436,237	(12,378)	(1,158,800)	734,939

Non General Fund Statuses Actual Variance as of 9/30/17

Child Care	On Budget
Community Mental Health (9-30-17 year end)	Fund Balance
Facilities Operations & Maintenance	On Budget
Friend of the Court - CRP	Surplus
Prosecuting Attorney - CRP	On Budget
Public/Environmental Health (9-30-17 year end)	Fund Balance
Building Inspection	Surplus
Office of Community & Economic Development	Fund Balance
Risk Management	On Budget
Act 88 Replacement Funding	Fund Balance
Veteran's Relief	Surplus

Revenue Items to Monitor

- ▶ Clerk/Register of Deeds revenues
- ▶ Trial Court state court equity payments
- ▶ District Court revenues & impact of declining caseload
- ▶ Personal Property Tax reform & revenue elimination
- ▶ Public Safety/Contracted Road Patrol

Expenditure Items to Monitor

- ▶ Capital/Infrastructure/Space
- ▶ Child Care expenditures rising due to caseload & placements and age change per legislation
- ▶ Health & Human Services funding considerations
- ▶ Office of Community & Economic Development Impact of Workforce Development changes and potential funding reductions
- ▶ Union Contract Obligations/Fringe Benefit Trends

2018 Summary & Next Steps

- ▶ Integration of Board-defined community impacts & investment priorities
- ▶ Quarterly Budget review & updates: Year-end-March (2018); 1st Q - May, 2nd Q - August and 3rd Q - November
- ▶ 2019-2022 Budget Development and Planning Process