

2016 Year End Budget Update

Washtenaw County Board of Commissioners
March 29, 2017

AGENDA

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

2016 General Fund Budget Adjustments Approved by the Board of Commissioners

- ▶ February 3, 2016, Resolution #16-0022
One-time non-structural allocation of \$1,134,020 from fund balance to reduce CMH's CAP expenses for the period of 3-1-16 through 9-30-16 and continue funding for 2.0 FTE positions through 9-30-17.
- ▶ April 6, 2016, Resolution #16-0052
One-time non-structural allocation of \$316,682 from fund balance to be transferred out for future use as determined by the WCSO.
- ▶ June 1, 2016, Resolution #16-0095
Discontinuation of a portion of the one-time non-structural allocation (\$688,585) from fund balance and increases CMH's CAP expenses for the period of 5-1-16 through 9-30-16.
- ▶ November 16, 2016, Resolution #16-0192
Increase to revenues and expenses of \$208,348 for shared digital storage and leased computer equipment with the City of Ann Arbor

General Fund Revenues

- ▶ State Revenues: Surplus of \$778K due to reimbursement for the personal property tax exemption loss
- ▶ Sheriff's Office: Surplus of \$453K due to intergovernmental and other reimbursements
- ▶ Clerk/Register of Deeds: Surplus of \$258K due to real estate transfer tax receipts and a state wide change in recording fees
- ▶ Property Tax: Surplus of \$190K due to the timing of property tax collections

General Fund Revenues

- ▶ District Court: Shortfall of \$443K due to reduced court fees and fines as a result of the current caseload
- ▶ Planned Use of Fund Balance: Current budget \$795,291; thus a shortfall

General Fund Revenues Actual Variance as of 12/31/16 (Preliminary)

Personal Property Tax Reimbursement	\$ 778,108
Sheriff's Office	453,169
Clerk/Register of Deeds	257,601
Property Taxes	190,161
District Court	(442,650)
Planned Use of Fund Balance	(795,291)
All Other Combined	63,997
Total Projected Revenue Surplus	\$ 505,095

General Fund Expenditures

- ▶ Planned Contribution to Fund Balance: Current budget \$1,065,106; thus a surplus
- ▶ Personnel Services (net all departments): Surplus of \$1.7M due position vacancies, attrition and planned reductions
- ▶ Departmental operating (net): Surplus of \$347K due to reserves within the Sheriff's Office, other services & charges, internal service charges and capital outlay
- ▶ Reserves & Appropriations: Surplus of \$148K due to budgeted reserves and transfers out

General Fund Expenditures

- ▶ Tax Appeals/Refunds: Surplus due to less board of review and tax tribunal awards
- ▶ Sheriff's Office exceed their lump sum reduction due to position vacancies
- ▶ Trial Court surplus and recommended a portion to be transferred out of the GF to Office of Infrastructure Management for future infrastructure needs and projects
- ▶ District Court ended the year with a surplus due to attrition

General Fund Expenditures Actual Variance as of 12/31/16 (Preliminary)

Planned Contribution to Fund Balance	\$1,065,106
Personnel Services (net all departments)	1,680,509
Departmental Operating (net)	347,470
Appropriations & Reserves	147,610
Total Projected Expenditure Surplus	\$3,240,695

General Fund Year-End Status Actual Variance as of 12/31/16 (Preliminary)

Category	Original Budget	Adj	Revised Budget	YTD Total	Variance	% Variance
Taxes and Penalties	67,429,643	103,008	67,532,651	67,722,812	190,161	0.28%
Licenses & Permits	315,978	15,000	330,978	358,163	27,185	8.21%
Federal Revenue	90,800	-	90,800	60,700	(30,100)	-33.15%
State Revenue	11,064,440	79,577	11,144,017	11,956,506	812,489	7.29%
Local Revenue	1,241,879	217,570	1,459,449	1,333,507	(125,942)	-8.63%
Fees & Services	21,622,202	(11,568)	21,610,634	22,117,872	507,238	2.35%
Fines & Forfeitures	1,012,100	-	1,012,100	797,124	(214,976)	-21.24%
Interest Revenue	107,419	-	107,419	51,362	(56,057)	-52.19%
Other Revenue & Reimbursement	1,841,707	1,170,600	3,012,307	2,418,994	(593,313)	-19.70%
Transfers In	1,988,521	218,029	2,206,550	2,194,960	(11,590)	-0.53%
Total Revenues	106,714,689	1,792,216	108,506,905	109,012,000	505,095	0.47%
Personnel Services	70,421,550	(131,407)	70,290,143	68,609,634	1,680,509	2.39%
Supplies	1,741,134	132,335	1,873,469	2,088,543	(215,074)	-11.48%
Other Services and Charges	11,501,894	(545,185)	10,956,709	10,675,026	281,683	2.57%
Internal Service Charges	3,613,996	126,600	3,740,596	3,697,116	43,480	1.16%
Capital Outlay	92,625	480,891	573,516	536,136	37,380	6.52%
Reserves	1,585,106	(220,000)	1,365,106	-	1,365,106	100.00%
Appropriations	17,758,384	1,948,982	19,707,366	19,659,755	47,611	0.24%
Total Expenditures	106,714,689	1,792,216	108,506,905	105,266,210	3,240,695	2.99%
Surplus/(Shortfall)				3,745,790		

General Fund Budget vs. Quarterly & Year-End Projections as of 12-31-16 (Preliminary)

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected	Year-End Projected
Total Revenues	107,865,341	107,012,143	107,297,096	107,553,121	109,012,000
Total Expenditures	(107,865,341)	(106,296,301)	(106,112,278)	(105,967,276)	(105,266,210)
Projected Surplus/(Shortfall)	-	715,842	1,184,818	1,585,845	3,745,790
Planned Use of Fund Balance	(795,291)	(1,483,876)	(795,291)	(795,291)	(795,291)
Planned Contribution to Fund Balance	1,065,106	1,065,106	1,065,106	1,065,106	1,065,106
Surplus in Excess of the Planned Contribution to Fund Balance	269,815	(349,264)	119,712	520,739	2,680,684

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-reoccurring decisions on utilization of these funds are made annually.

Approved Nonstructural Carry Forward Financial Items

Board of Commissioners authorized the following allocations in 2017:

- ▶ October 19, 2016, Resolution #16-0156 one-time allocation for Act 88 Replacement funding of up to \$944,752 for specific projects
- ▶ September 21, 2016, Resolution #16-0132 one-time allocation of up to \$300,000 for Public Health if there is a need for additional funding

Recommended Additional Nonstructural Carry Forward Financial Items

- ▶ Increase Office of Infrastructure Management and Risk Management allocations in the amount of \$635K for critical information technology and building security needs and capital projects
- ▶ Increase budget in the amount of \$458K for undesignated allocation for future non-structural allocations
- ▶ Increase transfer out in the amount \$343K for a portion of the Sheriff's Office revenue surplus

Quadrennial General Fund Budget Summary as of 3/15/17

Category	2017 Current Budget	2018 Projected Budget	2019 Projected Budget	2020 Projected Budget
Taxes and Penalties	68,206,587	68,880,524	69,554,461	70,228,398
Licenses & Permits	332,052	340,770	360,332	370,574
Federal/State/Local Revenue	12,561,253	12,589,378	12,639,823	12,691,325
Fees & Services	21,957,892	21,958,532	21,962,031	21,966,045
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	3,285,625	2,139,205	2,143,275	3,111,327
Transfers In	2,043,766	2,043,506	2,046,171	2,046,171
Total Revenues	109,506,694	109,071,434	109,825,612	111,533,359
Personal Services	71,475,969	72,155,104	73,235,333	74,781,580
Supplies	1,579,472	1,736,432	1,587,849	1,737,279
Other Services and Charges	11,406,596	11,876,503	11,912,917	11,932,391
Internal Service Charges	2,862,337	2,791,170	2,701,581	2,565,806
Capital Outlay	128,625	88,625	88,625	88,625
Reserves/Contingencies	1,293,264	1,484,145	1,133,178	981,076
Appropriations/Transfers	20,760,431	18,939,455	19,166,129	19,446,602
Total Expenditures	109,506,694	109,071,434	109,825,612	111,533,359
Budgeted Planned Contribution / (Use of) Fund Balance	(884,708)	454,647	144,900	(959,591)

Non General Fund Year-End Status Actual Variance as of 12/31/16 (Preliminary)

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

Revenue Items to Monitor

- ▶ Clerk/Register of Deeds revenues
- ▶ Court Cost revenues & legislation impact
- ▶ District Court revenues & impact of declining caseload
- ▶ Personal Property Tax reform & revenue elimination
- ▶ Public Safety/Contracted Road Patrol

Expenditure Items to Monitor

- ▶ Animal Control Services
- ▶ Capital/Infrastructure/Space
- ▶ Child Care expenditures rising due to caseload & placements and age change per legislation
- ▶ Community Mental Health Restructuring
- ▶ 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

2017 Summary & Next Steps

- ▶ Integration of Board-defined community impacts & investment priorities
- ▶ Equalization Report presentation in April
- ▶ Year-end, audit and financial statements provided in April
- ▶ Financial State of the County & Eye on the Future presentations in June
- ▶ Quarterly Budget review & updates: 1st Q-May, 2nd Q-August and 3rd Q-November
- ▶ 2018-2021 Budget reaffirmation in the fall