

2017 1st Quarter Budget Update



Washtenaw County Board of Commissioners
May 17, 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

- ▶ 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
- ▶ 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
- ▶ 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

General Fund Revenues

- ▶ Property Tax Revenues: Projected surplus of \$1.2M based on the 2017 Equalization Report
- ▶ Sheriff's Office: Projected surplus of \$385K due to intergovernmental and other reimbursements
- ▶ Trial Court: Projected shortfall of \$126K due to state court equity payments and juror compensation reimbursements
- ▶ District Court: Projected shortfall of \$917K 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 3/31/17

Property Tax	\$ 1,199,045
Sheriff's Office	385,049
Trial Court	(125,750)
District Court	(916,621)
Planned Use of Fund Balance	(2,680,684)
All Other Combined	(19,496)
Total Projected Revenue Shortfall	(\$2,158,457)

General Fund Expenditures

- ▶ Reserves & Appropriations: Projected surplus of \$733K due to budgeted reserves and transfers out
- ▶ Planned Contribution to Fund Balance: Current budget \$360,044; thus a surplus
- ▶ Departmental Operating: Projected surplus of \$244K due cost containment efforts
- ▶ Personnel Services: Projected surplus of \$238K due position vacancies, attrition and planned reductions

General Fund Expenditures

- ▶ Trial Court: Projected surplus of \$129K primarily due personnel savings and continued cost containment in operations
- ▶ Sheriff's Office: Projected shortfall of \$1.7M if expenditures continue at current levels due to higher than budgeted overtime and operational costs

General Fund Expenditures Actual Variance as of 3/31/17

Appropriations & Reserves	\$ 733,221
Planned Contribution to Fund Balance	360,044
Departmental Operating (excludes PS&J)	244,063
Personnel Services (excludes PS&J)	238,048
Trial Court	128,695
Sheriff	(1,650,812)
Total Projected Expenditure Surplus	\$ 53,259

General Fund Status Actual Variance as of 3/31/17

Category	Original Budget	Adj	Revised Budget	Projected	Variance	% Variance
Taxes and Penalties	68,206,587	-	68,206,587	69,405,632	1,199,045	1.76%
Licenses & Permits	332,052	-	332,052	323,812	(8,240)	-2.48%
Federal Revenue	90,800	-	90,800	41,769	(49,031)	-54.00%
State Revenue	11,150,754	-	11,150,754	11,127,213	(23,541)	-0.21%
Local Revenue	1,319,699	-	1,319,699	1,305,585	(14,114)	-1.07%
Fees & Services	21,957,892	-	21,957,892	20,565,367	(1,392,525)	-6.34%
Fines & Forfeitures	1,012,100	-	1,012,100	799,165	(212,935)	-21.04%
Interest Revenue	107,419	-	107,419	51,582	(55,837)	-51.98%
Other Revenue & Reimbursement	2,130,034	2,591,523	4,721,557	3,193,447	(1,528,110)	-32.36%
Transfers In	2,043,766	36,401	2,080,167	2,006,997	(73,170)	-3.52%
Total Revenues	108,351,103	2,627,924	110,979,027	108,820,570	(2,158,457)	-1.94%
Personnel Services	71,749,847	(300,330)	71,449,517	72,372,244	(922,727)	-1.29%
Supplies	1,583,372	6,100	1,589,472	1,952,030	(362,558)	-22.81%
Other Services and Charges	11,855,946	(196,587)	11,659,359	11,876,177	(216,818)	-1.86%
Internal Service Charges	3,025,706	(163,369)	2,862,337	2,681,566	180,771	6.32%
Capital Outlay	88,625	40,000	128,625	82,351	46,274	35.98%
Reserves	1,392,417	(99,153)	1,293,264	-	1,293,264	100.00%
Appropriations	18,655,190	3,341,263	21,996,453	21,961,401	35,052	0.16%
Total Expenditures	108,351,103	2,627,924	110,979,027	110,925,768	53,259	0.05%
			Surplus/(Shortfall)	(2,105,198)		

General Fund Budget vs. Quarterly Projection as of 3-31-17

	Revised Budget	1st Quarter Projected
Total Revenues	110,979,027	108,820,570
Total Expenditures	(110,979,027)	(110,925,768)
Projected Surplus/(Shortfall)	-	(2,105,198)
Planned Use of Fund Balance	(2,680,684)	(2,680,684)
Planned Contribution to Fund Balance	360,044	360,044
Projected Net Planned Use of Fund Balance	(2,320,640)	(2,105,198)

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.

Quadrennial General Fund Budget Summary as of 4/30/17

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	4,721,557	2,139,205	2,143,275	3,111,327
Transfers In	2,080,167	2,043,506	2,046,171	2,046,171
Total Revenues	110,979,027	109,071,434	109,825,612	111,533,359
Personal Services	71,449,517	72,155,104	73,235,333	74,781,580
Supplies	1,589,472	1,736,432	1,587,849	1,737,279
Other Services and Charges	11,659,359	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	21,996,453	18,939,455	19,166,129	19,446,602
Total Expenditures	110,979,027	109,071,434	109,825,612	111,533,359
Budgeted Planned Contribution / (Use of) Fund Balance	(2,320,640)	454,647	144,900	(959,591)

Non General Fund Statuses Actual Variance as of 3/31/17

Child Care	On Budget
Community Mental Health (9-30-17 year end)	On Budget
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	On Budget
Veteran's Relief	Surplus

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
- ▶ Eye on the Future and Financial State of the County presentations in June
- ▶ Quarterly Budget review & updates: 2nd Q-August, 3rd Q-November and Year-end-March (2018)
- ▶ 2018-2021 Budget reaffirmation in the fall