

# 2018 1<sup>st</sup> Quarter Budget Update



Washtenaw County Board of Commissioners  
May 16, 2018

## AGENDA

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

## 2018 General Fund Budget Adjustments Approved by the Board of Commissioners

- ▶ April 4, 2018, Resolution #18-0062  
One-time allocation of \$1,214,459 from fund balance to be transferred out for highly critical infrastructure needs and future use as determined by the WCSO in alignment with the MOU agreement
- ▶ March 7, 2018, Resolution #18-0042  
Structural allocation of \$228,042, for the Sheriff's Office for an increase of 3 police services units for contracted road patrol, covered by increased fees & services revenues; Total number of contract deputies 82
- ▶ December 6, 2017, Resolution #17-0206 (included in the original adopted budget)  
One-time allocation of \$644,539 from fund balance for Economic Development & Agriculture activities, Michigan Immigrant Rights Center, the Office of community & Economic Development for Barrier Busters Emergency Unmet Needs for Immigrant Families and various outside agencies

## General Fund Revenues

- ▶ Property Tax Revenues: Projected surplus of \$2.2M based on the 2018 Equalization Report
- ▶ Support Services: Net projected surplus of \$333K due to a refund for leased capital equipment
- ▶ Sheriff's Office: Projected surplus of \$443K due to intergovernmental and other reimbursements
- ▶ Clerk/Register of Deeds: Projected surplus of \$246K due to real estate transfer tax receipts and recording fees

## General Fund Revenues

- ▶ Trial Court: Projected shortfall of \$310K due to state court equity payments and juror compensation reimbursements
- ▶ District Court: Projected shortfall of \$584K due to reduced court fees and fines as a result of the current caseload
- ▶ Planned Use of Fund Balance: Current budget \$1,878,998; thus projected shortfall

## General Fund Revenues Actual Variance as of 3/31/18

Property Tax	\$ 2,231,813
Support Services	332,761
Sheriff's Office	442,546
Clerk/Register of Deeds	246,132
Trial Court	(309,525)
District Court	(583,696)
Planned Use of Fund Balance	(1,878,998)
All Other Combined	92,952
<b>Total Projected Revenue Surplus</b>	<b>\$ 573,985</b>

## General Fund Expenditures

- ▶ Planned Contribution to Fund Balance: Current budget \$449,170; thus a surplus
- ▶ Reserves & Appropriations: Projected surplus of \$246K due to budgeted reserves and transfers out
- ▶ Trial Court: Projected surplus of \$135K primarily due personnel savings and continued cost containment in operations
- ▶ Personnel Services & Departmental Operating: Net Projected shortfall of \$395K due structural salary increase triggered by the property tax revenue increase
- ▶ Sheriff's Office: Projected shortfall of \$999K if expenditures continue at current levels due to higher than budgeted personnel and operational costs

## General Fund Expenditures Actual Variance as of 3/31/18

Appropriations & Reserves	\$ 245,821
Planned Contribution to Fund Balance	449,170
Trial Court	135,007
Personnel Services & Departmental Operating (excludes PS&J)	(395,108)
Sheriff	(998,538)
<b>Total Projected Expenditure Shortfall</b>	<b>(\$ 563,648)</b>



## General Fund Status Actual Variance as of 3/31/18

Category	Original Budget	Adjustments	Revised Budget	Total	\$ Var.	% Var.
<b>REVENUES</b>						
40 - Taxes	70,098,299	-	70,098,299	72,330,112	2,231,813	3.2%
45 - Licenses and Permits	348,833	-	348,833	322,639	(26,194)	-7.5%
50 - Federal Revenue	90,800	-	90,800	69,935	(20,865)	-23.0%
54 - State Revenue	11,144,518	-	11,144,518	11,006,982	(137,536)	-1.2%
58 - Local Revenue	1,497,146	-	1,497,146	1,379,347	(117,799)	-7.9%
60 - Fees and Services	22,311,023	240,975	22,551,998	22,743,834	191,836	0.9%
65 - Fines and Forfeits	1,012,100	-	1,012,100	839,665	(172,435)	-17.0%
66 - Interest	107,419	-	107,419	115,005	7,586	7.1%
67 - Other Revenue	2,586,722	1,384,883	3,971,605	2,667,908	(1,303,697)	-32.8%
69 - Transfers In	2,195,239	-	2,195,239	2,116,513	(78,726)	-3.6%
<b>Total Revenues</b>	<b>111,392,099</b>	<b>1,625,858</b>	<b>113,017,957</b>	<b>113,591,942</b>	<b>573,985</b>	<b>0.51%</b>
<b>EXPENDITURES</b>						
70 - Personal Services	73,444,313	225,321	73,669,634	74,534,682	(865,048)	-1.2%
75 - Supplies	1,764,532	(51,510)	1,713,022	2,020,223	(307,201)	-17.9%
80 - Other Svcs and Chgs	11,856,283	(557,563)	11,298,720	11,873,853	(575,133)	-5.1%
95 - Internal Svc Chgs	2,828,988	49,481	2,878,469	2,688,080	(190,389)	-6.6%
96 - Capital Outlay	88,625	-	88,625	8,793	(79,832)	-90.1%
97 - Debt Service	-	681,737	681,737	681,737	-	0.0%
98 - Reserves	841,657	12,933	854,590	-	854,590	100.0%
99 - Transfers Out	20,567,701	1,265,459	21,833,160	21,774,237	(58,923)	0.3%
<b>Total Expenditures</b>	<b>111,392,099</b>	<b>1,625,858</b>	<b>113,017,957</b>	<b>113,581,605</b>	<b>(563,648)</b>	<b>-0.5%</b>
<b>Surplus/(Shortfall)</b>				<b>10,337</b>		

## General Fund Budget vs. Quarterly Projection as of 3-31-18

	Revised Budget	1st Quarter Projected
<b>Total Revenues</b>	<b>113,017,957</b>	<b>113,591,942</b>
<b>Total Expenditures</b>	<b>(113,017,957)</b>	<b>(113,581,605)</b>
<b>Projected Surplus/(Shortfall)</b>	<b>-</b>	<b>10,337</b>
<b>Planned Use of Fund Balance</b>	<b>(1,878,998)</b>	<b>(1,878,998)</b>
<b>Planned Contribution to Fund Balance</b>	<b>449,170</b>	<b>449,170</b>
<b>Projected Net Planned Use of Fund Balance</b>	<b>(1,429,828)</b>	<b>10,337</b>

## 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	2018 Current Budget	2019 Adopted Budget	2020 Adopted Budget	2021 Adopted 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	22,551,998	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	3,971,605	2,186,754	3,326,637	2,167,836
Transfers In	2,195,239	2,197,904	2,197,904	2,197,904
<b>Total Revenues</b>	<b>113,017,957</b>	<b>111,942,609</b>	<b>114,017,650</b>	<b>113,724,862</b>
Personal Services	73,669,634	74,855,532	76,526,203	75,338,631
Supplies	1,713,022	1,615,949	1,765,379	1,616,379
Other Services and Charges	11,980,457	11,824,669	11,837,241	11,934,046
Internal Service Charges	2,878,469	2,722,815	2,718,880	2,871,175
Capital Outlay	88,625	88,625	88,625	88,625
Reserves/Contingencies	854,590	405,420	405,420	1,140,359
Appropriations/Transfers	21,833,160	20,429,599	20,675,902	20,735,647
<b>Total Expenditures</b>	<b>113,017,957</b>	<b>111,942,609</b>	<b>114,017,650</b>	<b>113,724,862</b>
<b>Budgeted Planned Contribution / (Use of) Fund Balance</b>	<b>(1,429,828)</b>	<b>(82,378)</b>	<b>(1,213,801)</b>	<b>679,939</b>

## Non General Fund Statuses Actual Variance as of 3/31/18

Child Care (9-30-18 year-end)	On Budget
Community Mental Health (9-30-18 year end)	Fund Balance
Facilities Operations & Maintenance	On Budget
Friend of the Court - CRP (9-30-18 year-end)	On Budget
Prosecuting Attorney - CRP (9-30-18 year-end)	On Budget
Public/Environmental Health (9-30-18 year end)	On Budget
Building Inspection	Surplus
Office of Community & Economic Development	On Budget
Risk Management	On Budget
Economic Development & Agriculture	On Budget
Veteran's Relief	Surplus

## Revenue Items to Monitor

- ▶ Annual Equalization Report & impact on property tax revenues
- ▶ Clerk/Register of Deeds revenues
- ▶ Court Cost revenues & legislation impact
- ▶ District Court revenues & impact of declining caseload
- ▶ Personal Property Tax reform & revenue elimination

## 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
- ▶ Union Contract Obligations/Fringe Benefit Trends

## 2018 Summary & Next Steps

- ▶ Integration of Board-defined community impacts & investment priorities using the 2018 Focused Strategic Investment process
- ▶ Financial State of the County Report
- ▶ Quarterly Budget review & updates: 2nd Q-August, 3<sup>rd</sup> Q-November and Year-end-March (2019)
- ▶ 2019-2022 Administrator's Recommended Budget in the fall