

# 2018 2<sup>nd</sup> Quarter Budget Update



Washtenaw County Board of Commissioners  
August 8, 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

- ▶ June 6, 2018, Resolution #18-0091  
Structural adjustment of \$2,231,813 to recognize increased property tax revenues to cover the July 1<sup>st</sup> salary increases triggered by growth and earmarked for future allocations
- ▶ 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

- ▶ Clerk/Register of Deeds: Projected surplus of \$730K due to real estate transfer tax receipts and recording fees
- ▶ Sheriff's Office: Projected surplus of \$259K due to intergovernmental and other reimbursements
- ▶ Trial Court: Projected shortfall of \$114K due to state court equity payments and juror compensation reimbursements
- ▶ District Court: Projected shortfall of \$637K 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 6/30/18

Clerk/Register of Deeds	\$ 730,381
Sheriff's Office	259,049
Trial Court	(114,393)
District Court	(637,455)
Planned Use of Fund Balance	(1,878,998)
All Other Combined	57,950
<b>Total Projected Revenue Shortfall</b>	<b>(\$1,583,466)</b>

## General Fund Expenditures

- ▶ Central Charges: Projected surplus of \$1.8M due to the undesignated allocation and tax refund and overpayments
- ▶ Personnel Services & Departmental Operating: Net Projected surplus of \$1.3M due to position vacancies, attrition and operational savings
- ▶ Planned Contribution to Fund Balance: Current budget \$449,170; thus a surplus
- ▶ Reserves & Appropriations: Projected surplus of \$205K due to budgeted reserves and transfers out

## General Fund Expenditures

- ▶ Trial Court: Projected surplus of \$154K primarily due personnel savings and continued cost containment in operations
- ▶ Sheriff's Office: Projected shortfall of \$733K if expenditures continue at current levels due to higher than budgeted personnel and operational costs

## General Fund Expenditures Actual Variance as of 6/30/18

Central Charges	\$ 1,769,590
Personnel Services & Departmental Operating (excludes PS&J)	1,308,447
Planned Contribution to Fund Balance	449,170
Appropriations & Reserves	205,420
Trial Court	154,362
Sheriff	( 732,604)
<b>Total Projected Expenditure Surplus</b>	<b>\$ 3,154,385</b>



## General Fund Status Actual Variance as of 6/30/18

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
<b>REVENUES</b>						
40 - Taxes	70,098,299	2,231,813	72,330,112	72,330,112	(0)	0.0%
45 - Licenses and Permits	348,833	-	348,833	375,373	26,540	7.6%
50 - Federal Revenue	90,800	-	90,800	82,961	(7,839)	-8.6%
54 - State Revenue	11,144,518	-	11,144,518	11,172,963	28,445	0.3%
58 - Local Revenue	1,497,146	-	1,497,146	1,291,542	(205,604)	-13.7%
60 - Fees and Services	22,311,023	240,975	22,551,998	22,919,067	367,069	1.6%
65 - Fines and Forfeits	1,012,100	-	1,012,100	884,841	(127,259)	-12.6%
66 - Interest	107,419	-	107,419	119,733	12,314	11.5%
67 - Other Revenue	2,586,722	1,382,196	3,968,918	2,303,836	(1,665,082)	-42.0%
69 - Transfers In	2,195,239	-	2,195,239	2,183,191	(12,048)	-0.5%
<b>Total Revenues</b>	<b>111,392,099</b>	<b>3,854,984</b>	<b>115,247,083</b>	<b>113,663,617</b>	<b>(1,583,466)</b>	<b>-1.37%</b>
<b>EXPENDITURES</b>						
70 - Personal Services	73,444,313	912,328	74,356,641	73,219,367	1,137,274	1.5%
75 - Supplies	1,764,532	(44,510)	1,720,022	2,034,120	(314,098)	-18.3%
80 - Other Svcs and Chgs	11,856,283	906,249	12,762,532	11,589,301	1,173,231	9.2%
95 - Internal Svc Chgs	2,828,988	49,481	2,878,469	2,603,491	274,978	9.6%
96 - Capital Outlay	88,625	-	88,625	103,204	(14,579)	-16.4%
97 - Debt Service	-	756,974	756,974	756,975	(1)	0.0%
98 - Reserves	841,657	12,933	854,590	-	854,590	100.0%
99 - Transfers Out	20,567,701	1,261,529	21,829,230	21,786,242	42,988	0.2%
<b>Total Expenditures</b>	<b>111,392,099</b>	<b>3,854,984</b>	<b>115,247,083</b>	<b>112,092,698</b>	<b>3,154,385</b>	<b>2.7%</b>
<b>Surplus/(Shortfall)</b>				<b>1,570,919</b>		

## General Fund Budget vs. Quarterly Projection as of 6-30-18

	Revised Budget	1st Quarter Projected	2nd Quarter Projected
<b>Total Revenues</b>	<b>113,017,957</b>	113,591,942	<b>113,663,617</b>
<b>Total Expenditures</b>	<b>(113,017,957)</b>	(113,581,605)	<b>(112,092,698)</b>
<b>Projected Surplus/(Shortfall)</b>	-	10,337	<b>1,570,919</b>
<b>Planned Use of Fund Balance</b>	<b>(1,878,998)</b>	(1,878,998)	<b>(1,878,998)</b>
<b>Planned Contribution to Fund Balance</b>	<b>449,170</b>	449,170	<b>449,170</b>
<b>Projected Net Planned (Use)/Contribution to Fund Balance</b>	<b>(1,429,828)</b>	10,337	<b>1,570,919</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 6/30/17

Category	2018 Current Budget	2019 Adopted Budget	2020 Adopted Budget	2021 Adopted Budget
Taxes and Penalties	72,330,112	73,023,266	73,716,420	74,409,574
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	3,968,918	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>115,247,083</b>	<b>114,174,910</b>	<b>116,250,438</b>	<b>115,977,297</b>
Personal Services	74,356,641	75,557,226	77,227,897	76,040,325
Supplies	1,720,022	1,615,949	1,765,379	1,616,379
Other Services and Charges	13,519,506	13,355,279	13,368,335	13,484,787
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	21,829,230	20,429,599	20,675,902	20,735,647
<b>Total Expenditures</b>	<b>115,247,083</b>	<b>114,174,913</b>	<b>116,250,438</b>	<b>115,977,297</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>
Notes:	-			
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.				

## Non General Fund Statuses Actual Variance as of 6/30/18

Child Care (9-30-18 year-end)	Surplus
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)	Surplus
Prosecuting Attorney - CRP (9-30-18 year-end)	Surplus
Public/Environmental Health (9-30-18 year end)	Fund Balance
Building Inspection	Fund Balance
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 strategic budget priorities and principles using the 2018 Focused Strategic Investment process - wrapping up
- ▶ Quarterly Budget review & updates: 3<sup>rd</sup> Q-November and Year-end-March (2019)
- ▶ 2019-2022 Administrator's Recommended Budget on September 19, 2018
- ▶ Board of Commissioner Adopts Budget on November 7, 2018