

2018 3rd Quarter Budget Update



Washtenaw County Board of Commissioners
November 7, 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 1st 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 \$734K due to real estate transfer tax receipts and recording fees
- ▶ Support Services: Projected surplus of \$452K due to a refund for leased technology equipment needing to be upgraded and replaced
- ▶ Interest Revenue & Transfers In: Projected surplus of \$88K due investment earnings and transfers
- ▶ Sheriff's Office: Projected surplus of \$58K due to intergovernmental and other reimbursements

General Fund Revenues

- ▶ Trial Court: Projected shortfall of \$91K due to state court equity payments and juror compensation reimbursements
- ▶ District Court: Projected shortfall of \$164K 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 9/30/18

Clerk/Register of Deeds	\$ 733,610
Support Services - OIM-IT	451,590
Interest Revenue & Transfers In	87,706
Sheriff's Office	57,917
Trial Court	(90,905)
District Court	(164,140)
Planned Use of Fund Balance	(1,878,998)
All Other Combined	154,242
Total Projected Revenue Shortfall	(\$ 648,978)

General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net Projected surplus of \$1.4M due to position vacancies, attrition and operational savings
- ▶ Central Charges: Projected surplus of \$464K due to the undesignated allocation and tax refund and overpayments
- ▶ Planned Contribution to Fund Balance: Current budget \$449,170; thus a surplus
- ▶ Reserves: Projected surplus of \$205K due to budgeted contingencies

General Fund Expenditures

- ▶ District Court: Projected surplus of \$118K primarily due personnel savings from attrition and leaves
- ▶ Trial Court: Projected surplus of \$85K primarily due personnel savings and continued cost containment in operations
- ▶ Support Services: Projected shortfall of \$370K due to lease payments for technology equipment being more than budget due the timing of the need to upgrade and replace
- ▶ Sheriff's Office: Projected shortfall of \$458K if expenditures continue at current levels due to higher than budgeted personnel and operational costs

General Fund Expenditures Actual Variance as of 9/30/18

Personnel Services & Departmental Operating (excludes PS&J)	\$ 1,400,514
Central Charges	464,231
Planned Contribution to Fund Balance	449,170
Appropriations & Reserves	205,420
District Court	118,136
Trial Court	85,208
Support Services - OIM-IT	(370,324)
Sheriff	(458,054)
Total Projected Expenditure Surplus	\$ 1,894,301

General Fund Status Actual Variance as of 9/30/18

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
REVENUES						
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	363,730	14,897	4.3%
50 - Federal Revenue	90,800	-	90,800	70,808	(19,992)	-22.0%
54 - State Revenue	11,144,518	-	11,144,518	11,130,855	(13,663)	-0.1%
58 - Local Revenue	1,497,146	-	1,497,146	1,500,847	3,701	0.2%
60 - Fees and Services	22,311,023	(134,025)	22,176,998	22,899,854	722,856	3.3%
65 - Fines and Forfeits	1,012,100	-	1,012,100	900,579	(111,521)	-11.0%
66 - Interest	107,419	-	107,419	180,604	73,185	68.1%
67 - Other Revenue	2,586,722	1,482,196	4,068,918	2,702,782	(1,366,136)	-33.6%
69 - Transfers In	2,195,239	(33,174)	2,162,065	2,209,760	47,695	2.2%
Total Revenues	111,392,099	3,546,810	114,938,909	114,289,931	(648,978)	-0.56%
EXPENDITURES						
70 - Personal Services	73,444,313	1,102,052	74,546,365	73,021,237	1,525,128	2.0%
75 - Supplies	1,764,532	(44,010)	1,720,522	2,019,841	(299,319)	-17.4%
80 - Other Svcs and Chgs	11,856,283	(210,749)	11,645,534	12,058,232	(412,698)	-3.5%
95 - Internal Svc Chgs	2,828,988	49,481	2,878,469	2,668,149	(210,320)	-7.3%
96 - Capital Outlay	88,625	1,600	90,225	97,954	(7,729)	-8.6%
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	1,878,529	22,446,230	22,422,221	24,009	0.1%
Total Expenditures	111,392,099	3,546,810	114,938,909	113,044,608	1,894,301	1.6%
Surplus/(Shortfall)				1,245,324		

General Fund Budget vs. Quarterly Projection as of 9-30-18

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected
Total Revenues	114,938,909	113,591,942	113,663,617	114,289,931
Total Expenditures	(114,938,909)	(113,581,605)	(112,092,698)	(113,044,608)
Projected Surplus/(Shortfall)	-	10,337	1,570,919	1,245,323
Planned Use of Fund Balance	(1,878,998)	(1,878,998)	(1,878,998)	(1,878,998)
Planned Contribution to Fund Balance	449,170	449,170	449,170	449,170
Projected Net Planned (Use)/Contribution to Fund Balance	(1,429,828)	10,337	1,570,919	1,245,323

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 Recommended General Fund Budget Summary as of 9/19/18

Category	2019 Recommended	2020 Recommended	2021 Recommended	2022 Recommended
REVENUES				
Taxes and Penalties	73,058,385	74,152,057	75,262,133	76,388,860
Licenses & Permits	435,686	431,199	436,665	451,317
Federal/State/Local Revenue	12,712,256	12,759,294	12,767,358	12,804,895
Fees & Services	22,360,029	22,361,860	22,565,799	22,773,216
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	2,111,987	2,127,365	2,126,905	2,128,320
Transfers In	8,385,319	8,422,904	8,472,904	8,572,904
Total Revenues	120,183,181	121,374,198	122,751,283	124,239,031
EXPENDITURES				
Personal Services	76,786,236	78,200,899	79,838,012	80,856,997
Supplies	1,568,849	1,718,279	1,562,279	1,711,279
Other Services and Charges	12,681,237	12,716,946	12,770,385	12,804,444
Internal Service Charges	1,605,058	1,697,632	1,801,218	1,825,181
Capital Outlay	88,625	88,625	88,625	88,625
Reserves/Contingencies	300,000	650,000	800,000	800,000
Appropriations/Transfers	27,153,176	26,301,817	25,890,764	26,152,505
Total Expenditures	120,183,181	121,374,198	122,751,283	124,239,031

Non General Fund Statuses Actual Variance as of 9/30/18

Child Care (9-30-18 year-end)	Surplus
Community Mental Health (9-30-18 year end)	Fund Balance
Facilities Operations	Fund Balance
Friend of the Court - CRP (9-30-18 year-end)	Surplus
Prosecuting Attorney - CRP (9-30-18 year-end)	Surplus
Health Department (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 included in the 2019-2022 Recommended Quadrennial Budget
- ▶ Public Hearing on the 2019-2022 Recommended Quadrennial Budget
- ▶ Board of Commissioner Adopts 2019-2022 Quadrennial Budget
- ▶ Quarterly Budget review & updates: 2018 Year-end-March (2019)