

2018 Year End Budget Update



Washtenaw County Board of Commissioners
April 17, 2019

AGENDA

- ▶ Budget Adjustments
- ▶ Revenues
- ▶ Expenditures
- ▶ General Fund Year End Status
- ▶ Structural and Nonstructural Investments
- ▶ Non General Funds Status
- ▶ General Fund Budget Summary
- ▶ 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
- ▶ 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

2018 General Fund Budget Adjustments Approved by the Board of Commissioners

- ▶ November 28, 2018, Resolution #18-0186
One-time allocation of \$451,591 to recognize revenues as a result of a refund for leased capital equipment that was upgraded and replaced, and will be spent on new leased capital equipment replacing what was taken out of service
- ▶ 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
- ▶ 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

2018 General Fund Increased Allocation for Mental Health

▶ April 17, 2019, Resolution #19-TBD

Increase mental health expense allocation in the General Fund in the amount of up to \$3,696,365 all of the 2018 General Fund year end surplus, for Washtenaw County Community Mental Health's fiscal year ending 9-30-18

General Fund Revenues

- ▶ Clerk/Register of Deeds: Surplus of \$505K due to real estate transfer tax receipts and recording fees
- ▶ Intergovernmental Revenues: Surplus of \$494K due to state revenues for personal property tax reimbursement, revenue sharing/county incentive program and liquor tax payments
- ▶ Combined Other Revenues: Surplus of \$323K due to property tax revenues, treasurer's office, trial court, prosecuting attorney activities and other miscellaneous reimbursements
- ▶ Interest Revenue & Transfers In: Surplus of \$245K due investment earnings and transfers in

General Fund Revenues

- ▶ Water Resources: Surplus of \$174K due to other revenues & reimbursements, fees & services, license & permits for administration, soil erosion, and storm water general permit activities
- ▶ District Court: Shortfall of \$121K due to reduced court fees and fines as a result of the current caseload and trends
- ▶ Sheriff's Office: Shortfall of \$142K due to fees and services for contracted road patrol activities
- ▶ Planned Use of Fund Balance: Current budget \$1,878,998; thus projected shortfall

General Fund Revenues Actual Variance as of 12/31/18

Clerk/Register of Deeds	\$ 505,349
Intergovernmental	493,551
Interest Revenue & Transfers In	245,212
Water Resources Commissioner	173,898
District Court	(121,007)
Sheriff's Office	(141,522)
Planned Use of Fund Balance	(1,878,998)
All Other Combined	322,593
Total Projected Revenue Shortfall	(\$ 400,924)

General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net surplus of \$1.6M due to position vacancies, attrition and operational savings
- ▶ Appropriations & Reserves: Surplus of \$1.4M due to transfers out to non-general fund programs and budgeted contingencies
- ▶ Central Charges: Projected surplus of \$519K due to the undesignated allocation and tax refund and overpayments

General Fund Expenditures

- ▶ Planned Contribution to Fund Balance: Current budget \$449,170; thus a surplus
- ▶ District Court: Surplus of \$194K primarily due personnel savings from attrition and leaves
- ▶ Mental Health: The unbudgeted increased allocation, if approved, in the amount of \$3,696,365 will result in a shortfall

General Fund Expenditures Actual Variance as of 12/31/18

Personnel Services & Departmental Operating (excludes District Court & Mental Health)	\$ 1,559,097
Appropriations	1,170,461
Central Charges	519,116
Planned Contribution to Fund Balance	449,170
Reserves	205,420
District Court	194,025
Mental Health	(3,696,365)
Total Expenditure Surplus	\$ 400,924

General Fund Status Actual Variance as of 12/31/18

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
REVENUES						
40 - Taxes	70,098,299	2,231,813	72,330,112	72,422,271	92,159	0.1%
45 - Licenses and Permits	348,833	-	348,833	381,896	33,063	9.5%
50 - Federal Revenue	90,800	-	90,800	44,466	(46,334)	-51.0%
54 - State Revenue	11,144,518	-	11,144,518	11,736,612	592,094	5.3%
58 - Local Revenue	1,497,146	22,000	1,519,146	1,342,933	(176,213)	-11.6%
60 - Fees and Services	22,311,023	(134,025)	22,176,998	22,756,425	579,427	2.6%
65 - Fines and Forfeits	1,012,100	-	1,012,100	982,392	(29,708)	-2.9%
66 - Interest	107,419	-	107,419	378,171	270,752	252.1%
67 - Other Revenue	2,586,722	1,933,787	4,520,509	2,799,289	(1,721,220)	-38.1%
69 - Transfers In	2,195,239	(33,174)	2,162,065	2,167,122	5,057	0.2%
Total Revenues	111,392,099	4,020,401	115,412,500	115,011,576	(400,924)	-0.35%
EXPENDITURES						
70 - Personal Services	73,444,313	915,630	74,359,943	75,916,894	(1,556,951)	-2.1%
75 - Supplies	1,764,532	23,990	1,788,522	2,174,073	(385,551)	-21.6%
80 - Other Svcs and Chgs	11,856,283	194,263	12,050,546	12,184,472	(133,926)	-1.1%
95 - Internal Svc Chgs	2,828,988	49,481	2,878,469	2,407,129	(471,340)	-16.4%
96 - Capital Outlay	88,625	1,600	90,225	17,812	(72,413)	-80.3%
97 - Debt Service	-	756,975	756,975	823,970	(66,995)	-8.9%
98 - Reserves	841,657	12,933	854,590	-	854,590	100.0%
99 - Transfers Out	20,567,701	2,065,529	22,633,230	21,487,225	(1,146,005)	-5.1%
Total Expenditures	111,392,099	4,020,401	115,412,500	115,011,576	400,924	0.3%
Surplus/(Shortfall)					0	

General Fund Budget vs. Quarterly Projection as of 12-31-18

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected	Year-End Projected
Total Revenues	114,938,909	113,591,942	113,663,617	114,289,931	115,011,576
Total Expenditures	(114,938,909)	(113,581,605)	(112,092,698)	(113,044,608)	(115,011,576)
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)	(1,878,998)
Planned Contribution to Fund Balance	449,170	449,170	449,170	449,170	449,170
Projected Net Planned (Use)/Contribution to Fund Balance	(1,429,828)				(1,429,828)

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 and principles. 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 12/31/18

Category	2019 Adopted Budget	2020 Adopted Budget	2021 Adopted Budget	2022 Adopted Budget
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 & Reimbursements	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 12/31/18 (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	Surplus
Office of Community & Economic Development	Surplus
Risk Management	Fund Balance
Economic Development & Agriculture	Surplus
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

2019 Summary & Next Steps

- ▶ Quarterly Budget review & updates: 2018 Year-end Report April and Quarterly Reports for 2019: 1st Q May/June, 2nd Q August, 3rd Q November and 2019 Year-end Report March (2020)
- ▶ Equalization Report April
- ▶ Financial State of the County Executive Summary and Eye on the Future Presentation May
- ▶ Development of Administrator's Recommended Budget and Integration of Board strategic budget priorities and principles included in the 2020-2023 Quadrennial Budget July - August
- ▶ Presentation of Administrator's Recommended 2020-2023 Quadrennial Budget October
- ▶ Ways & Means Deliberation of Budget October - November
- ▶ Public Hearing on the Budget November
- ▶ Adoption of the 2020-2023 Quadrennial Budget November