

2019 1st Quarter Budget Update



Washtenaw County Board of Commissioners
May 15, 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

2019 Pending General Fund Budget Adjustments for Consideration by the Board of Commissioners

▶ May 15, 2019, Resolution #19-TBD

Net zero budget adjustment that removed public defender financial activities from the General Fund and re-categorized the County's local share to an appropriation/transfer out and budgets the local share within the Indigent Defensive Fund as required per State law

▶ June 5, 2019, Resolution #19-TBD

Structural budget adjustment in the amount of \$2,950,702 to recognize increased property tax revenues with a portion being allocated for both structural and non-structural investments and the remaining identified as undesignated allocations for future investment to be discussed and determined upon resolving the CMH 9-30-19 deficit

General Fund Revenues

▶ Property Tax Revenues: Projected surplus of \$2.95M based on the 2019 Equalization Report

▶ Clerk/Register of Deeds: Surplus of \$113K due to real estate transfer tax receipts and recording fees

▶ Trial Court: Projected shortfall of \$102K lower than budgeted reimbursements

▶ Sheriff's Office: Projected shortfall of \$659K due to fees and services for contracted road patrol activities

General Fund Revenues Actual Variance as of 3/31/19

Property Tax	\$ 2,950,702
Clerk/Register of Deeds	112,509
Trial Court	(102,324)
Sheriff's Office	(659,277)
All Other Combined	18,938
Total Projected Revenue Surplus	\$ 2,320,548

General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net surplus of \$1.3M due to position vacancies, attrition and operational savings
- ▶ Central Charges & Reserves: Projected surplus of \$467K due to the undesignated allocation, tax refund and overpayments savings and budgeted contingencies
- ▶ District Court: Projected surplus of \$158K primarily due to personnel savings from attrition and leaves
- ▶ Sheriff's Office: Projected shortfall of \$416K if expenditures continue at current levels due to higher than budgeted personnel and operational cost

General Fund Expenditures Actual Variance as of 3/31/19

Personnel Services & Departmental Operating (excludes District Court & Sheriff's Office)	\$ 1,254,104
Central Charges & Reserves	467,289
District Court	158,489
Sheriff's Office	(415,955)
Total Expenditure Surplus	\$ 1,463,927

General Fund Status Actual Variance as of 3/31/19

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
REVENUES						
40 - Taxes	73,058,385	-	73,058,385	76,001,087	2,942,702	4.0%
44 - Special Assessments	-	-	-	-	-	0.0%
45 - Licenses and Permits	435,686	-	435,686	428,569	(7,117)	-1.6%
50 - Federal Revenue	90,800	-	90,800	67,940	(22,860)	-25.2%
54 - State Revenue	11,154,643	-	11,154,643	11,241,618	86,975	0.8%
58 - Local Revenue	1,466,813	-	1,466,813	1,559,227	92,414	6.3%
60 - Fees and Services	22,360,029	-	22,360,029	22,014,142	(345,887)	-1.5%
65 - Fines and Forfeits	1,012,100	-	1,012,100	913,261	(98,839)	-9.8%
66 - Interest	107,419	-	107,419	244,293	136,874	127.4%
67 - Other Revenue	2,111,987	70,965	2,182,952	1,880,701	(302,251)	-13.8%
69 - Transfers In	8,385,319	(33,174)	8,352,145	8,190,681	(161,464)	-1.9%
Total Revenues	120,183,181	37,791	120,220,972	122,541,520	2,320,548	1.93%
EXPENDITURES						
70 - Personal Services	76,770,274	(80,000)	76,690,274	76,328,156	362,118	0.5%
75 - Supplies	1,571,849	(3,730)	1,568,119	1,772,515	(204,396)	-13.0%
80 - Other Svcs and Chgs	12,675,936	(237,568)	12,438,368	12,403,770	34,598	0.3%
95 - Internal Svc Chgs	1,605,058	-	1,605,058	929,567	675,491	42.1%
96 - Capital Outlay	88,625	-	88,625	1,750	86,875	98.0%
97 - Debt Service	-	359,089	359,089	359,089	0	0.0%
98 - Reserves	300,000	-	300,000	-	300,000	100.0%
99 - Transfers Out	27,171,439	-	27,171,439	26,962,198	209,241	0.8%
Total Expenditures	120,183,181	37,791	120,220,972	118,757,045	1,463,927	1.2%
				Surplus/(Shortfall)	3,784,475	

General Fund Budget vs. Quarterly Projection as of 3-31-19

	Revised Budget	1st Quarter Projected
Total Revenues	120,220,972	122,541,520
Total Expenditures	(120,220,972)	(118,757,045)
Projected Surplus/(Shortfall)	-	3,784,475
Planned Use of Fund Balance	(75,000)	(75,000)

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 3/31/19

Category	2019 Adopted Budget	2020 Adopted Budget	2021 Adopted Budget	2022 Adopted Budget
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	2,182,952	2,127,365	2,126,905	2,128,320
Transfers In	8,352,145	8,422,904	8,472,904	8,572,904
Total Revenues	120,220,972	121,374,198	122,751,283	124,239,031
Personal Services	76,690,274	78,200,899	79,838,012	80,856,997
Supplies	1,568,119	1,718,279	1,562,279	1,711,279
Other Services and Charges	12,438,368	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
Debt Service	359,089	-	0	0
Reserves/Contingencies	300,000	650,000	800,000	800,000
Appropriations/Transfers	27,171,439	26,301,817	25,890,764	26,152,505
Total Expenditures	120,220,972	121,374,198	122,751,283	124,239,031
Budgeted Planned Contribution / (Use of) Fund Balance	(75,000)	-	-	-

Non General Fund Statuses Actual Variance as of 3/31/19

Child Care (9-30-18 year-end)	Surplus
Community Mental Health (9-30-18 year end)	Shortfall
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	On budget
Risk Management	Fund Balance
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
- ▶ Community Mental Health funding issues
- ▶ 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
- ▶ Community Mental Health: right size services to bring cost in line with available revenues
- ▶ Health & Human Services funding considerations
- ▶ Union Contract Obligations/Fringe Benefit Trends

2019 Summary & Next Steps

- ▶ Quarterly Budget review & updates: 2nd Q August, 3rd Q November and 2019 Year-end Report March (2020)
- ▶ Eye on the Future Presentation June
- ▶ 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