

# 2019 3<sup>rd</sup> Quarter Budget Update



Washtenaw County Board of Commissioners  
November 20, 2019

## AGENDA

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

## 2019 General Fund Budget Adjustments

▶ August 7, 2019, Resolution #19-142

Structural budget adjustment in the amount of \$310,727 to recognize the public safety portion of increased property tax revenues from the Mental Health and Public Safety Millage as a result of the 2019 Equalization Report. To be used for Sheriff program expansion and operations in alignment with their 8 year plan.

Nonstructural budget adjustment in the amount of \$250,645 for the 2018 personal property tax reimbursement settlement received in May, 2019 to be identified as undesignated allocation for future investment to be discussed and determined upon resolving the CMH 9-30-19 deficit

▶ June 5, 2019, Resolution #19-109

Structural budget adjustment in the amount of \$2,950,702 to recognize increased property tax revenues with a portion being allocated for both structural (\$500,000) and non-structural (\$513,656) investments and the remaining identified as undesignated allocations (\$1,934,046) for future investment to be discussed and determined upon resolving the CMH 9-30-19 deficit

▶ May 15, 2019, Resolution #19-088

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

## General Fund Revenues

- ▶ Clerk/Register of Deeds: Projected surplus of \$321K due to real estate transfer tax receipts and recording fees
- ▶ Interest Revenue: Projected surplus of \$186K due to investment earnings for three quarters of the year
- ▶ Sheriff's Office: Projected shortfall of \$683K due to fees and services for contracted road patrol and civil division activities

## General Fund Revenues Actual Variance as of 9/30/19

Clerk/Register of Deeds	\$ 320,883
Interest Revenue	186,463
Sheriff's Office	(682,677)
All Other Combined	135,981
<b>Total Projected Revenue Shortfall</b>	<b>\$ ( 39,981)</b>

## General Fund Expenditures

- ▶ Personnel Services & Departmental Operating: Net surplus of \$1.6M due to position vacancies, attrition and operational savings
- ▶ Central Charges & Reserves: Projected surplus of \$2.6M due to the undesignated allocations, tax refund and overpayments savings, lower than budgeted appropriations and budgeted contingencies
- ▶ Courts: Projected surplus of \$386K primarily due to personnel savings from attrition and leaves
- ▶ Sheriff's Office: Projected to be on budget

## General Fund Expenditures Actual Variance as of 9/30/19

Personnel Services & Departmental Operating (excludes District and Trial Courts & Sheriff's Office)	\$ 1,605,079
Central Charges & Reserves	2,602,691
District and Trial Courts	386,434
<b>Total Expenditure Surplus</b>	<b>\$ 4,594,204</b>

## General Fund Status Actual Variance as of 9/30/19

Category	Original Budget	Adjustments	Revised Budget	Projected Total	\$ Var.	% Var.
<b>REVENUES</b>						
40 - Taxes	73,058,385	2,950,702	76,009,087	76,006,330	(2,757)	0.0%
44 - Special Assessments	-	-	-	-	-	0.0%
45 - Licenses and Permits	435,686	-	435,686	406,601	(29,085)	-6.7%
50 - Federal Revenue	90,800	-	90,800	50,000	(40,800)	-44.9%
54 - State Revenue	11,154,643	250,645	11,405,288	11,455,078	49,790	0.4%
58 - Local Revenue	1,466,813	-	1,466,813	1,599,085	132,272	9.0%
60 - Fees and Services	22,360,029	-	22,360,029	22,439,375	79,346	0.4%
65 - Fines and Forfeits	1,012,100	-	1,012,100	976,708	(35,392)	-3.5%
66 - Interest	107,419	13,227	120,646	338,515	217,869	180.6%
67 - Other Revenue	2,111,987	70,965	2,182,952	2,031,325	(151,627)	-6.9%
69 - Transfers In	8,385,319	(33,174)	8,352,145	8,093,179	(258,966)	-3.1%
<b>Total Revenues</b>	<b>120,183,181</b>	<b>3,252,365</b>	<b>123,435,546</b>	<b>123,396,196</b>	<b>(39,350)</b>	<b>-0.03%</b>
<b>EXPENDITURES</b>						
70 - Personal Services	76,770,274	(1,797,839)	74,972,435	71,859,511	3,112,924	4.2%
75 - Supplies	1,571,849	(10,506)	1,561,343	1,952,943	(391,600)	-25.1%
80 - Other Svcs and Chgs	12,675,936	1,945,345	14,621,281	13,705,565	915,716	6.3%
95 - Internal Svc Chgs	1,605,058	(550,949)	1,054,109	809,565	244,544	23.2%
96 - Capital Outlay	88,625	-	88,625	36,616	52,009	58.7%
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	3,307,225	30,478,664	30,118,053	360,611	1.2%
<b>Total Expenditures</b>	<b>120,183,181</b>	<b>3,252,365</b>	<b>123,435,546</b>	<b>118,841,342</b>	<b>4,594,204</b>	<b>3.7%</b>
<b>Surplus/(Shortfall)</b>				<b>4,554,854</b>		



## General Fund Budget vs. Quarterly Projection as of 9-30-19

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected
<b>Total Revenues</b>	<b>123,435,546</b>	122,541,520	123,411,870	<b>123,396,196</b>
<b>Total Expenditures</b>	<b>(123,435,546)</b>	(118,757,045)	(118,532,436)	<b>(118,841,342)</b>
<b>Projected Surplus/(Shortfall)</b>	-	3,784,475	4,879,434	<b>4,554,854</b>
<b>Planned Use of Fund Balance</b>	<b>(75,000)</b>	(75,000)	(75,000)	<b>(75,000)</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 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 General Fund Budget Summary as of 11/5/19

Category Summary	2020 Recommended Budget	2021 Recommended Budget	2022 Recommended Budget	2023 Recommended Budget
<b>Revenue</b>				
40 - Taxes	\$ 77,107,676	\$ 78,222,744	\$ 79,354,537	\$ 80,503,308
45 - Licenses and Permits	\$ 431,199	\$ 436,665	\$ 451,317	\$ 451,317
50 - Federal Revenue	\$ 90,800	\$ 90,800	\$ 90,800	\$ 90,800
54 - State Revenue	\$ 11,231,362	\$ 11,231,362	\$ 11,231,362	\$ 11,231,362
58 - Local Revenue	\$ 1,498,851	\$ 1,506,915	\$ 1,544,452	\$ 1,544,452
60 - Fees and Services	\$ 22,361,860	\$ 22,565,799	\$ 22,773,216	\$ 22,773,216
65 - Fines and Forfeits	\$ 1,012,100	\$ 1,012,100	\$ 1,012,100	\$ 1,012,100
66 - Interest	\$ 107,419	\$ 107,419	\$ 107,419	\$ 107,419
67 - Other Revenue	\$ 3,243,118	\$ 2,087,535	\$ 2,096,644	\$ 2,096,644
69 - Transfers In	\$ 8,784,610	\$ 8,793,023	\$ 8,897,825	\$ 9,002,699
<b>Revenue Total</b>	<b>\$ 125,868,995</b>	<b>\$ 126,054,362</b>	<b>\$ 127,559,672</b>	<b>\$ 128,813,317</b>
<b>Expenditure</b>				
70 - Personal Services	\$ 77,178,429	\$ 79,661,231	\$ 80,540,293	\$ 81,827,580
75 - Supplies	\$ 1,699,503	\$ 1,543,503	\$ 1,692,503	\$ 1,692,503
80 - Other Svcs and Chgs	\$ 15,089,599	\$ 15,138,855	\$ 15,177,980	\$ 15,183,121
95 - Internal Svc Chgs	\$ 90,853	\$ 204,243	\$ 333,780	\$ 306,271
96 - Capital Outlay	\$ 88,625	\$ 88,625	\$ 88,625	\$ 88,625
98 - Reserves	\$ 650,000	\$ 800,000	\$ 800,000	\$ 800,000
99 - Transfers Out	\$ 31,071,986	\$ 28,617,905	\$ 28,926,491	\$ 28,915,217
<b>Expenditure Total</b>	<b>\$ 125,868,995</b>	<b>\$ 126,054,362</b>	<b>\$ 127,559,672</b>	<b>\$ 128,813,317</b>

## Non General Fund Statuses Actual Variance as of 9/30/19

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	Fund Balance
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
- ▶ 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

## Summary & Next Steps

- ▶ Quarterly Budget Updates: Next Up 2019 Year-end Report March (2020)
- ▶ 2020 1<sup>st</sup> Q - May, 2<sup>nd</sup> Q - August and 3<sup>rd</sup> Q November
- ▶ 2020-2023 Quadrennial Budget
  - ▶ Ways & Means Deliberation of Budget October - November
  - ▶ Public Hearing on the Budget November
  - ▶ Adoption of the 2020-2023 Quadrennial Budget November