



Administrator's Message

- Verna McDaniel

Happy Spring to you and your family. I'm sure, like me, you are enjoying the warming of our weather as we head into summer.

Keeping with the open and transparency traditions we have established, I wanted to update you on our financial status and activities to-date. Last week, I, along with the help of our financial team, presented the Updated State of the County and our 2013 1st Quarterly Budget Update to the Board of Commissioners. Both presentations were well received by the Board, with a few questions and comments by individual members. Key concerns focused on the need for an additional \$6.99 million in structural cuts.

And as our budget year continues to unfold, our finance team has been working diligently by meeting with each department to discuss their 2014-2017 budgets. These department Budget meetings will continue through early July and a 2nd round of meetings will only be scheduled if needed based upon the 1st round outcomes.

As an additional note, bonding discussions for our Pension and Health Care obligations are still underway with the Board of Commissioners. Progress has been made and the Board has set 2 public hearings on the topic for this summer, June 5th and July 10th. They have also scheduled a special meeting of the Board for the 3rd week in July, July 24th, for final approval. In addition to the special July meeting, the Board has reassigned the upcoming Working Session topic for June 6th to be another Bonding Informational Session, in order to obtain further understanding on this process and how it could potentially, and positively, effect the County, its employees, and its residents.

As we hit our ½ year mark on the budget development, you can see we all are working hard to maintain financial stability for our organization. And as we return from the long Memorial Day Holiday Weekend, I hope you were able to enjoy some down-time with your family.



"A total commitment is paramount to reaching the ultimate in performance."

- Tom Flores

News from the _____
_____ Administrator

Financial Update

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State of the County Update



On May 15th, the Board of Commissioners received a report on the [Updated Financial State of the County](#), which included an [Executive Summary](#) and [Major Assumptions](#). Though much outside of our control remains in flux, we now know that the County taxable value has increased for the first time in five years. The Power Point presentation has been linked above, but at the meeting, Commissioners raised many questions that you may have yourself. Please feel free to check out the [webcast](#) from the Ways and Means meeting on the 15th, posted on the Public Website under the Board of Commissioner's link.

Even with some of the positive news we have received in the last couple of months, we are still projecting a structural deficit for the 2014-17 budget. Administration has set our target at \$6.99 million, not far from the \$6.88 million target set during the Preliminary State of the County. This conservative approach is being taken because of our efforts to address long-term legacy costs associated with our Voluntary Employees Beneficiary Association (VEBA) and Washtenaw County Employees Retirement System (WCERS). Closing our plans helps to address these liabilities long term, but will require higher contributions in the near term. Debt restructuring for these liabilities is a solid strategy being investigated to mitigate short and long term budget impacts.

While we still face many challenges ahead with growing expenditures and liabilities, there are signs of a turn-around. For the first time in five years, the County taxable value reflected an increase (1.35%). This should result in additional revenues of \$2.3 million for this year and \$2.4 million for 2014-17, assuming property tax revenue increases at 1% per year. We also have 10 year labor agreements in place, which help us to better predict future liabilities. Employees in this organization have been a part of the solution, as sacrifices you all have made contributed to holding personnel costs nearly flat as property taxes took their dip. This additional revenue gives us the ability to use less of the County's Fund Balance than previously estimated and has a compounding effect on the budget in future years.

Washtenaw County is entering a new era, one in which small, but steady growth, is being projected, and one that is going to cause us to face our unfunded liabilities head on. Employees, Department Heads, and Elected Officials are at the forefront of tackling these issues, while continuing to provide extraordinary service to the community. As always, thank you for constantly being mindful of the budget and continuing to stay informed on our financial situation.

2014 - 2017

\$6.99M

All Structural

State of the County Update



Helpful County Budget Links

- ◆ View the webcast of the [May 15th Ways & Means meeting](#) by selecting the Financial State of the County from the dropdown menu beneath the video box
- ◆ The [Financial State of the County PowerPoint presentation](#) for the Ways & Means meeting
- ◆ [Financial State of the County Executive Summary](#)
- ◆ What To Expect Next – [Budget Calendar](#)

1st Quarter Financial Update

First Quarter Budget Projections for 2013 are now complete and have been reported to the Board of Commissioners. Through the reaffirmed 2013 budget, adopted in December, the County had planned to use \$3.3 million of its fund balance, which is less than anticipated when the 2012/13 budget was adopted in late 2011. As a result of finalizing estimated personnel costs across all departments within the general fund, the planned use of fund balance was reduced by about \$258,000 and the current budget amount is \$3 million. Despite the fact that total projected revenues are less than total anticipated expenditures, we are currently anticipating using \$2.2 million less than originally planned. This positive news is due to better than anticipated property tax revenue and solid budget management by the organization. We still plan to use \$818,999 of our fund balance this year, which is a testament to the fact that we are not quite out of the woods yet.



For more information, check out the [First Quarter Update presentation](#), as well as the [Webcast](#), presented on May 15th. Stay tuned for the second quarter update, due to be presented to the Board in August!