

# 2016 3<sup>rd</sup> Quarter Budget Update

Washtenaw County Board of Commissioners  
November 2, 2016

## Agenda

- Budget Adjustments
- Revenues
- Expenditures
- General Fund Status
- Non General Fund Statuses
- Summary & Next Steps

## 2016 General Fund Budget Adjustments

- Board of Commissioners amendments to the Budget
  - February 3, 2016, Resolution #16-0022  
One-time non-structural allocation of \$1,134,020 from fund balance to reduce CMH's CAP expenses for the period of 3-1-16 through 9-30-16 and continue funding for 2.0 FTE positions through 9-30-17.
  - April 6, 2016, Resolution #16-0052  
One-time non-structural allocation of \$316,682 from fund balance to be transferred out for future use as determined by the WCSO.
  - June 1, 2016, Resolution #16-0095  
Discontinuation of a portion of the one-time non-structural allocation (\$688,585) from fund balance and increases CMH's CAP expenses for the period of 5-1-16 through 9-30-16.
  - November 2, 2016, Resolution #16-TBD (pending authorization tonight)  
Increase to revenues and expenses of \$208,348 for shared digital storage and leased computer equipment with the City of Ann Arbor

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## General Fund Revenue Focus

- Sheriff's Office: Projected surplus of ~\$318K due to intergovernmental and other reimbursements
- Clerk/Register of Deeds: Projected surplus of ~\$127K due to real estate transfer tax receipts
- District Court: Projected shortfall of ~\$316K due to reduced court fees and fines as a result of the current caseload
- Planned Use of Fund Balance: Current budget \$795,291; thus projected shortfall

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## General Fund Revenues

Actual Variance as of 9/30/16

Sheriff	\$	318,415
Clerk/Register of Deeds		127,203
District Court		(316,074)
Planned Use of Fund Balance		(795,291)
All Other Combined		2,689
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Total Projected Revenue Shortfall	\$	(663,058)

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## General Fund Expenditure Focus

- Planned Contribution to Fund Balance: Current budget \$1,065,106; thus projected surplus
- Central Charges & Reserves: Surplus of \$462K which is due to less than budgeted tax refunds and budgeted reserves
- Net personnel services and departmental operations surplus of \$551K due to attrition, position vacancies as well as continued cost containment

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## General Fund Expenditure Focus

- Trial Court will likely end the year with a surplus of ~\$157K, and utilize a portion for judicial technology and infrastructure needs per agreements
- Sheriff Office is expected to end the year with a nominal surplus ~\$13K due to position vacancies, reserves or utilization of current year revenue surpluses
- District Court will likely exceed budgeted reductions

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## General Fund Expenditures Actual Variance as of 9/30/16

Planned Contribution to Fund Balance	\$	1,065,106
Central Charges & Reserves		462,370
Net Personnel Services		351,643
Net Departmental Operating		199,348
Trial Court		156,798
Sheriff's Office		13,638
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Total Projected Expenditure Surplus	\$	2,248,903

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## General Fund Budget vs. Quarterly Projections Actual Variance as of 9/30/16

	Revised Budget	1st Quarter Projected	2nd Quarter Projected	3rd Quarter Projected
<b>Total Revenues</b>	<b>107,865,341</b>	107,012,143	107,297,096	<b>107,553,121</b>
<b>Total Expenditures</b>	<b>(107,865,341)</b>	(106,296,301)	(106,112,278)	<b>(105,967,276)</b>
<b>Projected Surplus/(Shortfall)</b>	-	715,842	1,184,818	<b>1,585,845</b>
<b>Planned Use of Fund Balance</b>	<b>(795,291)</b>	(1,483,876)	(795,291)	<b>(795,291)</b>
<b>Planned Contribution to Fund Balance</b>	<b>1,065,106</b>	1,065,106	1,065,106	<b>1,065,106</b>
<b>Net Planned (Use of) / Contribution to Fund Balance</b>	<b>269,815</b>	(349,264)	119,712	<b>520,739</b>

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## Projected GF Year-End Status Actual Variance as of 9/30/16

Category	Original Budget	Adj	Revised Budget	Projected	Variance	% Variance
Taxes and Penalties	67,429,643	103,008	67,532,651	67,532,651	0	0.00%
Licenses & Permits	315,978	-	315,978	335,970	19,992	6.33%
Federal Revenue	90,800	-	90,800	30,956	(59,844)	-65.91%
State Revenue	11,064,440	63,958	11,128,398	11,170,519	42,121	0.38%
Local Revenue	1,241,879	-	1,241,879	1,167,305	(74,574)	-6.00%
Fees & Services	21,622,202	(45,764)	21,576,438	21,911,649	335,211	1.55%
Fines & Forfeitures	1,012,100	-	1,012,100	836,423	(175,677)	-17.36%
Interest Revenue	107,419	-	107,419	50,678	(56,741)	-52.82%
Other Revenue & Reimbursement	1,841,707	1,139,598	2,981,305	2,346,604	(634,701)	-21.29%
Transfers In	1,988,521	240,690	2,229,211	2,170,364	(58,847)	-2.64%
<b>Total Revenues</b>	<b>106,714,689</b>	<b>1,501,490</b>	<b>108,216,179</b>	<b>107,553,121</b>	<b>(663,058)</b>	<b>-0.61%</b>
Personnel Services	70,421,550	(47,816)	70,373,734	69,050,457	1,323,277	1.88%
Supplies	1,741,134	9,835	1,750,969	2,071,825	(320,856)	-18.32%
Other Services and Charges	11,501,894	(860,050)	10,641,844	11,173,695	(531,851)	-5.00%
Internal Service Charges	3,613,996	254,815	3,868,811	3,576,106	292,705	7.57%
Capital Outlay	92,625	416,695	509,320	437,884	71,436	14.03%
Reserves	1,585,106	(220,000)	1,365,106	-	1,365,106	100.00%
Appropriations	17,758,384	1,948,011	19,706,395	19,657,309	49,086	0.25%
<b>Total Expenditures</b>	<b>106,714,689</b>	<b>1,501,490</b>	<b>108,216,179</b>	<b>105,967,276</b>	<b>2,248,903</b>	<b>2.08%</b>
				<b>Surplus/(Shortfall)</b>	<b>1,585,844</b>	



## Structural Investment

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.

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## Nonstructural Investment

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.

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## General Fund Quadrennial Budget Summary As of 11/2/16

Category	2017 Recommended Budget	2018 Recommended Budget	2019 Recommended Budget	2020 Recommended Budget
Taxes and Penalties	68,206,587	68,880,524	69,554,461	70,228,398
Licenses & Permits	332,052	340,770	360,332	370,574
Federal/State/Local Revenue	12,561,253	12,589,378	12,639,823	12,691,325
Fees & Services	21,957,892	21,958,532	21,962,031	21,966,045
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	2,133,995	2,139,205	2,143,275	3,111,327
Transfers In	2,043,766	2,043,506	2,046,171	2,046,171
<b>Total Revenues</b>	<b>108,355,064</b>	<b>109,071,434</b>	<b>109,825,612</b>	<b>111,533,359</b>
Personal Services	71,749,878	72,155,104	73,235,333	74,781,580
Supplies	1,587,027	1,736,432	1,587,849	1,737,279
Other Services and Charges	11,856,251	11,876,503	11,912,917	11,932,391
Internal Service Charges	3,025,706	2,791,170	2,701,581	2,565,806
Capital Outlay	88,625	88,625	88,625	88,625
Reserves/Contingencies	1,392,417	1,484,145	1,133,178	981,076
Appropriations/Transfers	18,655,190	18,939,455	19,166,129	19,446,602
<b>Total Expenditures</b>	<b>108,355,094</b>	<b>109,071,434</b>	<b>109,825,612</b>	<b>111,533,359</b>
<b>Budgeted Planned Contribution / (Use of) Fund Balance</b>	<b>360,044</b>	<b>454,647</b>	<b>144,900</b>	<b>(959,591)</b>

## Non General Fund Year-End Status Actual Variance as of 9/30/16

- Child Care Surplus
- Community Mental Health Surplus
- Facilities Operations & Maintenance Fund Balance
- Friend of the Court - CRP Surplus
- Prosecuting Attorney - CRP Surplus
- Public/Environment Health On budget
- Building Inspection Surplus
- Office of Community & Economic Development On budget
- Risk Management Fund Balance
- Act 88 Surplus
- Veteran Relief Fund Balance



## Revenue Items to Monitor

- Clerk/Register of Deeds revenues
- Court Cost revenues & legislation impact
- Personal Property Tax reform & revenue elimination
- State Liquor Tax revenue reduction per legislation

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## Expenditure Items to Monitor

- Child Care expenditures rising due to caseload & placements and age change per legislation
- Community Mental Health Restructuring
- Health and Human Services funding considerations
- Office of Community & Economic Development Impact of Workforce Development changes
- Union Contract Obligations/Fringe Benefit Trends

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## 2016 Summary & Next Steps

- 2017-2020 Budget reaffirmation tonight
- 2016 Preliminary Year-end Budget review & update March (2017)
- 2017 Quarterly Budget Review and Updates: 1<sup>st</sup> – May, 2<sup>nd</sup> – August and 3<sup>rd</sup> – November
- Integration of Board-defined community impacts & investment priorities
- Incremental operational adjustments through 2017 / Resource Reallocation Plan (RRP)
- Careful review of current operating model and costs to update our fiscal architecture

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