



**COUNTY ADMINISTRATOR**  
220 NORTH MAIN STREET, P.O. BOX 8645  
ANN ARBOR, MICHIGAN 48107-8645  
(734)222-6850  
FAX (734)222-6715

TO: Felicia Brabec, Chair  
Ways & Means Committee

FROM: Verna J. McDaniel  
County Administrator

DATE: July 9, 2014

SUBJECT: 2014 Mid-Year General Fund and Non-General Fund Budget  
Adjustments and Annual Surplus or Shortfall options for Use  
Recommendation in Alignment with Community Impact Investing  
Outcomes and Processes

**BOARD ACTION REQUESTED:**

By Board policy, updates on the status of the budget will be provided quarterly throughout the year, with resolutions to adjust the budget prepared as needed. In addition, any annual surplus or shortfall options for use recommendation in alignment with community outcomes and processes as outlined by the adopted Community Impact Investing Resolution (13-0199) will be presented for consideration and confirmed by Board action and authorization. A review of the 1st quarter end status has been completed. Although the Board of Commissioner community outcomes and processes priority work is still in progress, it is requested that the Board of Commissioners authorize a budget adjustment in alignment with the Community Impact Investing Resolution to reflect changes that have occurred since the adoption of the budget in November 2013.

**BACKGROUND:**

During the 2014 fiscal year, many factors contributed to a changing economic picture for the county. The 1<sup>st</sup> quarter budget update presentation was made to the Board of Commissioners on the status of the budget. The presentation outlined the major factors contributing to fluctuations in the General Fund budget. The major changes in projections included:

- increased property tax and sheriff office revenues;
- decreased clerk/register of deeds fees and services, district court fees and fines, and interest earning revenues;
- increased sheriff office operating expenditures;
- decreased central charges expenditures;
- and technical adjustments for increased structural and non-structural expenditure allocations.

Through the first quarter, total projected revenues are less than total projected expenditures for a projected shortfall of \$70,230. The adopted 2014 General Fund budget does not have any budgeted use of fund balance.

In addition, non-general fund projections require technical budget adjustments for operational changes for the office of infrastructure management for facilities operations, maintenance and parking contingency for employee parking, building services and accommodations ordinance for transfers out for fund balance distributions.

### **DISCUSSION:**

A mid-year review of the status of the 2014 fiscal year is now complete. As Equalization Director Raman Patel communicated to the Board on April 16, 2014, there was an increase in taxable value of +2.02% resulting in additional property tax revenue. Please recall that the 2014 budget was adopted with an assumption of an increase of +1.0% in the tax base. Due to the additional positive gain of 1.02% in the tax base, property tax revenue is projected to have a surplus of \$720,486. Based on projections (as of 1<sup>st</sup> quarter budget update), the property tax revenue surplus will offset the projected shortfalls in the clerk/register of deeds for fees and services, district court for fines and fees and interest earning revenues.

A few technical adjustments are needed to bring the General Fund budget in-line with projections for new investments approved since adoption, as well as the annual surplus or shortfall options for use recommendation in alignment with community outcomes and processes as outlined by the adopted Community Impact Investing Resolution. Based on Board policy, the following actions need authorization by the Board to adjust the budget to account for these changes:

- Structural adjustments resulting in an increase in expenditures in the amount of \$494,677 to ensure a community safety net through health and human services inclusive of public safety for autism, Board of Commissioner priority work and local government initiatives intern, reinstatement of 2.0 FTE (full-time equivalent) Sheriff Office positions, removing from hold vacant status per budget modification agreement, and internal labor force sustainability and effectiveness for the nonunion within range compensation adjustment.
- Non-structural, one-time, adjustments resulting in an increase in expenditures in the amount of \$65,000 to ensure a community safety net through health and human services inclusive of public safety for homelessness initiatives to provide shelter and meal provisions as approved by the Board
- The remaining adjustment in the amount of \$160,809 is recommended to be held as an undesignated allocation until projections improve as new information becomes available. The 2<sup>nd</sup> quarter budget update will be presented on August 6, 2014.

Finally, due to the nominal projected shortfall per the 1<sup>st</sup> quarter budget update, it is recommended that none of the year-end 2013 surplus of \$3,920,818 or any of the projected year-end 2014 fund balance of \$20,638,675 be allocated at this time, but remain in unearmarked reserve in order for the Board of Commissioners to meet the goal of a reserve for subsequent years representing at least 20.0% of General Fund expenditures (D.11 page 41 of the 2014-17 Budget Summary).

In addition, non-general fund technical budget adjustments are also required for the office of infrastructure management for facilities operations and maintenance in the amount of \$500,000 and parking contingency in the amount of (\$500,000) for employee parking, building services in the amount of \$157,277 and accommodations ordinance in the amount of \$425,561 for transfers out for fund balance distributions.

Therefore, as a result of the major changes discussed above and upon Board of Commissioner authorization, General Fund revenues and expenditures will increase \$720,486 for fiscal year 2014, \$733,233 for fiscal year 2015, \$745,980 for fiscal year 2016 and \$758,727 for fiscal year 2017. These increases will be covered by additional property tax revenues. Non-general fund budget adjustments result in a net increase in transfers out in the amount of \$582,838 for fiscal year 2014.

**IMPACT ON HUMAN RESOURCES:**

This budget adjustment has no impact on Human Resources.

**IMPACT ON BUDGET:**

These adjustments will increase the 2014 General Fund budget by \$720,486 through increased property tax revenues. Adjustments will increase future fiscal year General Fund budgets by: \$733,233 in 2015, \$745,980 in 2016 and \$758,727 in 2017. Non-general fund budget adjustments result in a net increase in transfers out in the amount of \$582,838 for fiscal year 2014.

**IMPACT ON INDIRECT COSTS:**

This budget adjustment has no impact on Indirect Costs.

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

This budget adjustment has no impact on the operations of county departments or outside agencies.

**CONFORMITY TO COUNTY POLICIES:**

This adjustment is in alignment with county policies for required BOC authorization for budget adjustments.

**ATTACHMENTS/APPENDICES:**

Resolution

A RESOLUTION AMENDING THE 2014-2017 GENERAL FUND BUDGET

WASHTENAW COUNTY BOARD OF COMMISSIONERS

August 6, 2014

WHEREAS, Administration has committed to partner with the Board and with the organization to monitor any major impacts on the 2014 budget and present these findings and recommendations to the BOC on a quarterly basis; and

WHEREAS, Administration's annual recommendation for any surplus options for use in alignment with community outcomes and processes as outlined by the adopted Community Impact Investing Resolution (13-0199) are presented for consideration and confirmed by Board action and authorization; and

WHEREAS, BOC authorization is needed to make program budget revisions for amounts greater than \$100,000 or over 10%, whichever is less; and

WHEREAS, the Budget Office has analyzed each major revenue and expenditure category within the General Fund and other funds to determine the preliminary 2014 year-end status; and

WHEREAS, within the General Fund, an adjustment is needed for increased property tax revenues; and

WHEREAS, within the General Fund, an adjustment is need to reduce the budgeted fees and services revenues in the Clerk/Register of Deeds Office; and

WHEREAS, within the General Fund, a few technical adjustments are needed to bring the budget in-line with mid-year projections; and

WHEREAS, structural adjustments resulting in an increase in expenditures to ensure a community safety net through health and human services inclusive of public safety for autism, Board of Commissioner priority work and local government initiatives intern, as well as the reinstatement of 2.0 FTE (full-time equivalent) Sheriff Office positions, removing from hold vacant status per budget modification agreement, and internal labor force sustainability and effectiveness for the nonunion within range compensation adjustment; and

WHEREAS, structural adjustments outlined above will increase future fiscal year General Fund budgets which will be included in the annual reaffirmations; and

WHEREAS, non-structural, one-time, adjustments resulting in an increase in expenditures to ensure a community safety net through health and human services

inclusive of public safety for homelessness initiatives to provide shelter and meal provisions as approved by the Board; and

WHEREAS, the remaining adjustment to balance the budget is recommended to be held as an undesignated allocation until projections improve as new information becomes available; and

WHEREAS, it is recommended that none of the year-end 2013 surplus of \$3,920,818 or any of the projected year-end 2014 fund balance of \$20,638,675 be allocated at this time, but remain in unearmarked reserve in order for the Board of Commissioners to meet the goal of a reserve for subsequent years representing at least 20.0% of General Fund expenditures (D.11 page 41 of the 2014-17 Budget Summary); and

WHEREAS, non-general fund technical budget adjustments are also required for the office of infrastructure management for facilities operations, maintenance and parking contingency for employee parking, building services and accommodations ordinance for transfers out for fund balance; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, Human Resources, the County Administrator's Office and the Ways & Means Committee

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby amends the 2014 - 2017 General Fund Budget as attached hereto and made a part hereof.

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners hereby amends the following 2014 - 2017 non-general funds: Office of Infrastructure Management Facilities Operations & Maintenance and Parking Contingency, Building Inspection and Accommodation Tax Ordinance Funds as attached hereto and made a part hereof.

BE IT FURTHER RESOLVED that none of the year-end 2013 surplus of \$3,920,818 or any of the projected year-end 2014 fund balance of \$20,638,675 be allocated at this time.

**Washtenaw County  
2014 - 2017 General Fund  
(1010)**

	2014 General Fund			2015 General Fund			2016 General Fund			2017 General Fund		
	1010			1010			1010			1010		
	2014 Current Budget	2014 Recommended Budget	Variance	2015 Current Budget	2015 Recommended Budget	Variance	2016 Current Budget	2016 Recommended Budget	Variance	2017 Current Budget	2017 Recommended Budget	Variance
<b>Revenues:</b>												
40050 Taxes & Penalties	63,929,610	64,650,096	720,486	64,561,974	65,295,207	733,233	65,194,338	65,940,318	745,980	65,826,702	66,585,429	758,727
45000 Licenses & Permits	268,854	268,854	-	268,886	268,886	-	269,303	269,303	-	269,871	269,871	-
50000 Federal Revenue	90,800	90,800	-	90,800	90,800	-	90,800	90,800	-	90,800	90,800	-
54000 State Revenue	10,781,261	10,781,261	-	11,017,334	11,017,334	-	11,237,833	11,237,833	-	11,473,766	11,473,766	-
58000 Local Revenue	1,096,175	1,096,175	-	1,106,958	1,106,958	-	1,135,684	1,135,684	-	1,162,171	1,162,171	-
60000 Fees & Services	21,836,479	21,836,479	-	22,003,337	22,003,337	-	22,175,529	22,175,529	-	22,352,318	22,352,318	-
65000 Fines & Forfeitures	1,012,100	1,012,100	-	1,012,100	1,012,100	-	1,012,100	1,012,100	-	1,012,100	1,012,100	-
66000 Interest Revenue	103,419	103,419	-	107,419	107,419	-	107,419	107,419	-	107,419	107,419	-
67000 Other Revenue & Reimbursement	2,015,516	2,015,516	-	1,876,372	1,876,372	-	1,879,692	1,879,692	-	2,327,719	2,327,719	-
69500 Transfer In	1,992,988	1,992,988	-	1,932,126	1,932,126	-	1,949,882	1,949,882	-	1,967,815	1,967,815	-
<b>Total Revenue and Other Sources</b>	<b>103,127,202</b>	<b>103,847,688</b>	<b>720,486</b>	<b>103,977,306</b>	<b>104,710,539</b>	<b>733,233</b>	<b>105,052,580</b>	<b>105,798,560</b>	<b>745,980</b>	<b>106,590,681</b>	<b>107,349,408</b>	<b>758,727</b>
<b>Expenditures:</b>												
70000 Personal Services	68,772,132	69,191,809	419,677	68,491,319	68,952,730	461,411	69,995,746	70,467,049	471,303	71,741,843	72,218,791	476,948
72500 Supplies	1,739,241	1,739,241	-	1,590,177	1,590,177	-	1,740,059	1,740,059	-	1,590,952	1,590,952	-
80000 Other Services & Charges	11,834,032	12,134,841	300,809	13,318,682	13,590,504	271,822	13,415,932	13,690,609	274,677	13,521,431	13,803,210	281,779
94000 Internal Service Charges	3,063,413	3,063,413	-	3,712,345	3,712,345	-	3,097,100	3,097,100	-	3,104,568	3,104,568	-
95000 Capital Outlay	441,102	441,102	-	88,625	88,625	-	88,625	88,625	-	88,625	88,625	-
98000 Reserves	616,933	616,933	-	1,061,822	1,061,822	-	836,976	836,976	-	600,000	600,000	-
99000 Transfers Out/Appropriations	16,660,349	16,660,349	-	15,714,336	15,714,336	-	15,878,141	15,878,141	-	15,943,262	15,943,262	-
<b>Total Expenditures and Other Uses</b>	<b>103,127,202</b>	<b>103,847,688</b>	<b>720,486</b>	<b>103,977,306</b>	<b>104,710,539</b>	<b>733,233</b>	<b>105,052,579</b>	<b>105,798,559</b>	<b>745,980</b>	<b>106,590,681</b>	<b>107,349,408</b>	<b>758,727</b>

**2014 - 2017 Special Revenue Funds:**

**2014 - 2017 Building Inspection Fund  
(1750)**

	2014 Current Budget	2014 Recommended Budget	Variance	2015 Current Budget	2015 Recommended Budget	Variance	2016 Current Budget	2016 Recommended Budget	Variance	2017 Current Budget	2017 Recommended Budget	Variance
Revenues:												
45000 Licenses & Permits	893,566	893,566	-	907,672	907,672	-	939,876	939,876	-	972,082	972,082	-
60000 Fees & Services	6,350	6,350	-	6,350	6,350	-	6,350	6,350	-	6,350	6,350	-
67000 Other Revenue & Reimbursement	-	157,277	157,277	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue and Other Sources	899,916	1,057,193	157,277	914,022	914,022	-	946,226	946,226	-	978,432	978,432	-
Expenditures:												
70000 Personal Services	714,152	714,152	-	727,669	727,669	-	759,255	759,255	-	790,749	790,749	-
72500 Supplies	32,500	32,500	-	32,500	32,500	-	32,500	32,500	-	32,500	32,500	-
80000 Other Services & Charges	41,187	41,187	-	41,187	41,187	-	41,187	41,187	-	41,250	41,250	-
94000 Internal Service Charges	112,077	112,077	-	112,666	112,666	-	113,284	113,284	-	113,933	113,933	-
99000 Transfers Out/Appropriations	-	157,277	157,277	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Other Uses	899,916	1,057,193	157,277	914,022	914,022	-	946,226	946,226	-	978,432	978,432	-

**2014 – 2017 Accommodations Tax Ordinance Fund  
(2290)**

	2014 Current Budget	2014 Recommended Budget	Variance	2015 Current Budget	2015 Recommended Budget	Variance	2016 Current Budget	2016 Recommended Budget	Variance	2017 Current Budget	2017 Recommended Budget	Variance
<b>Revenues:</b>												
40050 Taxes & Penalties	3,247,875	3,247,875	-	3,249,398	3,249,398	-	3,252,286	3,252,286	-	3,255,046	3,255,046	-
65000 Fines & Forfeitures	25,000	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000	25,000	-
67000 Other Revenue & Reimbursement	-	425,561	425,561	-	-	-	-	-	-	-	-	-
<b>Total Revenue and Other Sources</b>	<b>3,272,875</b>	<b>3,698,436</b>	<b>425,561</b>	<b>3,274,398</b>	<b>3,274,398</b>	<b>-</b>	<b>3,277,286</b>	<b>3,277,286</b>	<b>-</b>	<b>3,280,046</b>	<b>3,280,046</b>	<b>-</b>
<b>Expenditures:</b>												
70000 Personal Services	40,741	40,741	-	42,264	42,264	-	45,152	45,152	-	47,912	47,912	-
72500 Supplies	2,500	2,500	-	2,500	2,500	-	2,500	2,500	-	2,500	2,500	-
80000 Other Services & Charges	3,142,560	3,142,560	-	3,142,560	3,142,560	-	3,142,560	3,142,560	-	3,142,560	3,142,560	-
93500 In-Kind Charges	-	-	-	-	-	-	-	-	-	-	-	-
94000 Internal Service Charges	87,074	87,074	-	87,074	87,074	-	87,074	87,074	-	87,074	87,074	-
99000 Transfers Out/Appropriations	-	425,561	425,561	-	-	-	-	-	-	-	-	-
<b>Total Expenditures and Other Uses</b>	<b>3,272,875</b>	<b>3,698,436</b>	<b>425,561</b>	<b>3,274,398</b>	<b>3,274,398</b>	<b>-</b>	<b>3,277,286</b>	<b>3,277,286</b>	<b>-</b>	<b>3,280,046</b>	<b>3,280,046</b>	<b>-</b>

**Washtenaw County 2014 - 2017 Internal Service Funds:**

**2014 – 2017 Infrastructure Management Facilities - Operations and Maintenance Fund**

(6310)

	2014 Current Budget	2014 Recommended Budget	Variance	2015 Current Budget	2015 Recommended Budget	Variance	2016 Current Budget	2016 Recommended Budget	Variance	2017 Current Budget	2017 Recommended Budget	Variance
Revenues:												
60000 Fees & Services	83,000	83,000	-	83,000	83,000	-	83,000	83,000	-	83,000	83,000	-
64500 Internal Revenue	6,707,179	7,207,179	500,000	6,755,019	7,255,019	500,000	6,895,349	7,395,349	500,000	7,002,847	7,502,847	500,000
67000 Other Revenue & Reimbursement	339,000	339,000	-	339,000	339,000	-	339,000	339,000	-	339,000	339,000	-
Total Revenue and Other Sources	7,129,179	7,629,179	500,000	7,177,019	7,677,019	500,000	7,317,349	7,817,349	500,000	7,424,847	7,924,847	500,000
Expenditures:												
70000 Personal Services	2,348,701	2,348,701	-	2,396,541	2,396,541	-	2,536,871	2,536,871	-	2,644,369	2,644,369	-
72500 Supplies	589,750	589,750	-	589,750	589,750	-	589,750	589,750	-	589,750	589,750	-
80000 Other Services & Charges	3,287,952	3,787,952	500,000	3,287,952	3,787,952	500,000	3,287,952	3,787,952	500,000	3,287,952	3,787,952	500,000
94000 Internal Service Charges	852,776	852,776	-	852,776	852,776	-	852,776	852,776	-	852,776	852,776	-
99000 Transfers Out/Appropriations	50,000	50,000	-	50,000	50,000	-	50,000	50,000	-	50,000	50,000	-
Total Expenditures and Other Uses	7,129,179	7,629,179	500,000	7,177,019	7,677,019	500,000	7,317,349	7,817,349	500,000	7,424,847	7,924,847	500,000

**2014 - 2017 Infrastructure Management Facilities - Parking Contingency Fund  
(6311)**

	2014 Current Budget	2014 Recommended Budget	Variance	2015 Current Budget	2015 Recommended Budget	Variance	2016 Current Budget	2016 Recommended Budget	Variance	2017 Current Budget	2017 Recommended Budget	Variance
Revenues:												
64500 Internal Revenue	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)
Total Revenue and Other Sources	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)
Expenditures:												
98000 Reserves	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)
Total Expenditures and Other Uses	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)	500,000	-	(500,000)