



COUNTY ADMINISTRATOR
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TO: Rolland Sizemore, Chair
Ways & Means Committee

FROM: Verna J. McDaniel
County Administrator

DATE: August 3, 2011

SUBJECT: 2011 Mid-Year General Fund and Community Support &
Treatment Services Budget Adjustments

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. A review of the 2nd quarter end stats has been completed. It is requested that the Board of Commissioners authorize a budget adjustment to reflect changes that have occurred since the adoption of the budget in November 2010.

BACKGROUND:

During the 2011 fiscal year, many factors contributed to a changing economic picture for the county. 1st and 2nd quarter presentations were made to the Board of Commissioners (BOC) on the status of the budget. These presentations outlined the major factors contributing to any major fluctuations in the General Fund budget. These major changes included:

- increased property tax revenues;
- reduce the amount of planned use of fund balance;
- eliminate the non-department specific lump sum reduction;
- technical adjustments for state liquor tax revenue, transfers in, new Sheriff revenue contracts, District Court public improvement monies, and attorney and banking fees.

In addition, Community Support and Treatment Services also requests a technical budget adjustment to increase in their Cost Allocation (CAP) Plan amount.

DISCUSSION:

A mid-year review of the status of the 2011 fiscal year is now complete. As Equalization Director Ramon Patel communicated to the Board on April 21, 2011, the decline in property tax revenue wasn't as steep as projected during the 2010/11 budget

development, ultimate adoption and reaffirmation. Therefore, property tax revenue is projected to have a surplus of \$3,476,225.

The 2011 adopted budget included planned use of fund balance of \$5,289,000. As a result of the projected revenue surplus, the General Fund still assumes the planned use of fund balance, but not as much as originally budgeted. Projections have been modified and currently assume the use of \$2,921,391 of fund balance. The remaining balance of \$2,367,609 will be retained as fund balance and used for future subsequent years.

The 2011 adopted budget included a non-department specific lump sum reduction and therefore, shortfall of \$1,034,000 with solutions to be identified by the end of the 2nd quarter. This budgeted expenditure shortfall will be reduced to \$0 and will be offset by the property tax revenue surplus.

A few technical adjustments are needed to bring the General Fund budget in-line with mid-year projections. Based on BOC policy, the following actions need authorization by the Board to adjust the budget to account for these changes:

- Increase state revenue in the amount of \$155,301 for liquor tax monies to align with the State's distribution amount.
- Decrease transfers in revenue in the amount of \$305,812 because current projections assume no transfer in from the property foreclosure based on the County Treasurer's mid-year report that the current year net loss is more than the prior year's reserves and there are no net proceeds available to be transferred into the General Fund.
- Increase sheriff services revenue in the amount of \$132,210 for new revenue contracts for court security services with the City of Ann Arbor 15th District Court security and Ypsilanti Township for additional contract deputies.
- Due to an accounting change, District Court revenues and expenses will be increased \$140,000 to recognize the public improvement fund monies in the General Fund. Additional court costs will be recognized as well as the offsetting transfer out from expenses.
- Increase Corporation Counsel's attorney fees in the amount of \$125,000 for lawsuits, and Central Charges banking fees in the amount of \$130,000 to align with the first and second quarter projections and past trends.

Finally, Community Support and Treatment Services also require a technical adjustment to increase their CAP by \$150,003. This increase will fully cover their assessment for Fiscal Year 2010/11.

Therefore, as a result of the major changes discussed above and upon BOC authorization, General Fund revenues and expenditures will increase \$1,420,000. This increase will be covered by current year property tax revenue. The \$150,003 increase for Community Support and Treatment Services CAP expense will be offset by Washtenaw County Health Organization revenue.

IMPACT ON HUMAN RESOURCES:

This budget adjustment has no impact on Human Resources.

IMPACT ON BUDGET:

These adjustments would increase the General Fund budget by \$1,420,000 through revenue increases from current property taxes and increase the Community Support and Treatment Services budget by \$150,003.

IMPACT ON INDIRECT COSTS:

An additional \$150,003 of indirect costs would be recouped by the county.

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 on required BOC authorization for budget adjustments.

ATTACHMENTS/APPENDICES:

Resolution

A RESOLUTION AMENDING THE 2011 GENERAL FUND AND THE 2010/11
COMMUNITY SUPPORT AND TREATMENT SERVICES BUDGETS

WASHTENAW COUNTY BOARD OF COMMISSIONERS

August 3, 2011

WHEREAS, Administration has committed to partner with the Board and with the organization to monitor any major impacts on the 2011 budget and present these findings and recommendations to the BOC on a quarterly basis; 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 2011 year-end status; and

WHEREAS, within the General Fund, an adjustment is needed for increased property tax revenues and to reduce the planned use of fund balance; and

WHEREAS, within the General Fund, an adjustment is needed to eliminate the non-department specific lump sum reduction (budgeted shortfall); and

WHEREAS, within the General Fund, there are a few technical adjustments are needed to bring the budget in-line with mid-year projections and include increasing revenues for liquor tax, sheriff services and court costs as well as increasing expenses for attorney fees, banking fees and transfers out; and

WHEREAS, a technical adjustment is also needed within the Community Support and Treatment Services Fund to cover an increase in Cost Allocation Plan expenses; 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 2011 General Fund and the Community Support and Treatment Services Budgets as attached hereto and made a part hereof.

**General Fund
(1010)**

	Prior Year Actual Amounts	Current Year Projected	Recommend ed Budget
Revenues:			
40050 Taxes & Penalties	\$ 64,703,053	\$ 62,686,795	\$ 62,681,452
45000 Licenses & Permits	205,407	228,374	199,650
50000 Federal Revenue	75,876	90,204	46,331
54000 State Revenue	4,435,137	4,460,850	4,483,258
58000 Local Revenue	1,360,013	1,179,601	932,218
60000 Fees & Services	18,008,529	19,097,416	18,132,313
65000 Fines & Forfeitures	933,663	969,416	1,012,100
66000 Interest Revenue	129,650	112,872	124,400
67000 Other Revenue & Reimbursement*	1,781,630	4,122,446	4,929,183
69000 In Kind			
69500 Transfer In	<u>8,411,112</u>	<u>7,748,495</u>	<u>7,670,320</u>
 Total Revenue and Other Sources	 100,044,070	 100,696,469	 100,211,225
Expenditures:			
70050 Personal Services	60,772,335	63,515,917	62,604,239
72600 Supplies	1,703,731	1,686,162	1,600,884
80000 Other Services & Charges	12,514,061	14,825,831	14,268,529
94000 Internal Service Charges	302,685	2,267,025	2,263,270
95000 Capital Outlay	574,597	-	13,625
97000 Debt Service	317,800	-	-
98000 Reserves	-	300,000	800,000
99000 Transfers Out/Appropriations	18,314,763	17,687,444	18,660,678
 Total Expenditures and Other Uses	 <u>94,499,972</u>	 <u>100,282,379</u>	 <u>100,211,225</u>
 Net Revenues (Expenditures)	 5,544,098	 414,090	 -
 Beginning Fund Balance	 9,773,059	 15,317,157	 -
 Planned Use of Fund Balance (* budgeted for in Other Revenue & Reimbursements above)	 <u>-</u>	 <u>(2,921,391)</u>	 <u>-</u>
 Ending Fund Balance	 \$ 15,317,157	 \$ 12,809,856	 \$ -

**Community Support & Treatment Services
(2930)**

	Prior Year Actual Amounts	Current Year Projected	Recommen ded Budget
Revenues:			
40050 Taxes & Penalties			
45000 Licenses & Permits			
50000 Federal Revenue	\$ 172,918	\$ 405,761	\$ 405,761
54000 State Revenue	527,834	639,072	639,072
58000 Local Revenue	250,496	119,810	119,810
67000 Other Revenue & Reimbursement	27,230,645	24,477,411	24,627,414
69000 In Kind			
69500 Transfer In	457,427	404,103	404,103
Total Revenue and Other Sources	28,639,320	26,046,157	26,196,160
Expenditure:			
70050 Personal Services	23,049,478	21,525,145	21,525,145
72600 Supplies	412,540	175,145	175,145
80000 Other Services & Charges	1,973,813	1,544,692	1,544,692
94000 Internal Service Charges	3,187,398	2,801,175	2,951,178
95000 Capital Outlay	16,091		
Total Expenditures and Other Uses	28,639,320	26,046,157	26,196,160
Net Revenues (Expenditures)	-	-	-
Beginning Fund Balance	346,464	346,464	346,464
Ending Fund Balance	\$ 346,464	\$ 346,464	\$ 346,464