

2017 BUDGET PRESENTATION WITH PROJECTION FOR 2018

FINANCE COMMITTEE 9/20/2016

MONROE COUNTY BOARD OF COMMISSIONERS

J. Henry Lievens, Chairman
Al Potratz, Vice-Chairman

Michael Bosanac, Administrator/Chief Financial Officer

OUTLINE OF PRESENTATION

Executive Summary of 2017 Budget Development to date

Approximately 30-35 Minutes--- 25 Slides

Resources of the County for 2017 Budget including both recurring & non-recurring revenues

Where we stand on 2017 Budget; numbers & schedule
How does 2017 compare to prior years

Budget Highlights/Summary of what's in, what's changed over 2016 Budget

Review budget projections from last year & throughout this year...any surprises

Final decisions/action related to adoption of the 2017 Budget

REVENUE SUMMARY

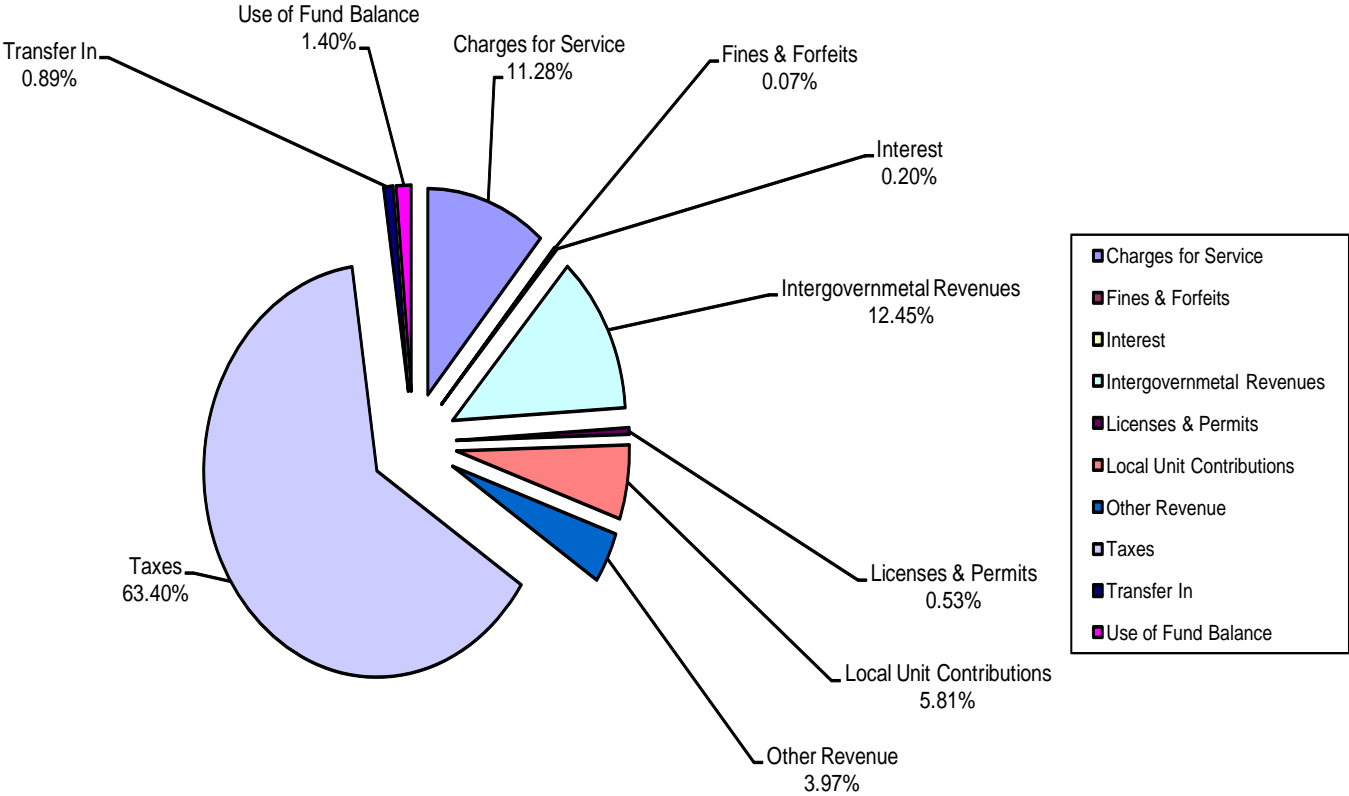
2017 GF Revenues are \$43,325,004 vs. \$43,358,710 in 2016.
Lower by \$33,706....means=focus on expenditures

Property Taxes Budgeted at \$27,263,304 or 63% of GF;
\$94,096 lower than 2016 "budgeted" amount

Budget includes non-recurring revenue of: \$80,000-
Property Tax Foreclosure Fund
Propose Additional non-recurring revenues
\$615,117-General Fund Reserves

2017 REVENUE PIE

2017 GENERAL FUND BUDGETED REVENUE



2017 VS. 2016 REVENUE CHANGES

Category	2016 Adopted	2017 Preliminary	Change	Main driver of revenue change
Charges for Service Total	\$ 4,979,648	\$ 4,955,495	\$ (24,153)	Inmate telephone
Fines & Forfeits Total	\$ 24,500	\$ 32,500	\$ 8,000	District Court fines/forfeits
Interest Total	\$ 70,000	\$ 90,000	\$ 20,000	Market rates
Intergovernmental Revenues Total	\$ 5,335,470	\$ 5,469,298	\$ 133,828	Various grant changes
Licenses & Permits Total	\$ 221,612	\$ 231,800	\$ 10,188	Soil erosion
Local Unit Contributions Total	\$ 2,174,950	\$ 2,551,243	\$ 376,293	Deputy cost increase
Other Revenue Total	\$ 1,620,156	\$ 1,745,248	\$ 125,092	Cost allocation revenues
Taxes Total	\$ 28,054,878	\$ 27,857,482	\$ (197,396)	IFT, PPT
Transfer In Total	\$ 388,826	\$ 391,938	\$ 3,112	COA reimbursement
Use of Fund balance Total	\$ 488,670	\$ -	\$ (488,670)	Not yet budgeted

COUNTY BUDGETS OVER TIME

1. Overall Finances Stable; but little growth forecast.
2. Not able to support new initiatives or staffing with current year revenues; using reserves to balance.
3. Pension obligation additional \$398,838 in 2017

In CRC survey, 68% of leaders in communities of 30,000 or more, say they cannot maintain current public services. Included 70% response rate.

Progress getting back to prior revenue levels:

2008 Adopted Budget	\$53.7 Million
2017 Preliminary Budget	\$43.9 Million

- Less Funding By \$9.8 Million; 10 years later
- Last year it was \$10.6 Million less

❖ Illustrates continued fiscal challenges

COUNTY BUDGETS (CONTINUED)

- General Fund Revenues are at the level the County had in 2004.....13 Years Ago
- Property Taxes are at the level the County had in 2005;
(= 63% of General Fund Revenues in 2017 vs. 65% in 2016)

Comparisons for context:

2003= 599 Employees 2017=437 Employees
2003=250 residents/employee 2017=351residents/employee
2008=\$329 per capita revenue 2016=\$287 per capita revenue

Less revenue/resources to serve higher service demands.

2017 EXPENDITURE SUMMARY

As in the Budget Guidelines, narrowed Expenses but maintained programs in each Cost Center- Continued our emphasis on Cost Control given weak revenue growth

Budget Goal-Develop a budget as close as possible to one structurally balanced; not expected to achieve Goal
Goal----2017 Expenditures = 2017 Revenues

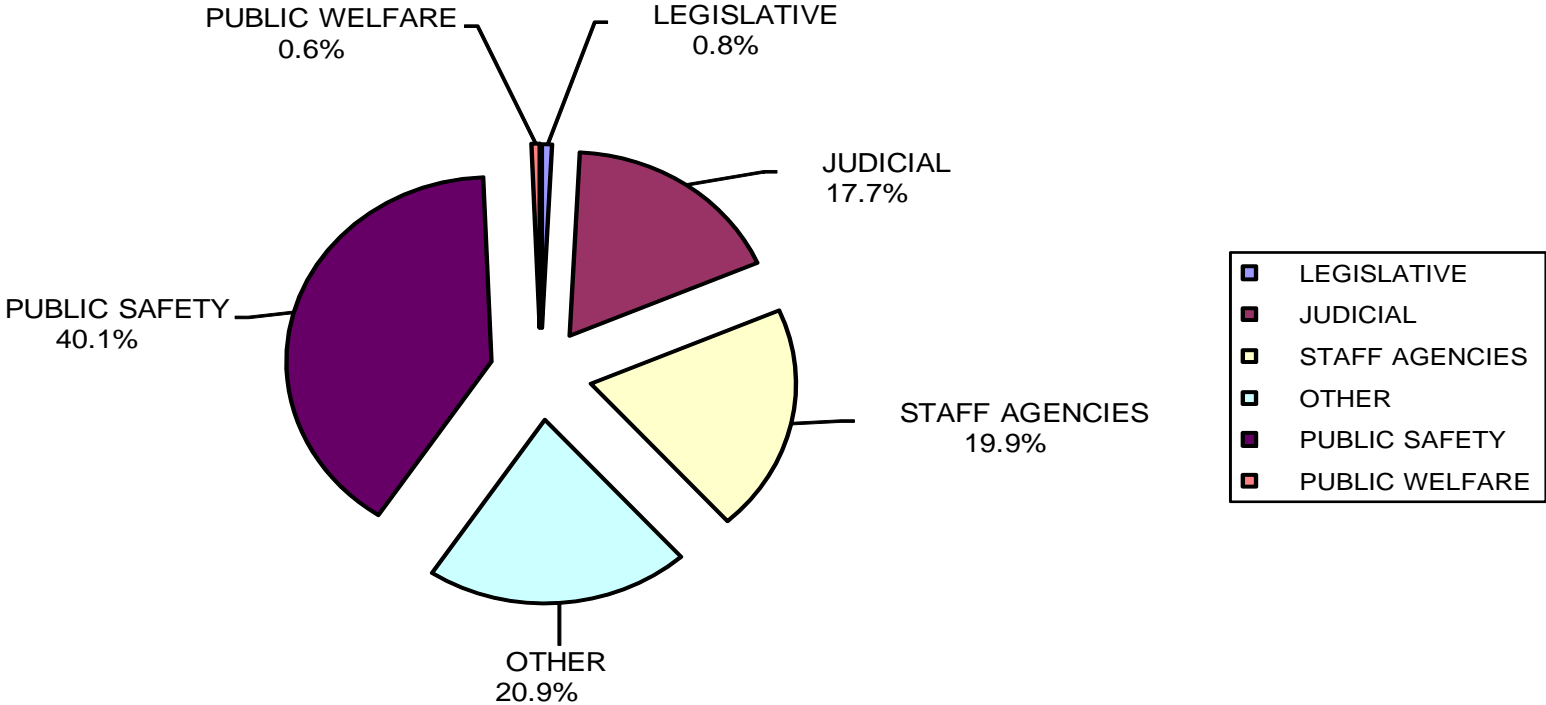
RHC-funded at 80% of Contribution ARC. Historical Average is 79.6%. Up from 76% in 2016 & 69% in 2015. Due to 12/31/15 Valuation & Positive Claims/Expenses

Pension Valuation=Costs up \$398,838 over 2016

2016 & 2017 costs higher by \$756,077 (*more than projected*)

2017 EXPENDITURE PIE

2017 GENERAL FUND BUDGETED EXPENDITURES



2017 VS. 2016 EXPENDITURES

Category	2016 adopted	2017 Preliminary	Change	Main driver of change
Capital Outlay Total	\$ 358,153	\$ 399,898	\$ 41,745	Jail transport van
Contingency Total	\$ 115,000	\$ 204,187	\$ 89,187	CBA/Elected official allowance
Fringes Total	\$ 12,880,744	\$ 13,015,788	\$ 135,044	Rates, base wage increase
Full Time Wages Total	\$ 14,229,098	\$ 14,384,646	\$ 155,548	Base wage increase
Other Agencies Total	\$ 1,353,689	\$ 1,282,357	\$ (71,332)	Dundee EDC, drains at large
Other Pay Total	\$ 1,828,229	\$ 1,860,488	\$ 32,259	Base wage increase
Services/Other charges Total	\$ 3,206,960	\$ 3,349,005	\$ 142,045	Court costs, Guardian, Comm Corrections
Supplies Total	\$ 1,277,926	\$ 1,199,515	\$ (78,411)	Inmate phone, gas/fuel
Transfer Out Total	\$ 6,874,836	\$ 7,046,544	\$ 171,708	Central Dispatch, dorm
Utilities/Maintenance Total	\$ 1,233,945	\$ 1,197,693	\$ (36,252)	Electricity (lighting projects)

2017 vs. 2016 HIGHLIGHTS/SUMMARY

Also, see 2017 Preliminary Budget pages 5-7 for additional detail

Public Safety:

- Sheriff Capital Outlay Vehicles at \$320,000; same amount as current
- Sheriff Work Release Funded at \$47,000; same amount
- Indigent Tether Funded at \$75,000; up \$20,000
- Central Dispatch 2 additional FT Dispatcher positions fully funded
 - ❖ Central Dispatch Transfer-out \$1.3 Million; up \$102,875
- Inmate Dormitory Transfer-out \$1.7 Million; up \$50,000
 - ❖ Based on ADP of 70; same as current year
- Public Safety: **40%** of GF Budget.....With 911 & Dormitory: **44%**

Transfers-out Other Funds 101-975000:

- Child Care, Public Health & F.O.C. Funds; same amount
- Imaging Fund \$0; down \$30,835
- Building Authority Transfer Out \$580,882; up \$45,668 (last in 2018)
 - ❖ Total of all Transfers-out Up \$171,700 over 2016

2017 BUDGET HIGHLIGHTS/SUMMARY

Capital Expenditures:

- Capital Improvement Program funded at \$200,000; same. Absorbed \$87,062 re-appropriated to Central Dispatch for 2 dispatchers
- Computer Capital Outlay Funded at \$400,000; up \$4,000
- Fleet vehicle funded at \$18,000 in addition to Sheriff fleet; lower by \$4,000
- Jail Transport Van with equipment funded at \$45,000; up by this amount

Operations:

➤ Court Appointed Attorney Fees:

	<u>2016</u>	<u>2017</u>	
➤ District Court	\$150,000	\$150,000	
➤ Circuit Court	\$305,000	\$315,000	
➤ Probate/Family Court	\$320,000	\$356,000	
➤ Friend of the Court	<u>\$ 8,500</u>	<u>\$ 8,500</u>	
Totals	\$783,500	\$829,500	\$46,000

- At-Large Drain Assessment Decreased By \$14,410 to \$151,422
- All other operational cost centers at or near current levels

2017 BUDGET HIGHLIGHTS/SUMMARY

Other Financial:

- Contingency Budgeted at \$204,187; increase of \$89,187
- Interest earnings at \$90,000; up \$20,000
- Special Appropriations-Other Agencies 101-970000
 - lower by \$71,910; follows current year amount lower by \$44,841
- Property & Liability charge rates lower overall by \$95,200
- Appropriation to Mental Health at \$997,803; same amount

Non-recurring Revenue Included in Budget:

- \$80,000 of Property Tax Foreclosure Funds (*Incl. in Prelim.*)
- **Propose:** \$615,117 of Fund Balance; increase of \$126,447

Total Non-recurring: \$695,177 in 2017 Budget

2017 BUDGET HIGHLIGHTS/SUMMARY

Employee/Retiree Benefits:

- Pension Employer Contribution Up \$398,838 (Full ARC) Total \$6,759,525
 - ✓ Employer Share up: \$387,778
 - ✓ Employee Share up: \$11,063
- (2016 & 2017 pension costs up total \$756,077)*
- Retiree Health Care funded at \$6.5 million; 80% of ARC or \$1.6 million less than full ARC; overall decreased amount by \$420,494 over 2016
- Health Care-Employer funded at \$3,694,933; lower by \$67,038 or 1.78%;
Health care lower over 2 consecutive years by total of \$168,187
- Budgeted \$50,000 for “13th” check from General Fund

Employee/Staffing :

- Staffing levels same as current year includes any changes approved by Board
- Includes provision for CBA's & Related Employee Compensation approved by Board
- Includes all wage step increases per CBA and policy
- Training program for employees-customer service/leadership continues

SPECIAL REVENUE FUNDS

Formula:

$$\begin{aligned} & \text{SRF Revenues} \\ & - \text{SRF Expenditures} \\ & = \text{General Fund Expense} \end{aligned}$$

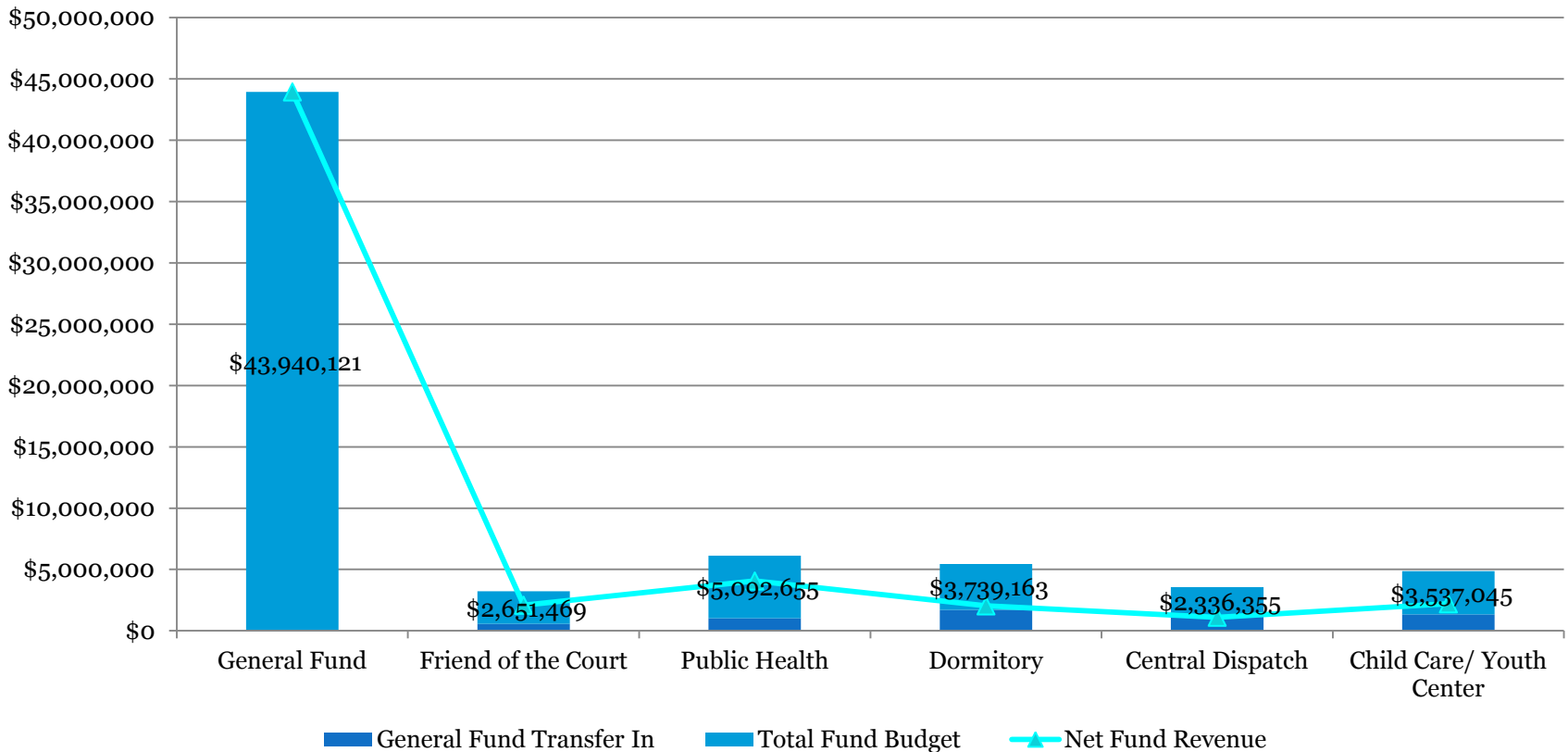
- As a total, higher GF Transfer-out by \$171,700 over 2016 amount; up \$372,650 over 2 years

Why?

- Previous years we budgeted SRF's fund balance to ease GF strain. In cycle of maintaining fund balance now; SRF's have little to budget.
- General Fund Provides \$5.87 million out of total \$17.36 million in total budgets for F.O.C., Health, Dormitory, Dispatch and Child Care/YC Special Revenue Fund operations.
 - ✓ Equals 34% in aggregate support to these Funds

General Fund Revenue, Special Revenue Fund Revenues and Transfers-In Total Fund Budgets=\$61,296,808

General Fund Revenue, Special Revenue Fund Revenues and Transfers-In



PRIOR PROJECTIONS 2017 BUDGET

In 2016-2017 Budget, page 8:

REVENUES:	\$43,082,090
EXPENDITURES:	<u>\$43,305,621</u>
SHORTFALL:	(\$223,531)

(Most of the focus was on the 2016 budget)

In Budget Guidelines Outline of 2017 Budget:

Scenario #1	(\$2.26) Million Shortfall
Scenario #2	(\$696,025) Shortfall

PRIOR PROJECTIONS (CONTINUED)

In County Budget Models with Compensation Adjustments:

REVENUES:	\$43,035,041
EXPENDITURES:	<u>\$43,685,105</u>
SHORTFALL:	(\$650,064)

PRIOR PROJECTIONS (CONTINUED)

Today's Preliminary 2017 Budget:

REVENUES: \$43,325,004

EXPENDITURES: \$43,940,121

SHORTFALL: (\$615,117)

2018

\$43.5 M

\$44.5 M

(\$1.0 M)

Prior 2017 Models=Consistent range
(\$600-\$700,000 Shortfall)

FINANCIAL POSITION FOR 2017

12/31/2015 Financials:

General Fund:

Unreserved/Undesignated	\$8,520,778
Budget Stabilization	<u>\$1,938,514</u>
Total @12/31/15	\$10,459,292

Less Committed:

2016 Budgeted Fund Balance	(\$488,670)	
2016 Budgeted BSF	<u>(\$ 0)</u>	
<u>Sub-total</u>		(\$488,670)
Total		\$9,970,622

Additional \$1,802,710 of non-spendable, committed and assigned FB

FINANCIAL POSITION (cont)

Responsible Use of Reserves:

- ❖ Undesignated/Unreserved and Budget Stabilization Balances taken together (cash reserves) are 22.69% of Preliminary 2017 Budget (\$9,970,622/\$43,940,121=22.69%)
- ❖ Planning the use of \$615,117 of Fund Balance to Close 2017 Budget Shortfall or 6.17% of available cash reserves (\$615,117/\$9,970,622 =6.17%)
- ❖ After designating this amount of fund balance, the County would hold 21.29% of 2017 budgeted expenditures

$$\frac{\$9,970,622 - \$615,117}{\$43,940,121} = \frac{\$9,355,505}{\$43,940,121}$$

=21.29%

2017 BUDGET UNKNOWNNS

Items Yet To Be Incorporated Into Budget.

Final Figures
from Budget
Mtgs.

- Resolution of any final “must have \$”
- Final review-budget details-Finance Office
- Anything missing in 375 pages

Any Remaining
Items from
Board

- Consistency in prior outlines and direction of budget development
- Policy concurrence on budget framework

HOW DID WE GET TO THIS POINT?

Look back at prior documents including Budget Guidelines, Forecasts, Communications to Board

Much of budget is stable... resources to continue existing programs & services....look for opportunities

Of 864 line items subject to disagreement, 90% budgeted at Dept. Requested Amount. Agreement

CALENDAR OF UPCOMING DATES

September 20

- Agreement/Framework-To proceed with Recommended Budget
- Options provided for consensus/policy direction on budget

October 4

- Provide Recommended Budget to Board
- Transmit Notice -Budget Public Hearing

October 18

Budget Hearing & Adoption
as part of Regular Meeting

CLOSING NOTES

- ❑ **Budget is estimate/projection;** use many assumptions to arrive at overall budget

- ❑ Audit is actual

- ❑ Financial Management & monitoring of budget activity throughout the year.....working together:
 - ❖ **Board + Elected & Appointed Officials**

 - ❖ **6 years of positive budget results... how about 7 years????**

- ❑ **2017 total resources GF + SRF = \$61.3 million**

Get the most out of resources we have to serve community.

BOARD OF COMMISSIONERS

