



LIVINGSTON COUNTY ADMINISTRATION

LIVINGSTON COUNTY, MICHIGAN

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NATHAN BURD
COUNTY ADMINISTRATOR

BUDGET MEMORANDUM

TO: LIVINGSTON COUNTY BOARD OF COMMISSIONERS

FROM: CAROL GRIFFITH - BOARD CHAIRWOMAN
KATE LAWRENCE - BOARD VICE-CHAIRWOMAN & FINANCE COMMITTEE CHAIRWOMAN
NATHAN BURD – COUNTY ADMINISTRATOR

DATE: NOVEMBER 23, 2020

RE: LIVINGSTON COUNTY 2021 BUDGET

Attached for your consideration is the Livingston County Budget Plan for Fiscal Year 2021. The plan is balanced and prepared in accordance with Public Act 2 – the Uniform Budgeting and Accounting Act, as amended. The budget presented aligns with the Board of Commissioners commitment to provide the residents of Livingston County the efficient delivery of services while continuing to maintain its financial integrity. The budget serves as a tool the Board uses to communicate its priorities and provide financial transparency to the citizens of Livingston County and other interested parties. Through the budget appropriation, the Livingston County Board of Commissioners provides funding to departments to provide services.

2020 was a unique and challenging year due to the COVID-19 pandemic. From the outset, Commissioners took necessary and responsible action to restrict discretionary spending, place a moratorium on hiring, and participate in federal and state funding opportunities related to the pandemic. These actions, together with a history of wise fiscal stewardship, has enabled Livingston County to weather the initial storm and move into 2021 on sound financial footing. It is important to note that the COVID-19 pandemic is not over and continued vigilance will be required throughout 2021.

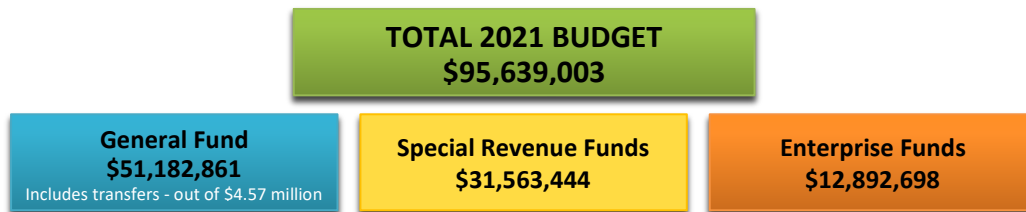
Livingston County continues to operate with the lowest County millage rate in the state. We are proud to present a budget for 2021 that maintains a high level of services without an increase in taxes. The budget is based on several core budgeting principles; conservative but realistic revenue projections, recurring expenditures that are funded by recurring revenue sources, and a conscious effort to maintain a sufficient level of reserves for cash flow requirements and unexpected situations. The 2021 Budget Plan includes funding for both department operations and capital improvement projects.

The 2021 budget process and budget calendar was approved by the Board of Commissioners at its May 26, 2020 Full Board meeting. The budget process begins with the Revenue Forecast Committee, a

multi-department committee comprised of various elected officials and county staff, participating in a series of meetings to review and develop the estimated General Fund revenue for the upcoming year. This is an essential step in the budget process and serves as the foundation for making decisions during the development of the budget plan.

Proposed Budget

The 2021 budget for all County budgeted funds totals \$95.6 million, a reduction of \$694,792, or less than a 1% decrease from the 2020 Revised Operating Budget.



County Internal Service Funds are not part of the 2021 Budget, pursuant to Public Act 2 of 1968, as amended. As charge backs to the County Departments, these costs are included within the individual Department Budgets. The estimated cost of Internal Service charges for 2021 are \$20,925,129, down 3% from 2020.

Summary of Changes

The differences in the 2021 Proposed Operating Budget compared to the 2020 Revised Operating Budget by fund type are mainly attributed to the following:

- General Fund Budget – decrease of \$113,857, or .22% from 2020 Revised Budget
 - \$897,800 is budgeted for capital improvements
 - \$1.2 million is appropriated for an additional payment to fund the County pension plan
- Special Revenue Funds – decrease of \$1,372,850, or 4.17% from 2020 Revised Budget
 - Completion of the new 911 Central Dispatch Facility in 2020 resulted in a decrease of \$388K 911 Operations in 2021
 - Decrease in Federal Grants of \$518K offset by an increase in State Grants of \$222K (not including Indigent Defense).
 - One time set up costs of new Public Defender Office in 2020 has resulted in a decrease in the State Indigent Defense Grant award in the amount of \$423K for 2021
 - Close-out of Michigan Works fund resulted in a onetime transfer to GF in the amount of \$224k in 2020.
- Enterprise Funds – increase of \$791,916, or 6.54% from 2020 Revised Budget mainly attributed to an increase in the Septage Receiving Station of \$743K for a planned expansion

Capital projects over \$50,000 that have been approved are included within the department operating budgets. Capital projects slated for 2021 include items for the Sheriff's Department (continued remodel of the facility, in-car cameras, and secured parking areas), Facility Services (parking lot improvements and Friend of the Court parking lot and offices), and IT (network security upgrades, firewall upgrades,

record storage expansion, data recovery replacement, cloud infrastructure, phone system replacement, Livgov.com rebuild, and camera system upgrade). Capital Projects not approved in the 2021 Adopted Budget will need to be brought to the Board of Commissioners for authorization in the new fiscal year.

2021 REVENUES

All Funds 2021

CATEGORY - REVENUE	% OF TOTAL	AMOUNT
Taxes	38.72%	\$36,232,000
Charges for Service	23.56%	22,039,186
Intergovernmental Revenue	21.44%	20,062,600
Transfers in from Other Funds	4.43%	4,145,796
*Other Revenue	11.85%	11,087,349
Total Revenue All Funds	100.0%	\$93,566,931

General Fund 2021

CATEGORY - REVENUE	% OF TOTAL	AMOUNT
Taxes	63.47%	\$32,485,000
Charges for Service	10.96%	5,610,836
Intergovernmental Revenue	11.50%	5,886,419
Transfers in from Other Funds	.93%	475,125
*Other Revenue	13.14%	6,725,481
Total Revenue General Fund	100.0%	\$51,182,861

**A more comprehensive list of revenue categories are included in the 2021 Budget Plan Summary Pages*

Total revenue next year is expected to decrease by \$1.69 million over the current projected year-end revenues. General Fund Revenue is expected to decrease in 2021 by \$113.9K million from the current year-end projected revenue. Taxable values increased from \$9.35 billion in 2019 to \$9.80 billion in 2020, an estimated 4.81% increase from 2019. The rise in State Taxable Value (STV) is expected to increase property tax revenue by approximately 2.0%, or \$636K. Property Taxes are the largest source of revenue to the general fund providing over 63% of its revenue.

- The Board of Commissioners formally adopted the 2020 operating millage rates on June 8, 2020. The total proposed millage rate for 2021 is 3.6789, down from the 2019 total millage rate of 3.7125. The millages are broken down as follows:

Fund	Millage	Millage Rate	Voted Through	2021 Projected Amount
101	General Operating	3.2765	Allocated	\$32,336,000
210	Emergency Management System	.2897	2030	\$2,736,000
295	Veterans Services	.1127	2021	\$1,011,000
	TOTAL	3.6789		

A revenue category showing a significant decrease in All Funds is Intergovernmental Revenues which reflects a decrease in the total amount of Federal Grants anticipated in 2021 as well as a large reduction in State Grant revenue related to the one time funds received to start a Public Defender's Office. The General Fund revenue sources are sufficient to support the level of County general operations that are being requested in the 2021 budget plan.

EXPENDITURES

Total Expenditures for All Funds are budgeted at \$95.6 million, which includes \$51.2 million for General Fund Operations. This is a decrease of \$694K from the current year's Revised Budget for All Funds. The General Fund expenditure budget is \$113.9K less than the 2020 Revised Budget. Increased personnel costs, internal service costs, capital improvement projects, and an increase in the cost of providing services have all contributed to the overall increase.

All Funds

EXPENDITURE CATEGORY	2021 BUDGET	%
Wages & Benefits	\$59,613,241	62.33%
Other Operating Costs	28,509,106	29.81%
Capital - Equipment / Projects	1,292,500	1.35%
Transfers Out	6,224,156	6.51%
Total Budget All Funds	\$95,639,003	100%

General Fund

EXPENDITURE CATEGORY	2021 BUDGET	%
Wages & Benefits	\$ 33,111,755	64.69%
Other Operating Costs	13,172,435	25.74%
Capital - Equipment / Projects	330,000	.64%
Transfers Out	4,568,671	8.93%
Total Budget All Funds	\$ 51,182,861	100%

Wages and benefits are approximately 62% of the cost of all operations. The 2021 budget includes increases in employee wage and benefit costs including a 2.25% increase in wage scales for non-union employees and for union groups pending collective bargaining. This increase is sustainable and consistent with current levels of inflation.

Pension costs are a major expense in all funds and represents 8.07% of all expenses. In the General Fund, it represents about 10.18% of total expenditures. The pension valuation report received for December 31, 2019 shows the County as 75% actuarially funded overall with an unfunded liability of over \$41.6 million. Funding our pension obligation is a priority of the Board and for the past several years the Board of Commissioners has elected to make additional pension payments to reduce this unfunded liability to ensure that our employees receive the retirement benefit they were promised. The Board of Commissioners has authorized a total of more than \$22 million in additional payments over the last nine years and an allocation of \$1.2 million is included in the 2021 General Fund budget. Even with these additional payments, future annual required contributions are estimated to increase over the next several years.

Other factors contributing to the slight decrease from the current year is the reduction of Election supplies that were associated with the Presidential election. Also there is a substantial decrease in equipment expense related to the one-time equipment purchases in the Sheriff Office in 2020.

Positions Changes

The 2021 Budget includes no new staff positions, but does include funding for existing positions that were "frozen" during the COVID-19 induced hiring moratorium. It also authorizes the transfer of the Communications Specialist from the IT Department to County Administration. The elimination of a vacant Veteran Counselor is requested by the Veteran Services department.

CONCLUSION

Livingston County has managed to remain financially sound due to its strong financial policies and practices. Acting prudently and moving forward conservatively is a long-term commitment of the County Board of Commissioners as representatives of the citizens of Livingston County. Livingston County's ability to weather obstacles and plan ahead for times of uncertainty certainly stand out, as reflected by Livingston County's AAA bond rating, which was reaffirmed by Moody's in October of this year.



We owe a great deal of appreciation to the many departments that have assisted in the development of this budget. This is a collaborative Countywide effort and our elected officials, directors, and staff members understand the responsibility to use public funds in the most efficient manner. Competing and sometimes conflicting needs have been carefully analyzed to ensure the final recommended budget appropriates the County's resources the best way possible to support the priorities and goals set forth by the Board of Commissioners. We specifically wish to recognize the members of the Revenue Forecast Committee, the Livingston County Planning Department, County Administration, and Fiscal Services staff for their all of their hard work and effort in preparing their forecasts, plans, and compiling the many individual details into a comprehensive budget plan.

CAROL S. GRIFFITH - BOARD CHAIRWOMAN

KATE LAWRENCE - BOARD VICE-CHAIRWOMAN

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