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DATE: June 7, 2021

TO: Dan Tarwater, Chairman of the Legislature
Theresa Galvin, Budget Chair
Members of the Jackson County Legislature

FROM: Troy M. Schulte, County Administrator, Jackson County

RE: FY 2021 Mid-Year Budget Review

Staff have completed the mid-year analysis (through May 31, 2021) of the fiscal year 2021 Jackson County budget. I am pleased to announce that all county revenues in all funds are tracking at or above estimates and aggregate expenditures in all funds of the County are tracking at or below budget.

On the revenue side of the budget, sales tax collections are trending through June collections at 1.4% above 2020 actual collections. The 2021 adopted revenue estimate for sales tax collections assumed collections at 2020 levels. Property tax collections in all funds are also projected to meet 2021 budget estimates with residential property values increasing at approximately 7% on a county-wide basis and a manageable number of appeals (2,600) as of June 2, 2021. The only unknown at this point is the new \$1 per month per phone 911 charge that began collection on April 1, 2021. The first expected distributions from this fee are expected in early July. At this point, we are aware of no issues that would cause any significant deviation from the projected budgeted estimates (\$2,487,00) for that revenue stream.

On the expenditure side of the budget, aggregated expenditures across all funds are tracking at or below adopted budget estimates. As a reminder, most larger departments were asked to absorb the costs of the second-year cost of the compensation study as well as all departments were asked to absorb the expense associated with the 2% merit increases for all associates not receiving a compensation study pay adjustment. Absorption of these costs will require a hiring freeze for most of the year for most of the departments. Attachment A at the end of this memo summarizes the projected surpluses or deficits for each personal services account in each of the funds with personnel. It is anticipated that additional vacancies or delays in hiring will resolve most of the projected personal services deficits before the end of the year. Of most concern to us is the projected deficit in the Sheriff's Office (\$617,311) which has not generated the salary savings from turnover that was anticipated. The 16th Circuit Court salary projections are included as well but are highlighted in yellow as they are not available for potential reallocation by the County.

Staff will continue to work with the Sheriff's Office and all other departments to make sure budget projections are met for the year for all departments. It should be noted that for the purpose of this mid-year analysis, all contracts, supplies, and capital outlay budgets are projected as fully spent and additional minor savings should be anticipated in those appropriations as well.

This mid-year analysis also projects the 3% state mandated contingency as fully spent. As you are aware, the County has used this account as the funding source for the emergency repairs to the chilled water system at the Downtown Courthouse. It is estimated that these repairs will cost approximately \$3 million to bring the system back online. The County began the

Frank White, Jr., County Executive

year with \$3.4 million in the 3% state-mandated contingency account. It is anticipated this expense will be reimbursed by the first allocation of the total \$136.5 million in American Recovery Plan funds that are soon to be received by the County.

In light of recent discussions surrounding Ordinance #5511 which recommended an allocation of \$540,877 from the undesignated fund balance of the COMBAT Fund, Finance staff undertook a formal analysis of the financial status of that fund to determine if additional resources could be allocated for COMBAT purposes. As you can see from the below chart (using final numbers from FY 2020), a total of \$4.3 million in unspent prior year reserves is available for immediate appropriation in the COMBAT Fund.

COMBAT (008) Undesignated Fund Balance as of 12-31-2020	\$11,673,189.57
Less amount appropriated in Fiscal Year 2021 Budget <i>FY 2021 Adopted Budget (Revenue of \$24,132,000 less Appropriations of \$29,972,381 = \$5,840,381)</i>	(\$5,840,381.00)
Adjusted Prior Year Fund Balance (Available Fund Balance at 1-1-2021)	\$ 5,832,808.57
Less 5% Required Reserve <i>FY 2021 Ext. Revenue of \$24,132,000 plus Available Fund Balance at 1-1-2021 of \$5,832,808.57 multiplied by 5%.</i>	(\$1,498,240.43)
Available for Supplemental Appropriation in 2021	\$4,334,568.14

Budget staff will continue to monitor the performance of the budget monthly for the rest of the year. Preparation for the 2022 fiscal year Jackson County budget will begin in earnest in August of 2021 and the plan is to submit the 2022 Budget for your consideration in early November of 2021.

If you have any questions or desire further information, please do not hesitate to contact me at your convenience.

Attachment (1)

cc: Frank White Jr., Jackson County Executive