

2014/2017 Budget Questions from Commissioners

Question	Answer
<p>Please provide a 10 year history of funding to our Veteran's Affairs department (General Fund)</p>	<p><a href="#">Budgets Adopted per Resolutions &amp; Reaffirmations for All Funds.pdf</a></p> <p>The information provided in the file includes a 10 year history of allocations for all County funds in the Budget Resolution format.</p> <p>Veteran Services department (General Fund) can be found on page 1 under the Expenditures heading under Fund 1010 Agency 690.</p> <p>Veteran Services department (Non-General Fund) can be found on page 3 under Fund # 1800 and 1811 and Agency # 690.</p>
<p>Please provide Veteran's Affairs department staffing levels for the past 10 years.</p>	<p><a href="#">10 Year History of Positions by Department All Funds.pdf</a></p> <p>The information provided in the file includes a 10 year history of positions for all County departments as published in the Budget Summaries.</p>
<p>Please provide an explanation of the difference between 'fund balance' and 'reserves'. Can this be annotated in the budget book?</p>	<p>A glossary is provided in the appendix of the final published Budget Summary that has both of these words defined.</p> <p>Fund Balance: The portion of fund equity that is available for appropriation (i.e. not already reserved).</p> <p>Reserves: An account used to indicate that a portion of a fund's equity is legally restricted (or in some cases planned, i.e. inmate medical reserve) for a specific purpose and is not available for general appropriation.</p>
<p>What is the policy rationale behind a fund balance/reserve policy of 20%?</p>	<p>The policy rationale for a fund balance in the amount of 20% of expenditures has three main components: to help offset negative cash flow due to the seven month delay in property tax revenue collections, assist buffering any unexpected economic downturns and an appropriate level to fund at least 60 days of operations.</p>
<p>Where is the contribution to fund balance coming from?</p>	<p>Year-end surplus of a fund where actual revenues exceed expenditures.</p>
<p>Budget resolution includes two sections (#12 and #28) setting fund balance and reserve policy – one at 20% and the other at 8%. Do these need to be reconciled, why or why not?</p>	<p>No. They are different policies. #12 (on page A-13) is with regard to the General Fund, and #28 (on page A-15) is with regard to the non-General Funds.</p>
<p>Tables in Section D (D2 and D3) are confusing.</p>	<p>Page D2 is the Governmental Fund Expenditure Summary by Function for all governmental</p>

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	<p>funds.</p> <p>Page D3 is the General Fund Budget Summary with revenues by sources and expenditures by function for the general fund only.</p>
<p>Can you explain how money is budgeted as it pertains to fund balance—how we save it, and how we use it?</p>	<p>Planned contributions to fund balance amounts are budgeted on the expenditure (a reserve for subsequent years budget line-item) side. The idea is it will not be spent thus causing a surplus for the year and increasing the fund balance at year end.</p> <p>Planned use of fund balance amounts are budgeted on the revenue (fund balance prior years line-item) side. The idea is it will not be revenue recognized thus causing a shortfall for the year and decreasing the fund balance at year-end.</p>
<p>Budget book does not include a section on fund balance by fund as it did previously. Could you provide a sheet with that overview?</p>	<p>In the past, this has not been published as part of the Preliminary Budget Summary. It has been developed after the budgets are developed to complete the fund balance forecasts. Attached files include: Fund Balances/Fund Equity at <a href="#">12-31-12</a> and <a href="#">12-31-11</a> and Cash/Investment Balances as of <a href="#">August 31</a>, and <a href="#">June 30</a>, 2013.</p>
<p>Please explain the reason for the proposed changes to the seven day business review process for service and professional contracts found on page A-9, paragraphs 3 and 4 of the budget resolution.</p>	<p>The seven business day review process has now been in effect for almost a decade. The proposed changes are based upon Corporation Counsel’s experience in enforcing the policy and are designed to clarify which contracts need to undergo the review process. The current language simply states that contracts of more than \$100,000.00 are subject to the review. Under this language, multi-year contracts for relatively small amounts are still subject to the review (i.e. a 4 year contract for \$26,000.00 per year). To alleviate this situation, the proposed change clarifies that contracts of \$100,000 per year or which exceeds \$150,000 total are now subject to the review.</p> <p>Similarly, the second proposed change would increase the review threshold of professional service contracts from \$25,000.00 to \$50,000.00 per contract. First, it should be noted that the County executes relatively few professional service contracts. The bulk of these types of contracts are signed by Drainage Districts and the Parks &amp; Recreation Commission, both of which have the independent authority to execute their own contracts and are not subject to the review process. The proposed change would insure that the Board would only be asked to review larger professional service contracts.</p> <p>Both of these proposed changes are in keeping with the original intent of the Board in passing the seven business day review process which is to provide a mechanism for the</p>

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	Board to be notified of and have the opportunity to review and comment on the larger contracts to be executed by the County.
Affordable Care Act-What benefits are available to what employees, and how many employees does this new law affect?	Under the ACA, benefits shall be offered to all temporary, non-benefited, full-time employees that work 30+ hours a week over the course of a designated measurement period. The health care benefits offered must be the same as those offered to regular, benefited full- and part-time employees.
Please calculate the financial impact of offering health benefits to all employees (should this be a stated policy?)	Washtenaw County is currently within its initial measurement period. Such period will be complete on October 31, 2013. At such time we will be able to estimate the potential financial liability.
Please explain the difference between ½ time, part-time and how ACA impacts these employees	Washtenaw County has either benefited or non-benefited positions. Benefited positions are those positions that have been formally created by the BOC as part of a resolution and are eligible for health care, pension, sick/vacation accruals, life insurance, etc. Non-benefited positions have not been presented to the BOC for approval and are temporary in nature (e.g., seasonal, intern, on-call, casual, relief). These positions are not currently eligible for benefits. The positions that are currently being measured to ensure compliance with ACA are the non-benefited positions. In the event employees in these positions work 30+ hours per week during the established measurement period, he/she must be offered health care benefits consistent with that available to employees in benefited positions.
Coordinated Funding-Are all 4 years of their budget being allocated in the first quarter of 2014?	No. The annual general fund allocation is \$1,015,000 per calendar year (the County's fiscal year).
Slide 9-Impact of closure of plans and how they impact and affect expenditures	The difference between the reduced projected target of the May, 2013 (\$6.99M) and July, 2013 (\$3.93M) Updated Financial State of the County of \$3.06M was a result of a budget assumption modification not to contribute \$1M annually to fund balance. The remaining reduction amount of \$2.06M was a result of the estimated cost of the closure of WCERS and VEBA and a shift of amortization over a ten year period (May, 2013) to thirteen year period (July, 2013). The change of the WCERS & VEBA boards' adoption of a 27 year amortization period from a 13 year amortization period is part of the operating cost reduction solutions.
How are PT/Temp employees designated as the positions pertain to ACA?	Washtenaw County has either benefited or non-benefited positions. Benefited positions are those positions that have been formally created by the BOC as part of a resolution and are eligible for health care, pension, sick/vacation accruals, life insurance, etc. Non-benefited positions have not been presented to the BOC for approval and are temporary in nature (e.g., seasonal, intern, on-call, casual, relief). These positions are not currently eligible for benefits. The positions that are currently being measured to ensure compliance with ACA

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	<p>are the non-benefited positions. In the event employees in these positions work 30+ hours per week during the established measurement period, he/she must be offered health care benefits consistent with that available to employees in benefited positions.</p>
<p>Do we follow our own Living Wage ordinance for our non-benefitted staff?</p>	<p>The Living Wage ordinance applies to employers who hold professional service or service contracts with Washtenaw County for a value of more than \$10,000 in a 12-month period of time. Washtenaw County does pay the designed living wage amount for all temporary, non-benefitted staff.</p>
<p>Clarification: General Fund reserves are going to grow over the course of your proposed budget, but non General Fund reserves will be spent down, correct?</p>	<p>There are multiple ways to offer an explanation to this depending on the context.</p> <p>General Fund : Referencing page D-3 in the 2014-2017 Preliminary Budget Summary, Reserves Category line under Expenditures by Function, each year for 2014-2017 there are budgeted reserves in the amount of \$600K (which includes \$300K for an office of infrastructure management reserve, \$200K for inmate medical and \$100K for unearmarked reserve). The amounts for 2015 and 2016 that exceed \$600K, \$461,635 and \$226,976, respectively are planned contributions to fund balance for those years.</p> <p>Shifting to the Other Revenue Category line under Revenues by Source, the spike of \$445,267 (above the \$1.88M each year 2014 – 2016) is a result of the budgeted plan use of fund balance for 2017.</p> <p>Non-General Fund: Referencing page D-10 – D-50 these pages include the recommended budget for each non-general fund and at the bottom of each budget summary grid it includes a line that indicates a planned contribution to/(use of) fund balance and additional lines that have the beginning and ending fund balances for 2014-2017. In most cases they are the same with no change from year to year for most of the funds. For further illustration and explanation referencing page D-21, Parks &amp; Recreation Fund 2080, they have a budgeted planned use of fund balance for 2014-2016 (budgeted in the Other Revenue Category under Revenues) and a planned contribution to fund balance in 2017 (budgeted in the Reserves Category under Expenditures). In addition, at the bottom of the grid the amount planned to be contributed (or used) is provided as well as the beginning and ending fund balances.</p>
<p>Page A4 of budget resolution, OCED has gone from 14.7 to 12.58m – is this a result of priorities or is it a constriction of federal and state resources?</p>	<p>Construction of federal and state resources. The recommended budget includes a reduction in the amount of \$15K in general fund appropriation for 2014 – 2017.</p>
<p>Page 15-Updated Final-Slide 30</p>	<p>This is true. Due to the substantial reductions in the 2012/13 budget there was intent to</p>

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<p>Outside Agencies-Delonis When compared to the 2012/13 budget, it appears we're giving them more in 2014/2017, not less</p>	<p>reinstate funding beginning in 2014 at previous levels in the amount of \$200K. Appropriations beyond 2013 are contingent upon available revenues, and approval of the Board of Commissioners. Therefore, the 2014 recommended allocation was \$40K less than the plan (what was built into the long-term projections because of the intent to be back up to the \$200K). The 2014 proposed savings column on (page Intro-17 and A-17) is the calculated savings from what had been planned in the long-term projections.</p>
<p>P13, Slide 25- Please explain the 8.0 hold/vacant for WCSO</p>	<p>The Sheriff agreed to place eight positions on hold vacant status in response to the Administrator's requested target reduction.</p>
<p>Page A11, Budget reduction of contract deputies, is the sheriff okay with this?</p>	<p>This is the number of actual local unit of government contract deputies. The Finance Manager at the WCSO provided the number planned for 2014-2017 based on current contracts.</p>
<p>We're putting 8 WCSO positions on hold/vacant in 2014/2017, is this in addition to the 8 we put on hold/vacant in the last round of budget cuts?</p>	<p>Yes.</p>
<p>The hold/vacant process is confusing to-if we're going to reduce positions, just eliminate them and bring back to the board to quickly reinstate, if needed. Is this a viable option?</p>	<p>Placing positions on hold vacant status allows departments with variable revenue streams to move positions to a non-funded status when revenues have declined, and then return to active status when revenues become available again. This flexibility is necessary to rapidly respond to the changing needs of the organization and funding sources.</p>
<p>Page 17, slide 24, your proposed budget is based upon an anticipated 1% property tax revenue increase per year, for the next 4 years. How do you arrive at these estimates and what is the contingency plan if we only yield .25 or .5%?</p>	<p>Worked in collaboration with the Civic Infrastructure Group (Clerk/ROD, Equalization, Treasurer's Office) based on property values and the improving housing market. All are in agreement that 1% growth each year is a reasonable and conservative estimate.</p> <p>Built into the labor agreements is a safety net that if the Equalization Report indicates a decline in property tax revenue or other unplanned decrease in the general fund (e.g., reduction in personal property tax, revenue sharing, etc.) the County may implement up to four banked leave days with notified to the union no later than May 1<sup>st</sup> prior to implementing any banked leave days.</p>
<p>Page 17, slide 34, 2017 budget column indicates 'Other Revenue' line increases .5m from 2016 to 2017, can you explain?</p>	<p>There is a budgeted plan use of fund balance in the amount of \$445,267 for 2017.</p>
<p>IS HSHV aware of the \$30K cut or are we in for a fight?</p>	<p>There is a contract with HVHV through 12-31-16 and we are not cutting the contract. The contract specifies that the annual amount shall never be less than a base amount of \$500K, furthermore if taxable values increases the base contract amount increases by the same</p>

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	percentage. The identified savings of \$30K is a result of recognizing local units of government's reimbursement for animal control services.
How confident are you in the revenue sharing figures"	The \$5.5M budget is held flat for 2014-2017 and is based on the State's 2013/14 adopted budget and published projected payments.
There are asterisks on A-4 for ED and PH, but no explanation.	These will be removed. It was a carryover from the 2012/13 Budget Summary when there were some consolidations of multiple departments. The footnote was removed and so shall the asterisks.
On A-11 do we need section #15?	Yes, it helps us avoid pay compression with non-union salaries due to step increases.
Financial Trends messaging clarification.	The financial trend monitoring system attempts to display financial factors in a quantified form to enable analysis. The indicators presented are neither perfect nor absolute, but they do present quantifiable information, and thus form a basis for analysis. They do not necessarily provide the answers as much as they may raise the questions and provide a framework for objective investigation.
UAL and the Statement of Net Position for WCERS and VEBA	GASB 68 which will require the reflection for unfunded liabilities for pension plans as part of the net position will be incorporated in the 2015 financials reflected in the CAFR presented to the BOC in April, 2016. At this time, there is no GASB requirement that the unfunded liability for VEBA will be reflected in the net position. It is anticipated that GASB will issue another statement that will require the inclusion of VEBA much like WCERS. The County is unable to implement GASB 68 early as the data is dependent on outside vendors also implementing their requirements within the GASB 68 guideline.
Explain the change in forecasted FTE reductions to the final actual reduction of -0.3 FTE.	The forecasted FTE reductions is just a translation that the BOC has asked for in the past in terms of the number of position reductions that would have to take place to eliminate the projected deficits each year. The recommended budget is balanced and the target reductions have been met without substantial FTE eliminations because not all solutions were as result of position modifications.