

interoffice

MEMORANDUM



TO: Parents, Families and Guardians of MRDD Consumers
FROM: Larry Duck, Superintendent
SUBJECT: Updates on Board Activities and Issues
DATE: April 14, 2005


1. **Parent/Guardian Forum** - A parent/guardian forum will be held on Wednesday, April 20 from 7:00 p.m. to 8:30 p.m., at LKS. The focus will be on CAFS funding and the impact the loss will have on the Mahoning County Board of MRDD.
 1. The purpose of this meeting will be to provide up-to-date information, answer questions and hear your ideas about the CAFS funding problem.
 2. This meeting is intended for families and guardians. We will answer their questions first.
 3. Questions will be written down and responded to during the meeting. If you make a comment or have a question you will be asked to identify yourself.
 4. Questions and comments will be limited to three (3) to five (5) minutes per topic.
 5. We will not go beyond the time period of 7:00 p.m. to 8:30 p.m.
 6. This will be an information and problem solving meeting. Please do not make personal attacks. We are faced with difficult issues and must work together to find solutions.
2. **CAFS Funding Loss** - This mailing includes an in-depth handout that answers questions about the June 30, 2005, loss of CAFS funding. Check our website every week for further updates.

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3. **Annual Plan Meeting** - This year's Annual Planning meeting will be more important than ever. The meeting is scheduled for Monday, June 20, 2005, from 6:30 p.m. to 8:30 p.m. at LKS. Light refreshments will be available. Action Committees include:
 - A. Service and Support Administration (case management and residential waivers)
 - B. Adult Services (workshops, retirement, supported employment, transportation)
 - C. Children's Services (LKS, preschool, E.I.)
 - D. Administration (fiscal, buildings and grounds, human resources, technology)
 - E. Public Relations and Parent Communication

4. **Construction Updates** - There have been many construction projects in the past 18 months. They have included:
 - A. Meshel MASCO (parking lot, nurses' clinic and roof)
 - B. LKS roof replacement
 - C. 153 Javit (retirement and medically fragile) (expected to be completed by August 2005)
 - D. 130 Javit - SSA building (roof replacement)
 - E. Bev Road water damage repair
 - F. Board office renovations and addition
 - G. LKS gym floor water damage

5. **New Buses** - Seven (7) new buses have been purchased since 2001.

6. **New logo** - The Board has a new logo. The goal was to identify a symbol that would be simple to remember. Colors are red, black and white, We will have this symbol on new signs, stationery, etc.


7. **MH and MRDD Project** - The Mental Health Board (648 Board) and the MRDD Board has committed \$20,000 each to a jointly operated pilot project that began April 1, 2005. There are consumers who have both genuine mental health problems plus some type of MR or DD diagnosis. Our staff has experienced problems with providers on both the MRDD and MH systems rejecting the consumer. The goal is to have an agency provide staffing to serve as an ombudsman or trouble shooter to work through both systems to make sure MRDD clients have access to psychiatric services when they need it and MH clients with MRDD diagnoses can access our array of services. Help Hot Line will be the provider for the one year trial period. Evaluation will determine whether or not to continue beyond one year. Services by HHL include direct care and problem solving on specific cases, training of MH and MRDD providers, writing procedures and protocols.

8. **Carryover Funds** - We have received questions about "carryover funds,"

sometimes called “reserve” funds. Employees and media have commented on the availability of “excess” funds for non general fund departments of county government, such as Children’s Services or MRDD. There is a lot of misunderstanding about the finances of the MCBMRDD and carryover fund balances. We want to explain this to you.

Let’s start with MCBMRDD’s carryover balance on a certain date: (12-31-03).

Cash Balance (operating funds) as of Dec. 31, 2003	\$8.9 million
Encumbrances (as of 12/31/03) bills owed but not yet paid	<u>-1.4 million</u>
Cash Available	\$7.5 million

On May 2004 the Board adopted a Financial Management Policy that transferred \$6.3 million to two accounts to cover obligations of the MCBMRDD

Reserve Balance Account	\$1.6 million
Capital Account (building repairs, etc.)	\$4.7 million

The Reserve Balance Account is used for the following:

- A. **Employee severance payment:** Payment of sick leave, vacation and personal days owed to employees when they retire. MCBMRDD would owe our employees \$1.7 million for accrued leave. Employees can "cash in" 35% of their sick leave up to 84 days at retirement. We put in only \$500,000 in 2004 to cover this liability.
- B. **27th pay:** There is \$600,000 set aside to cover the "27th pay" that occurs periodically. We do payroll every 14 days, or 26 pay dates per year. $26 \times 14 = 364$ days, so every 11 years, there is a 27th pay. Our biweekly payroll is \$600,000.
- C. **Client residential emergency placement:** \$500,000 is set aside for client residential emergency placements. We average \$50,000 per case and we set aside enough for ten (10) emergencies.

The Capital Account is used for repayment of debt on our current building projects i.e., 153 Javit (\$2.5 million) and LKS roof (\$485,000) and other major capital improvements.

The \$1.2 million carryover also went down in January 2005 to cover money set aside for new buses and additional money put into the several fund accounts. We are using excess funds for one time expenses such as capital improvements and services.

That means the Board has secured known debts and obligations it will have to pay in the future. Our fund balance “carryover” after liabilities are backed out is only \$1.2 million. This is the proper fiscally responsible way to handle our financial planning.

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This is a good policy.

The old method of budgeting was to report a carryover on a cash accounting method (rather than accrual accounting) Cash accounting is wrong because it does not take into account debt and other obligations.

Look at it this way: If you had \$10,000 in cash on hand, but also owed \$9,000 on credit cards or loans can you really say you have \$10,000 of ready to use cash? Good accounting practice requires you to do a “balance sheet” that takes into account all your cash assets and known liabilities (debts and obligations).

The Board also has adopted a policy of not approving budgets based on deficit spending. This means when CY budgets are approved they must be based on revenue earned in that budget period and spending that will be supported by CY revenue. We will not adopt budgets that balance the budget by taking money from carryover balance or other restricted fund accounts that are needed to pay off debt. To do so would assure that we would run out of money and be forced to seek an additional levy or cut back programs.

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