



LIVINGSTON COUNTY, MICHIGAN
VETERAN SERVICES DEPARTMENT

1420 Lawson Drive. Howell, MI 48843
Phone (517) 546-6338 Fax (517) 546-0942

August 21, 2024

Members of the Livingston County Board of Commissioners,

Background: On November 8, 2022, residents approved the renewal of up to 0.1127 mills levied for the purpose of Livingston County Veteran Services (LCVS) maintaining operations and providing services to Livingston County Veterans and their families. The resolution passed for a period of (6) six years from 2022 through 2027. You are aware of the plan to spend down the fund balance collected over the years and each year slightly raise the millage. The first year we collected 0.0564 mills. Last year we collected 0.0770 mills. For the upcoming year we need 0.0918 mills to support fiscal year 2025 operations.

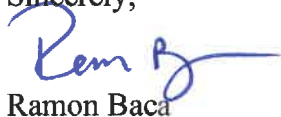
On April 17, 2024, I presented the Livingston County Veteran Services Committee the department's proposed 2025 budget. After careful deliberation and some adjustments, they voted to request 0.0918 mills to support the 2025 budget of \$1,223,498.

To maintain operations for one year if LCVS is unable to levy taxes, a fund balance of \$1 million was recommended by the Treasurer and approved by the LCVS Committee, and by carrying over \$68,434 from revenue for this past year (levied taxes), LCVS will need to collect \$1,155,063 from millage to support our proposed budget.

Of note, in front of you is analysis done in March 2022 by an external firm, PFM Financial Advisors LLC, with forecasted budget and mills. They predicted that our 2025 budget (total expenditures) would be \$1,168,494 requiring 0.1055 mills (at a 3.5% taxable value growth rate) or 0.1103 mills (at a 5.3% taxable value growth rate). Reference page 6 – 7 of PFM's analysis. Either way, you can see we are budgeting well under the proposed amounts. As a next step, please authorize the LCVS Committee approved mill rate of 0.0918.

If you have any questions prior to the meeting, I can be reached at (517) 552-6902 or email at rbaca@livgov.com. Thank you in advance for your support in our continued operational endeavors.

Sincerely,



Ramon Baca

Director

Livingston County Veteran Services

In summary:

- Current mil rate of .0770 on an average residence valued at \$137,505 = \$10.59
- Requested mil rate of .0918 on an average residence = \$12.62 (\$2.03 increase)
- Budget forecast for 2025, which is being conservative for all our programs = \$1,223,498

You can comfortably tell your constituents, who voted for the millage at a max rate of .1127, that every single line on our budget goes towards the veterans:

- Transportation costs, which is free to them, for all medical appointments within a 50-mile radius (we pay for it, they don't)
- Emergency relief funds for indigent veterans
- IT services which allows us to file federal claims on Veterans' behalf, which by the way drives in \$233,307,000 annually for Livingston County as per the last Us Dept. of Veterans Affairs GDx report
- Facility services which maintains our facility so they may utilize it and meet with us
- Salaries which employs our drivers and Veteran Service Officers (VSO) to file claims and drive veterans & their spouses to medical appointments
- Annual certifications for us to remain Nationally Accredited VSOs
- The list goes on and on... Attachment goes into greater summary (tab 1 – Budget; tab 2 – deep dive into available funds and alternative mill rates)

LCVS Millage Rate Summary (Authorized .1127 = \$1,418,364)

As of 5/31/24 FY25 budget

Description	Fiscal Year 2025	
Fund 295 Current Fund Balance (Cash & Investments)	\$	1,748,782.42
		PLUS
Estimated FY24 Revenues (as of 5/31/24)	\$	56,233.23
		EQUALS
Total Available Funds	\$	1,805,015.65
		MINUS
Fund 295 Minimum Balance (Recommended by Treasurer)	\$	1,000,000.00
		EQUALS
Funds Available for FY24 Budget	\$	805,015.65
		MINUS
FY24 Expenses YTD (\$1,195,138 Approved FY24 Budget)	\$	736,581.26
		EQUALS
Available Cash for FY25 Budget	\$	68,434.39
Fund 295 Proposed FY25 Budget	\$	1,223,498.00
		MINUS
Available Cash for Proposed Budget	\$	68,434.39
		EQUALS
Total Needed from Millage for Proposed Budget	\$	1,155,063.61
Mill Rate		0.0000918
		TIMES
Livingston County Taxable Value	\$	12,585,302,000.00
		EQUALS
LCVS Millage Collection	\$	1,155,063.61

Amount Spent Per Fiscal Year
2023: \$1,149,411
2024: \$1,195,138
2025: \$1,223,494

Q1. The minutes you attached show a "recommended motion" for a rate rise from .0770 to .0906, how much would that have raised?

Amount Raised by Mill Rate
.0770: \$ 969,068
.0906: \$1,140,228
.0918: \$1,155,059

Q2. In order to compare days to days...how many days would the "recommended .0906' provide? and how many days would the .0918 provide/ Also ,how many days would the 1 million provide?	Answer: 365 days and not 120 days; due to the budget and winter tax collection, annual cycle.
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Q3. Next, on page 12 of the consultant's report it shows "additional staffing needs" are those now in or out of your 2025 proposed budget?	Answer: Yes, we are fully staffed.
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Q4. Please provide a table showing the decreasing fund balance over the years since the high of \$2,204,012 on Dec 31, 2021 .	Answer: The numbers provided for 2021 and 2022 in the PFM report are unaudited and not actuals. Please find the below actuals table.
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Year	Fund Balance
2021	\$ 1,547,001.79
2022	\$ 1,726,662.69
2023	\$ 1,288,030.04
2024 *Projected	\$ 1,068,434.39

**LIVINGSTON COUNTY VETERAN COMMITTEE
MEETING MINUTES**



April 17, 2024, 5:30 p.m.
Veteran Services Office
1420 Lawson Drive, Howell, MI 48843

Members Present Joe Riker, James Wallace, Kevin Nagle, Bruce Hundley
Members Absent Robert J. Bezotte, excused
Staff Present Ramon Baca, Elizabeth Young

1. Call Meeting to Order

Committee Chair J. Riker called the meeting to order at 5:31 p.m.

2. Pledge of Allegiance to the Flag

All rose for the Pledge of Allegiance to the Flag of the United States of America.

3. Roll Call

Roll call by the recording secretary indicated the presence of a quorum.

4. Consent Agenda

(Agenda, Minutes, Bills and other voted topics that are deemed housekeeping)

Motion to approve consent agenda.

Moved by K. Nagle

Seconded by J. Wallace

Yes (4): J. Riker, J. Wallace, K. Nagle, and B. Hundley

Absent (1): R. Bezotte

Motion Carried (4 to 0)

5. Call to the Public

None present.

6. Applications for Relief

None.

7. Business

7.1 Mill Rate

FY25 proposed budget and mill rate recommendation.

Recommended motion: Motion to approve a mill rate of .0906 to support fiscal year 2025 LCVS operations.

Motion to approve a mill rate of .0918 to support fiscal year 2025 LCVS operations.

Moved by J. Wallace

Seconded by K. Nagle

Yes (4): J. Riker, J. Wallace, K. Nagle, and B. Hundley

Absent (1): R. Bezotte

Motion Carried (4 to 0)

8. Director Reports

R. Baca, Director, provided current LCVS operational reports. He provided updates on up-coming outreach event schedule, radio program, and up-coming Township newsletter blurbs and County mailer in development. New partnership with Consumers was announced. The Helping Neighbors rebate program qualifications and program details were provided. Committee questions were answered, and discussion occurred.

9. Committee Discussion

J. Wallace announced Memorial Day parade and Grand Marshall is a 102-year-old Pearl Harbor survivor. Arrangements are in process to honor the Grand Marshall. Also, the Veteran Memorial Moving Wall and Goldstar Tribute walls are coming Sept. 12-15, 2024, to Manly Bennett Park (10405 Merrill Rd., Hamburg Township). Community support via volunteer and donations are needed. Discussion occurred.

10. Adjournment

Motion to adjourn at 6:51 p.m.

Moved by J. Wallace

Seconded by K. Nagle

Motion Carried (4 to 0)

Elizabeth J. Young, Recorder



County of Livingston

2022 Veteran's Millage Analysis

March, 2022

PFM Financial Advisors LLC

555 Briarwood Circle
Suite 333
Ann Arbor, MI 48108

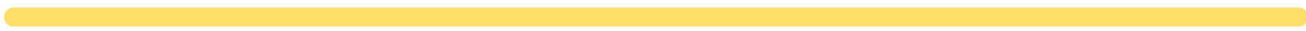


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Introduction

Act 214, Public Acts of Michigan, 1899, as amended (“Act 214”), provides for “relief outside of the soldiers’ home for honorably discharged indigent soldiers, sailors, marines, nurses and members of women’s auxiliaries and the indigent wives, widows and minor children of such indigent or deceased soldiers, sailors, marines, nurses and members of women’s auxiliaries, and to repeal certain acts and parts of acts.”¹ Section 1 of Act 214 requires counties to fund for the purpose of providing relief to indigent veterans and their families, as further defined in the legislation. Act 192, Public Acts of Michigan, 1953² superseded Act 214 and transferred the powers and duties to the counties.

The County of Livingston (the “County” or “Livingston”) Veteran Services department (the “Department”) currently contains three distinct departments: Veteran Affairs (VA) Claims and Advocacy and Representation, Livingston County Veteran Assistance Programs (formerly known as Emergency Relief), and Livingston County Veteran Medical Transportation.

- *VA Claims Advocacy and Representation* – assists service members, dependents and survivors in exploring and receiving benefits to which they are entitled.
- *Veteran Assistance Programs* – provides services including but not limited to: emergency financial relief, county burial allowance, general case management for financial situations or billing issues, Mental Health Assessment Program, gas and food assistance.
- *Medical Transportation Program* – provides transportation, including handicap accessible vans, five days a week to and from appointments within Livingston County, the Ann Arbor VA, and surrounding VA satellite offices. Use of L.E.T.S. or local transportation is provided through this program when the County is unable to provide transportation directly.
- *Auxiliary Services* – funding for County Clerk Veteran ID cards, notary for veteran related services, dry food pantry, medical supply and clothing closet, complimentary flag boxes, in addition to other services designed to provide support and assist in providing basic needs to the County veteran community.

The Veteran Services department relocated to a new office resulting in increased foot traffic and significantly more walk-in appointments. The new office provides a more welcoming experience and greater visibility within the community.

Due to COVID-19, gatherings held by the Veteran Services department have been limited in number and size over the past two years. With mandates for COVID-19 ending, the need for services and programs for veterans are anticipated to increase, which may require additional staffing in the department in order to meet the increased needs. In spite of the challenges, the Department focused on providing a high level of service in alignment with its purpose.

Select statistics from 2020 include:

- Processed 160 Relief Applications
- Funded 45 Mental Health Assessments
- Provided over \$127,000 in Emergency Relief
- Processed 180 VA claims
- Submitted 1,970 VA forms
- Served 2,047 individuals through appointments
- Provided transportation on 585 occasions

¹ Act 214, Public Acts of Michigan, 1899, as amended can be found in its entirety at www.legislature.mi.gov.

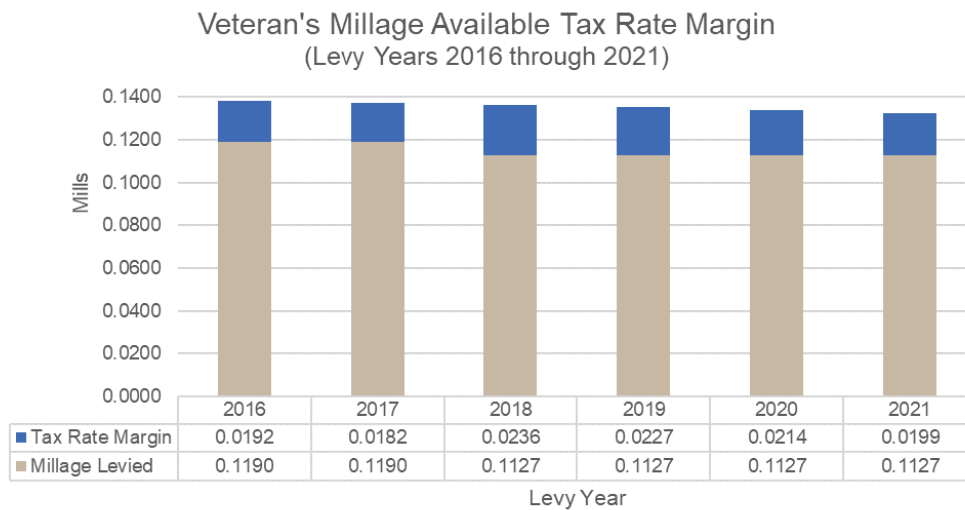
² Act 192, Public Acts of Michigan, 1953, as amended can be found in its entirety at www.legislature.mi.gov.



The County authorized 0.1390 mills in 2016, which has been rolled back due to Headlee to 0.1325 mills in 2021, for the purpose of providing relief to indigent veterans and their families. This millage was authorized by a vote of the qualified electors of the County in August of 2016 for a term of six years, which expired with the December 2021 levy. Historically, the County has not levied the full authorization, levying 0.1127 in 2021, or 0.0198 mills under the authorized maximum after the application of the Headlee Rollback.

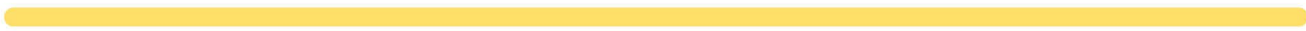
Year	Maximum Allowable Millage after Rollback	Millage Levied	Tax Rate Margin
2016	0.1390	0.1190	0.2000
2017	0.1372	0.1190	0.0182
2018	0.1363	0.1127	0.0236
2019	0.1354	0.1127	0.0227
2020	0.1341	0.1127	0.0214
2021	0.1325	0.1127	0.0198

State law allows Michigan counties to levy up to 1/10th of one mill, or 0.10 mills per \$1,000 of taxable value for specific veterans' relief uses. However, State of Michigan Attorney General Opinion No. 7287³ ("Opinion No. 7287"), states that any millage levied for the purpose of veterans' relief, along with other county operating levies, must be within the limitations of the county's operating levy as authorized by law or charter.



The County's Veterans' Services Department (the "Department") is currently seeking to place a proposal to renew this millage on the August 2, 2022 ballot. A renewal of the dedicated, voted millage would allow the County to continue to provide and expand the services available to veterans within the County, as well as continue not using the County's millage rate limitation, allowing it to be available, if necessary for County operations.

³ <http://www.ag.state.mi.us/opinion/datafiles/2010s/op10366.htm>



Timing Considerations

In order to have the millage renewal on the August 2, 2022 ballot, the County will need to file the petition to place the ballot with County and local government clerks by 5:00 p.m. on April 26, 2022 and provide the certified ballot language to the County and local government clerks by 4:00 p.m. May 10, 2022.⁴ The County could also place the millage renewal on the November 8, 2022 ballot which would still allow for inclusion on the December 2022 tax bills.

Date	Action Item
March, 2022	Final 2022 Veteran’s Millage Analysis provided to the County
April 4, 2022	Finance Asset Management Meeting
April 12, 2022	Introduction of Renewal at Full Board Meeting
April 25, 2022	Approval of Renewal at Full Board Meeting
April 26, 2022	File Petition to place millage on the ballot with County and local government clerks by 5:00 p.m.
May 10, 2022	Provide certified ballot language to County and local government clerks by 4:00 p.m.
August 2, 2022	Qualified Electors Vote on Millage Renewal
December 1, 2022	Levy millage, if successful

Scope of Report and Acknowledgements

PFM Financial Advisors LLC (“PFM”) was requested to prepare this report for the purposes of reviewing historical veteran affairs expenditures minimum reserve requirements, and providing the estimated millage required to fund the desired program cost.

In preparing this report, PFM relied on information provided to it by the Livingston County Veterans Services Department, Livingston County finance office, and the Livingston County Equalization Department.

⁴ Dates and times as listed in 2022 Michigan Election Dates document provided by the Michigan Secretary of State: michigan.gov/documents/sos/2022_Election_Dates_Booklet_738675_7.pdf



Projected Cash Flow Analysis

PFM reviewed certain financial information provided by Mary Durst, Director of the Department and prepared a cash flow analysis on the estimated veteran’s millage needed over a six-year period beginning with the 2022 tax year, to satisfy the existing veteran program expenditures as well as the anticipated future needs of the Department. While the analysis is for a set period of six years, the term of the millage authorized should best match the Department’s needs and does not need to coincide with the term of the analysis.

The County’s taxable value, the millage rate levied, and the collection rates are the three factors that determine the annual revenue which could be generated by the proposed veteran millage. For purposes of this report, we have used the 2021 “Net” Taxable Value as the initial basis to compute the revenues which may be produced. The computation used to determine the “Net” Taxable Value for the 2021 levy year is shown below.

2021 Ad Valorem Taxable Value	\$10,234,683,627
Plus: 2021 Industrial Facility Tax roll “equivalent” Taxable Value¹	16,619,287
Less: 2021 Captured Taxable Value	(286,956,517)
Net 2021 Taxable Value	\$9,964,346,397

To estimate the potential revenue that could be realized for the millage under various millage rates and Taxable Value growth rates, the table below illustrates the estimated annual revenue that would be collected throughout the County using the net 2021 Taxable Value of \$9,964,346,397 as the base year, and apply various taxable value growth or loss rates, under different millage rates. For example, assuming a 0.1127 mill levy which is the same amount levied in 2018 through 2021, and a 3% growth rate in taxable value, as well as a 98% collection rate, the millage would produce approximately \$1,133,538 in revenue annually in the first year.

ESTIMATED ANNUAL REVENUE FROM VETERANS MILLAGE							
Veterans Millage	Estimated County Taxable Value Growth (as compared to the County's net 2021 Taxable Value)						
	-1.00%	0.00%	1.00%	2.00%	3.00%	4.00%	5.00%
	\$9,864,703,000	\$9,964,346,397	\$10,063,990,000	\$10,163,633,000	\$10,263,277,000	\$10,362,920,000	\$10,462,564,000
0.1127	\$1,089,517	\$1,100,522	\$1,111,527	\$1,122,533	\$1,133,538	\$1,144,543	\$1,155,548
0.1200	1,160,089	1,171,807	1,183,525	1,195,243	1,206,961	1,218,679	1,230,398
0.1250	1,208,426	1,220,632	1,232,839	1,245,045	1,257,251	1,269,458	1,281,664
0.1300	1,256,763	1,269,458	1,282,152	1,294,847	1,307,541	1,320,236	1,332,931

* 0.00% Figure Includes 2021 Taxable Value of \$10,234,683,627 and 2021 Equivalent IFT value of \$16,619,287 less 2021 Captured Value of \$286,956,517.

* Based on an estimated uncollectable percentage of 2.00%.

* Assumes the millage is not rolled back.

¹ Industrial Facility Tax roll properties are taxed at ½ rate for new facilities, so are shown at 50% of their taxable value for these calculations.



To illustrate the impact of year over year annual Taxable Value increases or declines over a six-year period of the Veterans' millage given various millage rates, the table below projects the total estimated revenue to be received over a six-year period utilizing various taxable value growth rates. For example, assuming a 0.1127 mill levy, and an annual 3% growth rate in taxable value, as well as a 98.00% collection rate, the millage would produce approximately \$7,332,188 over the course of six years:

TOTAL ESTIMATED REVENUE FROM 6 YEAR VETERANS MILLAGE							
Veterans Millage	Estimated Annual County Taxable Value Growth						
	-1.00%	0.00%	1.00%	2.00%	3.00%	4.00%	5.00%
0.1127	\$6,375,837	\$6,603,133	\$6,838,133	\$7,081,072	\$7,332,188	\$7,591,726	\$7,859,939
0.1200	6,788,824	7,030,843	7,281,065	7,539,739	7,807,121	8,083,471	8,369,056
0.1250	7,071,692	7,323,795	7,584,443	7,853,895	8,132,417	8,420,282	8,717,767
0.1300	7,354,559	7,616,746	7,887,820	8,168,051	8,457,714	8,757,093	9,066,478

* Includes 2021 Taxable Value of \$10,234,683,627 and 2021 Equivalent IFT value of \$16,619,287 less 2021 Captured Value of \$286,956,517.
 * Based on an estimated uncollectable percentage of 2.00%.

The table below shows the potential annual cost of the County's taxpayers based on various millage rates and property values:

ESTIMATED ANNUAL IMPACT ON INDIVIDUAL TAXPAYERS												
Veterans Millage	Estimated Market Value of Property											
	\$100,000	\$130,000	\$150,000	\$170,000	\$200,000	\$230,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000
Veterans Millage	Estimated Taxable Value of Property											
	\$50,000	\$65,000	\$75,000	\$85,000	\$100,000	\$115,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
0.1127	\$5.64	\$7.33	\$8.45	\$9.58	\$11.27	\$12.96	\$14.09	\$16.91	\$19.72	\$22.54	\$25.36	\$28.18
0.1200	6.00	7.80	9.00	10.20	12.00	13.80	15.00	18.00	21.00	24.00	27.00	30.00
0.1250	6.25	8.13	9.38	10.63	12.50	14.38	15.63	18.75	21.88	25.00	28.13	31.25
0.1300	6.50	8.45	9.75	11.05	13.00	14.95	16.25	19.50	22.75	26.00	29.25	32.50

NOTE: The above figures denote the ESTIMATED amount that will be on the individual taxpayer's tax bill. If a taxpayer qualifies for the State Homestead Property Tax Credit or itemizes deductions on their federal income tax return and does not exceed the State and local cap, the "Net Tax Impact" will be less than shown above.

For this report, revenue projections consisted of the following assumptions:

- A first levy date of December 2022
- Future annual taxable value growth rates of 5.30% for 2022, 3.00%¹ for 2023 and 2.00% thereafter
- Tax collection rates of 98%
- No Headlee rollback² throughout on the millage for a period of six years

¹ Based on the County's current Taxable Value growth rate projections of 5.30% for 2022 and 3% for 2023.

² Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.



Based on information and direction provided to us from the County, the following expenditure assumptions were made in the detailed cash flow analysis:

- Veterans’ relief support services expenditure annual growth rate of 3.00% to account for inflation while maintaining current services
- Current staffing and services cost continue into the future
- Additional staffing including:
 - One Grade 3 full-time position
 - Moving a Grade 4 part-time position into a Grade 3 full-time position
- Healthcare cost inflation of 10%
- Additional enhancement programs are anticipated to be funded by grant dollars and are not included in the cash flow.
- The right size staff would include an additional Veteran Benefits Counselor and Community Outreach position.
- Current salaries do not include any potential salary adjustments that may occur following the County’s pending 2022 review of all salaries

Projected expenditures for the Department were adjusted for inflation, according to Department estimates, to calculate the estimated projected millage required to fund the Department’s projected future needs. The detailed expenditures can be found in the Appendix.

Below is a summary of the projected veteran’s expenditures to be paid for from proceeds of the proposed veteran’s millage, broken down by category:

Summary of Annual Operating Expenditures

Veterans' Millage Year:	1	2	3	4	5	6
Taxable Value Year:	2022	2023	2024	2025	2026	2027
Calendar Year Millage Revenue will be available:	2023	2024	2025	2026	2027	2028
Estimated Veteran's Expenditures						
Total Veteran's Relief Expenditures	\$248,500	\$255,955	\$263,634	\$271,543	\$279,689	\$288,080
Total Current Staffing Expenditures	503,439	518,992	535,267	552,456	570,638	589,897
Total Current Service Cost	193,852	191,053	194,532	198,080	201,700	205,392
Total Additional Employee Cost	121,035	128,816	137,411	146,414	155,856	165,773
Total Estimated Expenditures	\$1,066,826	\$1,094,816	\$1,130,844	\$1,168,494	\$1,207,883	\$1,249,141



Based on the revenue projections previous discussed, below is a breakdown of each expense categories estimated cost in terms of millage

**PROJECTED MINIMUM MILLAGE REQUIRED
TO COVER PROJECTED OPERATING EXPENSE
USING TAXABLE VALUE GROWTH RATES OF 5.30% FOR 2022,
3.50% FOR 2023 AND 2.00% THEREAFTER**

Veterans' Millage Year:	1	2	3	4	5	6
Taxable Value Year:	2022	2023	2024	2025	2026	2027
Calendar Year Millage Revenue will be available:	2023	2024	2025	2026	2027	2028
Veterans' Millage Breakdown						
Current Relief Supportive Services:	0.0242	0.0241	0.0243	0.0245	0.0248	0.0250
Current Staffing:	0.0490	0.0488	0.0493	0.0499	0.0505	0.0512
Current Service Cost:	0.0189	0.0180	0.0179	0.0179	0.0179	0.0178
Additional Staffing:	0.0118	0.0121	0.0127	0.0132	0.0138	0.0144
Total Estimated Veterans Millage Required:	0.1038	0.1029	0.1042	0.1055	0.1070	0.1084

To provide an estimate of the potential impact of a different annual Taxable Value growth rate over the life of the proposed veteran's millage, below is a breakdown of each expense category assuming an annual Taxable Value growth rate of 5.30% for 2022 and 1.50% thereafter:

**PROJECTED MINIMUM MILLAGE REQUIRED
TO COVER PROJECTED OPERATING EXPENSE
USING GROWTH IN TAXABLE VALUE OF 5.30% FOR 2022 AND 1.50% THERAFTER**

Veterans' Millage Year:	1	2	3	4	5	6
Taxable Value Year:	2022	2023	2024	2025	2026	2027
Calendar Year Millage Revenue will be available:	2023	2024	2025	2026	2027	2028
Veterans' Millage Breakdown						
Current Relief Supportive Services:	0.0242	0.0246	0.0251	0.0256	0.0261	0.0267
Current Staffing:	0.0490	0.0500	0.0510	0.0521	0.0533	0.0546
Current Service Cost:	0.0189	0.0184	0.0185	0.0187	0.0189	0.0190
Additional Staffing:	0.0118	0.0124	0.0131	0.0138	0.0146	0.0153
Total Estimated Veterans Millage Required:	0.1038	0.1054	0.1078	0.1103	0.1129	0.1156



As illustrated in the summary cash flow table below, based on the established revenue projections and a first levy date of December 2022; annual taxable value growth rate of 5.30% for 2022, 3.00% for 2023, and 2.00% thereafter, and projected future veteran’s expenditures to be paid for from the proposed veteran’s millage, a millage rate of 0.1127 mills is projected to just cover expenditures, leaving a projected increase to fund balance of \$49,139 in the sixth year. Though, 0.1127 mills would not allow for the proposed veteran’s millage to pay the cost of an additional unforeseen veteran’s expenditures or demand, if the County’s actual Taxable Value growth rate was 1.00%. However, the Veteran’s Fund has a substantial fund balance, with an unaudited balance of \$2,204,012 as of December 31, 2021, which represents 310.1% of the annual operating expenses, which would provide a buffer for such instances, as well as a source of funds for special projects.

For illustration purposes, below are summary cash flow tables at 0.1127 mills, 0.1200 mills, 0.1250 mills and 0.1300 mills depicting the respective projected cumulative ending balances:

**CASH FLOW SCHEDULES
AT VARIOUS MILLAGE RATES
ASSUMING TAXABLE VALUE GROWTH RATES OF 5.30% FOR 2022,
3.50% FOR 2023 AND 2.00% THEREAFTER**

Veterans' Millage Year:		1	2	3	4	5	6
Taxable Value Year:		2022	2023	2024	2025	2026	2027
Calendar Year Millage Revenue will be available:		2023	2024	2025	2026	2027	2028
0.1127 mills	Estimated Veteran's Millage Cash Flow						
	Total Estimated Revenue:	\$1,158,850	\$1,199,410	\$1,223,398	\$1,247,866	\$1,272,823	\$1,298,280
	Total Estimated Expenditures:	1,066,826	1,094,816	1,130,844	1,168,494	1,207,883	1,249,141
	Annual Surplus / (Deficit)	\$92,024	\$104,593	\$92,554	\$79,372	\$64,940	\$49,139
	Cumulative Balance:	\$92,024	\$196,617	\$289,171	\$368,543	\$433,483	\$482,622
0.1200 mills	Estimated Veteran's Millage Cash Flow						
	Total Estimated Revenue:	\$1,233,913	\$1,277,100	\$1,302,642	\$1,328,695	\$1,355,269	\$1,382,374
	Total Estimated Expenditures:	1,066,826	1,094,816	1,130,844	1,168,494	1,207,883	1,249,141
	Ending Cumulative Balance:	\$167,087	\$182,283	\$171,798	\$160,201	\$147,385	\$133,233
	Cumulative Balance:	\$167,087	\$349,370	\$521,169	\$681,370	\$828,755	\$961,988
0.1250 mills	Estimated Veteran's Millage Cash Flow						
	Total Estimated Revenue:	\$1,285,326	\$1,330,312	\$1,356,919	\$1,384,057	\$1,411,738	\$1,439,973
	Total Estimated Expenditures:	1,066,826	1,094,816	1,130,844	1,168,494	1,207,883	1,249,141
	Annual Surplus / (Deficit)	\$218,500	\$235,496	\$226,075	\$215,563	\$203,855	\$190,832
	Cumulative Balance:	\$218,500	\$453,996	\$680,071	\$895,634	\$1,099,489	\$1,290,321
0.1300 mills	Estimated Veteran's Millage Cash Flow						
	Total Estimated Revenue:	\$1,336,739	\$1,383,525	\$1,411,195	\$1,439,419	\$1,468,208	\$1,497,572
	Total Estimated Expenditures:	1,066,826	1,094,816	1,130,844	1,168,494	1,207,883	1,249,141
	Annual Surplus / (Deficit)	\$269,913	\$288,708	\$280,352	\$270,926	\$260,324	\$248,431
	Cumulative Balance:	\$269,913	\$558,622	\$838,973	\$1,109,899	\$1,370,223	\$1,618,654



Veteran’s Fund Available Fund Balance

Currently, the Veteran’s Fund is projected to add to the most recent audited fund balance figure of \$1,783,954 in both the unaudited 2021 figures and the 2022 draft budget figures provided for this report. The table below provides the ending available fund balance in the Veteran’s Fund, as well as the percentage of total expenditures, and the equated number of days of expenditures the fund balance represents.

Year	Available Fund Balance	Operating Expenditures	Fund Balance as % of Operating Exp.	Days Cash on Hand
2017	\$610,633	\$430,792	141.7%	\$517.37
2018	933,435	718,475	129.9%	474.20
2019	1,336,837	684,491	195.3%	712.86
2020	1,783,954	657,499	271.3%	990.33
2021*	2,204,012	710,769	310.1%	1,131.82
2022**	2,398,703	978,757	245.1%	894.53

*Unaudited.

**Budgeted

Source: County of Livingston Audited Financial Statements for the fiscal years ended December 31, 2017 through December 31, 2020, unaudited fiscal year ended December 31, 2021 report, and fiscal year ending December 31, 2022 budgeted figures.

According to Government Finance Officers Association (GFOA), working capital should be at least 45 days of annual operating expenses and other working capital needs of an enterprise fund.¹ Given the low absolute value of the annual operating cost of the Veteran’s Fund, we believe the Veteran’s Fund should strive for working capital of at least 120 days expenditures. Using the FY2022 projections from the budget, this would equate to \$321,783, which the current fund balance is well over, representing 1,132 days expenditures as of its fiscal year end December 31, 2021 unaudited balance of \$2,204,012.

Use of Fund Balance

In addition to the maintenance of a fund balance reserve as described above, the current fund balance may be utilized to fund one-time capital or other costs, or to provide additional services by the Department. The Department as indicated an example which could utilize the funds on hand included veteran assistance with wills and taxes as well as to provide any additional equipment the Department may consider useful in its duty to provide support to the County’s veteran community.

Annual Review of Veteran’s Millage

Each year, the projected Department cost should be analyzed during budget cycle and prior to September, when the levy would need to be set. An analysis of taxable value growth and Department anticipated expenditures, allowing for a small reserve to guard against unforeseen expenditures or circumstances, would determine the millage requirement for that budget cycle. An annual review, with flexibility to increase or decrease the millage within the authorized amount, may prevent a large buildup of funds as well as identify any potential shortfalls each year. In both circumstances, an adjustment in the millage levied in that year would allow the Department to better match revenues with that year’s projected expenditures.

¹ “Working Capital Targets for Enterprise Funds” Government Finance Officers Association, accessed electronically at <https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>



Conclusion

Based on the estimated revenues and expenditures provided by the Department, and using the revenue assumptions outlined in this report, the estimated required veterans' millage to meet its annual operating cost is 0.1127 mills. However, to mitigate the risk of unforeseen variables, the County may want to consider a higher rate, such as 0.1200 mills, which is still below the most recent authorized millage rate, after Headlee rollback, of 0.1325 mills.

Whatever millage rate the County decides to place before the electorate would be the "maximum" amount of millage which could be levied. As noted earlier, the County should review and adjust the levy annually so that the taxes to be generated do not substantially exceed the annual expenditure needs of the Veteran's Department.

Additionally, we believe considering a term that would match or exceed the expiration date of the renewal with the Department's current building lease, with a remaining term of 8 years, would be prudent and offer security for the lease payments.

This strategy of setting the millage rate at a level slightly higher than the minimum levy required would:

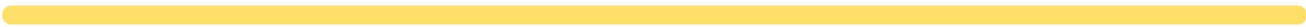
- Protect the Department and County from unforeseeable future veteran's expenditures and demand, while still offering flexibility for large one time or unforeseen expenditures given the level of the current fund balance
- Offset unforeseen future Taxable Value loss or Headlee rollbacks of the authorized millage rate
- Preserve the Department's ability to generate revenue through the remaining duration of the building lease

As shown previously and using the revenue and expenditure projections noted earlier, over the course of the next six years, 0.1127 mills would result in a balanced veterans' budget in the sixth year.

Our experience with millage renewals and/or replacement millages has indicated that millage renewals are much more likely to pass if they are not an increase over prior authorized millage.

We also recommend utilizing a portion of the existing fund balance for one-time expenditures and/or one-time or short-term special services that align with the Department's current programs and goals. Use of fund balance and close alignment of the millage levied each year to the estimated expenditures of the Department would allow greater utilization of revenues generated each year. We also recommend the review of fund balance to expenditures each year in order for the Department to continue to maintain a reserve for the purpose of unexpected expenditures and to mitigate any potential taxable valuation fluctuation that may impact projected revenues in any budget year.

See the Appendix for additional supporting schedules.



Appendix – Detailed Projected Expenditures



Veterans' Millage Year:	1	2	3	4	5	6
Taxable Value Year:	2022	2023	2024	2025	2026	2027
Calendar Year Millage Revenue will be available:	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Proj. Taxable Value Growth:	5.30%	3.50%	2.00%	2.00%	2.00%	2.00%
Net Taxable Value:	\$10,492,456,756	\$10,859,692,743	\$11,076,886,597	\$11,298,424,329	\$11,524,392,816	\$11,754,880,672
Est. Uncollectable Percentage:	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Est. Headlee Rollback:	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<u>Current Veteran's Relief Expenditures</u>						
Relief Supportive Services	\$248,500	\$255,955	\$263,634	\$271,543	\$279,689	\$288,080
Total Veteran's Relief Expenditures	\$248,500	\$255,955	\$263,634	\$271,543	\$279,689	\$288,080
Relief Supportive Services Est. Millage:	0.0242	0.0241	0.0243	0.0245	0.0248	0.0250
<u>Current Staffing Expense</u>						
Administrative Specialist	\$55,579	\$56,691	\$57,824	\$58,981	\$60,160	\$61,364
Veteran Benefit Counselor - Relief III	53,946	55,025	56,125	57,248	58,393	59,561
Veteran Benefit Counselor - Claims I	47,496	48,446	49,415	50,403	51,411	52,439
Veteran Benefit Counselor - Claims II	47,683	48,637	49,609	50,602	51,614	52,646
Veterans Affairs Director	75,957	77,476	79,026	80,606	82,218	83,863
Driver (part time)	19,612	20,004	20,404	20,812	21,229	21,653
Driver (part time)	18,975	19,355	19,742	20,136	20,539	20,950
Driver (part time)	20,921	21,339	21,766	22,202	22,646	23,098
FICA (ER share)	26,022	26,542	27,073	27,614	28,167	28,730
Healthcare Insurance (ER share)	66,985	73,684	81,052	89,157	98,073	107,880
MERS	61,944	63,183	64,446	65,735	67,050	68,391
Workers Comp	4,261	4,347	4,433	4,522	4,613	4,705
Life Insurance	626	638	651	664	678	691
LT Disability	914	958	977	996	1,016	1,037
ST Disability	2,517	2,669	2,723	2,777	2,833	2,889
Total Current Staffing Expenditures	\$503,439	\$518,992	\$535,267	\$552,456	\$570,638	\$589,897
Current Staffing Est. Millage Required:	0.0490	0.0488	0.0493	0.0499	0.0505	0.0512
<u>Current Service Cost</u>						
Office Supplies	\$12,272	\$12,517	\$12,768	\$13,023	\$13,284	\$13,549
OP Supplies & Equip	17,000	17,340	17,687	18,041	18,401	18,769
Publications	5,000					
Professional Services	13,375	13,643	13,915	14,194	14,478	14,767
Other Exp & Charges	2,912	320	326	333	340	346
Computers & Phones	39,619	41,827	42,664	43,517	44,387	45,275
Facilities Mgmt	8,919	9,097	9,279	9,465	9,654	9,847
Facility Lease	17,100	17,100	17,100	17,100	17,100	17,100
Utilities	6,431	6,559	6,690	6,824	6,961	7,100
Auto Leasing	32,309	32,955	33,614	34,287	34,972	35,672
Travel	10,300	10,506	10,716	10,930	11,149	11,372
Tuition Reimbursement	15,000	15,300	15,606	15,918	16,236	16,561
Training	5,000	5,100	5,202	5,306	5,412	5,520
Total Current Service Cost	\$185,237	\$182,265	\$185,568	\$188,937	\$192,374	\$195,880
Current Service Cost Est Millage Required:	0.0180	0.0171	0.0171	0.0171	0.0170	0.0170
<u>Additional Staffing Needs</u>						
Grade 3 position - Administrative Aide	\$36,979	\$39,267	\$41,601	\$43,982	\$46,411	\$48,888
Grade 3 position (formerly grade 4) Driv	36,979	39,055	41,173	43,333	45,536	47,784
FICA	5,657	5,991	6,332	6,679	7,034	7,395
Pension	13,468	14,262	15,073	15,900	16,743	17,604
Health	26,794	29,473	32,421	35,663	39,229	43,152
Workers Comp	208	220	233	245	258	272
Life Insurance	178	136	144	152	160	168
LT Disability	204	108	115	121	128	135
ST Disability	568	302	320	338	357	376
Total Additional Employee Cost	\$121,035	\$128,816	\$137,411	\$146,414	\$155,856	\$165,773
Additional Staffing Est Millage Required:	0.0118	0.0121	0.0127	0.0132	0.0138	0.0144