



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

PUBLIC NOTICE OF A REGULAR MEETING

The **Executive Committee of the Michigan Municipal Services Authority** (Authority) will hold a regular meeting on the following date, at the following time, and at the following location:

<u>Date</u>	<u>Time</u>	<u>Location</u>
Thursday, September 24, 2015	2:00 PM	Grid 70 70 Ionia Ave SW Suite 400 Grand Rapids, MI 49503

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the meeting should contact the Authority at (248) 925-9295 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, and 42 USC 12131 to 12134.

A copy of the proposed meeting minutes will be available for public inspection at the principal office of the Authority within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Authority within 5 business days after approval.



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**EXECUTIVE COMMITTEE
REGULAR MEETING**

Thursday, September 24, 2015 at 2:00 PM

Grid 70
70 Ionia Ave SW Suite 400
Grand Rapids, MI 49503

AGENDA

- I. Call to Order**
- II. Roll Call**
- III. Approval of Agenda**
- IV. Approval of Minutes**
 - a. Minutes of the August 14, 2015 regular Executive Committee meeting
- V. Administrative Report (see Authority Board agenda)**
 - a. Health Benefit Risk Pool Proposal
- VI. New Business**
 - a. Resolution 2015-16 FY 2014-2015 General Appropriations Act Amendment
 - b. Resolution 2015-17 FY 2015-2016 General Appropriations Act
- VII. Public Comment**
- VIII. Other Business**
- IX. Adjournment**

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Authority within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Authority within 5 business days after approval.



Michigan Municipal Services Authority
PO BOX 12012, LANSING MI 48901-2012

**EXECUTIVE COMMITTEE
REGULAR MEETING**

Friday, August 14, 2015 at 11:00 AM

Capitol View Building
201 Townsend St Suite 900
Lansing, MI 48933

MINUTES

Proposed Minutes Approved Minutes

MEETING TYPE: Regular Special

I. Call to Order

The meeting was called to order at 11:13 AM.

II. Roll Call

Executive Committee Member Attendance:

Stacie Behler, Chairperson	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
James Cambridge, Secretary*	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Eric DeLong, Treasurer	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Doug Smith, Member	<input type="checkbox"/> Present	<input checked="" type="checkbox"/> Absent
Al Vanderberg, Member	<input type="checkbox"/> Present	<input checked="" type="checkbox"/> Absent

*Attended via phone.

Other attendees:

- Robert Bruner, Michigan Municipal Services Authority
- Kristen Delaney, Michigan Municipal Services Authority
- Steven Liedel, Dykema

III. Approval of Agenda

Moved by: Cambridge
Supported by: DeLong

Yes: No:

IV. Approval of Minutes

- a. Minutes of the July 9, 2015 regular Executive Committee meeting

Behler stated that the minutes from July 9, 2015 meeting should be amended to reflect that Scott Buhner was also in attendance.

Moved by: Cambridge
Supported by: DeLong

Yes: No:

V. Administrative Report

The administrative report was delivered by CEO Robert Bruner.

VI. New Business

- a. Resolution 2015-14 Approval of revised FY 2015-2016 Budget Time Schedule

Moved by: DeLong
Supported by: Cambridge

Yes: No:

- b. Resolution 2015-15 Publication of FY 2015-2016 Budget Notice

Moved by: DeLong
Supported by: Cambridge

Yes: No:

- c. Presentation of FY 2015-2016 Budget Recommendation and General Appropriations Act

Moved by: DeLong
Supported by: Cambridge

Yes: No:

II. Public Comment

None

III. Other Business

Bruner presented the FY 2015-2016 Program Development Plan.

IV. Adjournment

Meeting adjourned at 12:10 PM.

Certification of Minutes

Approved by the Executive Committee on September 24, 2015.

Authority Secretary

Date

PROPOSED



Michigan Municipal Services Authority

Virtual Health and Wellness Marketplace Healthcare Solution for Small to Mid-Size Public Employers

September 24, 2015

DRAFT



 Segal Consulting

Defining the Problem

- Small to mid-size public employers face several significant issues in their ability to effectively manage their healthcare plans including:
 - Unavoidable “insurance” costs including risk charges, premium taxes and the new ACA health insurer tax
 - Little to no purchasing power to negotiate optimal insured rates
 - Great variation in costs
 - No claims data available to understand cost drivers and make better decisions on plan design
 - Small staff with multiple responsibilities
 - No broker/consultant or not receiving optimal consulting advice

Vision

The Michigan Municipal Services Authority (MMSA) will provide an alternative healthcare purchasing arrangement for small to mid-size public employers to allow them to offer a cost-efficient healthcare plan at a market competitive price by reducing risks and fees, providing more consistency in pricing, effectively analyzing data and providing expert benefit consultation.

MMSA Proposed Solution

Implement a more efficient financing mechanism with flexibility and improved risk and benefit plan management.

- A self-funded risk pool would be established allowing these communities to “self-fund” their health care for their active employees and retirees. It would include three separate “risk” tiers:
 - **Tier 1:** They would self-fund their health care claims up to a more manageable amount per enrollee (e.g., \$10,000).
 - **Tier 2:** They would risk share their health care claims with other communities from Tier 1 to Tier 3 (e.g., \$10,001 - \$150,000).
 - **Tier 3:** A reinsurer would then cover health care claims over the Tier 2 maximum (e.g., over \$150,000).
- We estimate that we need at least 1,500 active employees to have a credible pool.

Risk Pool Financing Structure Example

<p>Pure Insurance</p>	<p>Stop Loss Carrier Specific Claims above \$150k</p>			<p>Employer Aggregate Claims</p>
<p>Individual Employer Group</p>	<p>Employer Collateral</p>	<p>Employer Collateral</p>	<p>Employer Collateral</p>	
<p>Employer Risk-Sharing</p>	<p>Specific Claims \$10,001 to \$150,000</p>	<p>Specific Claims \$10,001 to \$150,000</p>	<p>Specific Claims \$10,001 to \$150,000</p>	
<p>Individual Employer Group</p>	<p>Employer 1 Deductible Specific - \$0 to \$10,000</p>	<p>Employer 2 Deductible Specific - \$0 to \$10,000</p>	<p>Employer 3 Deductible Specific - \$0 to \$10,000</p>	

Statutory Authority to Establish a Public Entity Risk Pool

Public Act 35, MCL 124.5 reads in part as follows:

- 124.5 Group self-insurance pool; intergovernmental contract; purpose; hospital, medical, surgical, or dental benefits; assuming, ceding, and selling risk for coverages; reinsurance; documentation of coverage; powers; legislative findings and determinations; 2 or more municipal corporations as group self-insurance pool.

Sec. 5.

- (1) Notwithstanding any other provision of law to the contrary, any 2 or more municipal corporations, by intergovernmental contract, **may form a group self-insurance pool** to provide for joint or cooperative action relative to their financial and administrative resources for the purpose of providing to the participating municipal corporations risk management and coverage for pool members and employees of pool members, for acts or omissions arising out of the scope of their employment, including any or all of the following:
- (2) A group self-insurance pool may not provide for hospital, medical, surgical, or dental benefits to the employees of the member municipalities in the pool except as follows:
 - **(a) If the municipal corporation is providing hospital, medical, surgical, or dental benefits as permitted under the public employees health benefit act.**
 - (b) If the municipal corporation has formed a multiple employer welfare arrangement under chapter 70 of the insurance code of 1956, 1956 PA 218, MCL 500.7001 to 500.7090, for hospital, medical, surgical, or dental benefits.

As described above, a group self-insurance pool can provide hospital, medical, surgical, or dental benefits permitted under the public employees health benefit act.

Statutory Authority to Establish a Public Entity Risk Pool

Section 124.75 of the Public Employees Health Benefit Act reads in part as follows:

- 124.75 Medical, optical, or dental benefits provided to public employees; methods; solicitation of bids; number; frequency; participation of public employer in purchasing pool or coalition.

Sec. 5.

- (1) Subject to collective bargaining requirements, a public employer may provide medical, optical, or dental benefits to public employees and their dependents by any of the following methods:
 - (a) By establishing and maintaining a plan on a self-insured basis. A plan under this subdivision does not constitute doing the business of insurance in this state and is not subject to the insurance laws of this state.
 - (b) **By joining with other public employers and establishing and maintaining a public employer pooled plan** to provide medical, optical, or dental benefits to not fewer than 250 public employees on a self-insured basis as provided in this act. A pooled plan shall accept any public employer that applies to become a member of the pooled plan, agrees to make the required payments, agrees to remain in the pool for a 3-year period, and satisfies the other reasonable provisions of the pooled plan. A public employer that leaves a pooled plan may not rejoin the pooled plan for 2 years after leaving the plan. A pooled plan under this subdivision does not constitute doing the business of insurance in this state and, except as provided in this act, is not subject to the insurance laws of this state. A pooled plan under this subdivision may enter into contracts and sue or be sued in its own name.

As stated above, the risk pool would not be subject to the insurance laws of the state. This appears to eliminate the possibility of the risk pool being considered a multiple employer welfare arrangement (“MEWA”) under Chapter 70 of the Insurance Code of 1956. This is important because MEWAs are subject to a host of requirements in Michigan including obtaining a certificate of authority and maintaining certain reserve levels.

How the MMSA Will Support Public Employers

- Determine the funding needed by each employer
- Conduct RFP bid process for TPA that will provide claims adjudication, provider network and other services as needed.
- Negotiate pricing, contract terms and performance guarantees with the selected TPA for all participating employers
- Provide claims data to each community – so there is complete transparency.
- Set specific rules for participation subject to PA 106
- Accommodate current benefit plans, design “optimal” benefit plans and assist communities on moving toward the optimal plans through collective bargaining
- Provide expert consultative advice on plan design, funding and contributions
- Provide data analytics for PA 152 compliance – hard-cap and 80/20 rules

Winners and Losers

Winners

- Employees – better plan designs (more efficient) and lower costs by having a better managed plan with lower “insurance” costs
- Unions – same as employees
- Municipalities – Lower costs by having a better managed plan and less responsibility in managing benefits

Losers

- Brokers/consultants who may have these employers as clients
- Current inforce carriers like BCBSM who are charging municipalities higher premiums today

Next Steps and Timetable

- Receive Executive Committee approval of initiative – September 2015
- Implement risk-sharing pool – set up trust as the funding mechanism, develop underwriting (participation) rules, develop overall funding requirements – October 2015 to December 2015
- Design “optimal” plans – October 2015 to December 2015
- Market to employers – October 2015 – July 2016
- Gather data from prospective employers – October 2015 – December 2015
- Develop and evaluate RFPs for TPA to provide administrative services – January 2016 to March 2016
- Gather data from participating employers – current and historical rates, enrollment counts, current carriers – August 2016
- Develop individual funding rates for each participating employer – September 2016
- Open enrollment for employees – October 2016 to November 2016
- Pool becomes effective January 1, 2017

Michigan Municipal Services Authority

Appendix: Reference Material

- PA 106
- PA 152

Draft

Public Employers Health Benefit Act of 2007 – PA 106

- Public employers may establish and maintain a public employer pooled plan to provide medical, optical, or dental benefits to not fewer than 250 public employees on a self-insured basis.
- The pooled plan shall accept any public employer that:
 - Applies to become a member of the pooled plan
 - Agrees to make the required payments
 - Agrees to remain in the pool for a 3-year period – an employer that joins and subsequently leaves may not rejoin the pooled plan for 2 years after leaving the plan.
- A pooled plan under this subdivision does not constitute doing business of insurance in the State of Michigan and as such, is not subject to the insurance laws of the State. The pooled plan may also enter into contracts and sue or be sued in its own name.
- When establishing a Medical plan, a public employer or pooled plan procuring coverage or benefits from 1 or more carriers shall solicit 4 or more bids including at least 1 bid from a VEBA.
 - Must be requested every 3 years when renewing or continuing a medical benefit plan.
 - Medical benefit plans must provide individual case management that meet the accreditation standards established by the National Committee on Quality Assurance, the Joint Commission on Health Care Organizations, and the Utilization Review Accreditation Commission

Public Employers Health Benefit Act of 2007 – PA 106

- Must apply for a Certificate of Registration from the insurance commissioner. Final Certificate of Registration will not be issued until the pooled plan has collected cash reserves as follows:
 - Establish and maintain minimum cash reserves of not less than 25% of the aggregate contributions projected to be collected during the first 12 months of operations or not less than 35% of the claims paid in the preceding fiscal year, whichever is greater. This requirement can be satisfied through the procurement of an irrevocable and unconditional letter of credit from a qualified financial institution.
- Must possess a written commitment, binder, or policy for excess loss insurance provided by an insurer authorized to do business in this state in an amount approved by the commissioner.
- The powers of the pooled plan, except as otherwise provided, shall be exercised by the board of trustees chosen to carry out the purposes of the trust agreement. Not less than 50% of the trustees shall be persons who are covered under the pooled plan or the collective bargaining representatives of those persons. No trustee shall be an owner, officer, or employee of a third party administrator providing services to the pooled plan.
- A public employer with 100 or more employees in a medical benefit plan, or a public employer in an arrangement with 1 or more public employers and together have 100 or more employees, must be provided with claims utilization and cost information on an aggregate basis.

Publicly Funded Health Insurance Contribution Act of 2011 PA 152

- Sets limits on a public employer's expenditures for employee medical benefit plans:

Option 1 – Hard Cap Option

- A set total dollar amount multiplied by the number of employees or elected officials enrolled in coverage. The dollar amounts are adjusted annually by the change in the medical care component of the CPI (2.3% for 2015 levels). For calendar year 2015, these amounts are:
 - \$5,922 single coverage
 - \$12,531.75 plus-one coverage
 - \$16,342.66 family coverage

Option 2 – 80%/20% Option

- Limits a public employer's share of total annual health care costs to not more than 80%. This option requires an annual majority vote of the governing body.

Option 3 – Exemption option for local units of government

- A local unit of government may exempt itself from the requirements if this act for the next medical benefit year by a 2/3 vote of its governing body and each year to extend exemption
 - The exemption is not effective for a city with a mayor or county with a county executive who is both the chief executive and chief administrator, unless the mayor/county executive approve the exemption.
 - The exemption is not effective for a city with a population greater than 600,000

Publicly Funded Health Insurance Contribution Act of 2011

PA 152

- Medical benefit plan costs calculation and other considerations
 - Medical benefit plan costs to be considered for calculation include but are not limited to hospital and physician services, prescription drugs, and related benefits. Medical benefit plan costs also include but are not limited to direct or indirect payment related to the health insurance claims assessment act, insurance agent or company commissions, and any additional fee or tax the employer is required to pay under PPACA or as amended.
 - “Related benefits” do not include dental, vision, short term or long term disability benefits.
 - Does not include benefits provided to retirees or the employer’s contributions to a fund used for the sole purpose of providing health care benefits for retirees or other former employees separated from service.
 - Calculation of the hard cap must be tied to medical benefit plan coverage year, not fiscal year.
 - The employer can pro-rate the hard cap limit if an employee changes status during the year for the time the employee was at each coverage level and/or the amount of time they were employed.
 - Employees who opt out of coverage are not included in the hard cap amount or 80%/20% requirement, even if the employer pays a monthly stipend/opt out credit in lieu of coverage.
 - If the employer were to switch from a self-funded to an insured arrangement, any run-out costs from the self-funded arrangement should be included in the calculation of the total annual cost.

Publicly Funded Health Insurance Contribution Act of 2011 PA 152

➤ Collective bargaining considerations

- If a collective bargaining agreement or other contract that is inconsistent with either the Hard Cap or 80%/20% option and is in effect for one or more employees on September 27, 2011, the requirements of either option do not apply to the employee(s) covered by that contract until the contract expires. A public employer's expenditures under this medical plan are not included in the calculation of the maximum payment.
- Collective bargaining agreements or other contracts executed on or after September 27, 2011 shall not include terms that are inconsistent with the requirements of the Hard Cap or 80%/20% option.
- If a collective bargaining agreement was in place prior to the passage of 2011 PA 54* and 2011 PA 152 and the contract has since expired with the provision that the CBA will be enforced until a new contract is ratified, PA 152 will apply to the affected group of employees for a medical benefit plan with coverage beginning on or after January 1, 2012.

➤ Penalties for non-compliance

- 10% reduction of each economic vitality incentive program payment received under 2011 PA 63 – Penalty is equal to 10% of each payment of any funds the public employer qualifies for under the state school aid act of 1979

* One of the provisions of 2011 PA 54 allows employers with employees under an expired CBA to continue to pay the same medical coverage costs as indicated in the contract while charging employees 100% of any increase in costs. Increased costs are defined as the difference in premium or illustrated rates between the prior year and the current coverage year.



**EXECUTIVE COMMITTEE
RESOLUTION 2015-16**

FY 2014-2015 General Appropriations Act Amendment

The Executive Committee of the Michigan Municipal Services Authority (“Authority”) resolves that the FY 2014-2015 General Appropriations Act is amended as follows:

Section 6. Estimated Revenues and Expenditures. Estimated total revenues and expenditures for the Authority for FY 2014-2015 are:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
General Fund	\$182,316	\$182,316
VHWM Fund	\$1,552,442	\$1,366,560
FMS Fund	\$1,930,061	\$1,741,169

The Chief Executive Officer is permitted to execute transfers within these limits between appropriations without the prior approval of the Executive Committee.

Secretary’s Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on September 24, 2015.

By: _____
James Cambridge
Authority Secretary

Michigan Municipal Services Authority
FY 2014-2015 General Appropriations Act Amendment
General Fund

Fund Activity			FYE 2015 Amendment
OPERATING REVENUES			
101	539	State Grants	\$ -
		Transfer from VHWM	\$ 91,158
		Transfer from FMS	\$ 91,158
TOTAL OPERATING REVENUES			\$ 182,316
OPERATING EXPENSES			
101	101	Governing Body	\$ 1,716
101	173	Chief Executive	\$ 152,228
101	191	Accounting	\$ 4,468
101	223	External Audit	\$ 9,800
101	228	Information Technology	\$ 4,674
101	266	Attorney	\$ 9,430
TOTAL OPERATING EXPENSES			\$ 182,316
CHANGE IN NET POSITION			\$ -
Net position, beginning of year			\$ 202,442
Net position, end of year (\$)			\$ 202,442
Net position, end of year (%)			111%

Michigan Municipal Services Authority
FY 2014-2015 General Appropriations Act Amendment
VHWM

Fund	Activity	FYE 2015 Amendment
OPERATING REVENUES		
501	539 State Grants	\$ 309,671
501	600 Charges for Services	\$ 1,242,771
TOTAL OPERATING REVENUES		\$ 1,552,442
OPERATING EXPENSES		
501	266 Attorney	\$ 2,709
501	271 Program Management	\$ 226,725
501	272 Contractual Services	\$ 1,045,968
501	Transfer to General Fund	\$ 91,158
TOTAL OPERATING EXPENSES		\$ 1,366,560
CHANGE IN NET POSITION		\$ 185,882
Net position, beginning of year		
Net position, end of year (\$)		\$ 185,882
Net position, end of year (%)		14%

Michigan Municipal Services Authority
FY 2014-2015 General Appropriations Act Amendment
FMS

Fund	Activity	FYE 2015 Amendment
OPERATING REVENUES		
502	539 State Grants	\$ 255,451
502	600 Charges for Services	\$ 1,674,610
TOTAL OPERATING REVENUES		\$ 1,930,061
OPERATING EXPENSES		
502	266 Attorney	\$ 68,964
502	271 Program Management	\$ 164,000
502	272 Contractual Services	\$ 1,417,047
502	Transfer to General Fund	\$ 91,158
TOTAL OPERATING EXPENSES		\$ 1,741,169
CHANGE IN NET POSITION		\$ 188,892
Net position, beginning of year		
Net position, end of year (\$)		\$ 188,892
Net position, end of year (%)		11%



**EXECUTIVE COMMITTEE
RESOLUTION 2015-17**

FY 2015-2016 General Appropriations Act

The Executive Committee of the Michigan Municipal Services Authority resolves:

Section 1. Title. This resolution shall be known and may be cited as the Michigan Municipal Services Authority FY 2015-2016 General Appropriations Act.

Section 2. Public Hearing. In compliance with 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on September 14, 2015 and a public hearing on the proposed budget was held by the Executive Committee of the Michigan Municipal Services Authority ("Authority") on September 24, 2015.

Section 3. Millage Levy. The Authority is not authorized to levy taxes.

Section 4. Adoption of Budget by Activity. The Executive Committee of the Authority adopts the budget for the Authority for the fiscal year beginning on October 1, 2015 and ending on September 30, 2016 by activity. Authority officials responsible for the expenditures authorized in the budget may expend Authority funds up to, but not to exceed, the total appropriation authorized for each activity.

Section 5. Payment of Bills. All claims or bills against the Authority shall be approved by the Executive Committee of the Authority before payment by the Authority. However, the Treasurer of the Authority may pay certain claims or bills before payment is approved by the Executive Committee of the Authority to avoid late penalties, service charges, or interest. Any claims or bills paid before approval by the Executive Committee shall be reported by the Treasurer to the Executive Committee for approval at the next meeting of the Executive Committee.

Section 6. Estimated Revenues and Expenditures. Estimated total revenues and expenditures for the Authority for FY 2015-2016 are:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
General Fund	\$252,629	\$252,629
VHWM Fund	\$1,400,968	\$1,408,315
FMS Fund	\$3,008,979	\$2,854,315

General Fund Revenue

Number	Revenue Source	FY 2015-2016 Recommendation
401	Taxes	\$0
450	Licenses and Permits	\$0
501	Federal Grants	\$0
539	State Grants	\$0
580	Contribution From Local Units	\$0
600	Charges for Services	\$252,629
655	Fines and Forfeits	\$0
664	Interest and Rents	\$0
671	Other Revenue	\$0
	Total Revenue	\$252,629

General Fund Expenditures

Number	Expenditure	FY 2015-2016 Recommendation
701	Personal Services	\$190,429
726	Supplies	\$1,000
800	Other Services and Charges	\$61,200
970	Capital Outlay	\$0
990	Debt Service	\$0
999	Appropriation (Operating) Transfers (Out)	\$0
	Total Expenditures	\$252,629
	Change in Net Position	\$0
	Net position, beginning of year	\$202,442
	Net position, end of year (\$)	\$202,442

Virtual Health and Wellness Marketplace (VHWM) Revenue

Number	Revenue Source	FY 2015-2016 Recommendation
401	Taxes	\$0
450	Licenses and Permits	\$0
501	Federal Grants	\$0
539	State Grants	\$80,968
580	Contribution From Local Units	\$0
600	Charges for Services	\$1,320,000
655	Fines and Forfeits	\$0
664	Interest and Rents	\$0
671	Other Revenue	\$0
	Total Revenue	\$1,400,968

Virtual Health and Wellness Marketplace (VHWM) Expenditures

Number	Expenditure	FY 2015-2016 Recommendation
701	Personal Services	\$0
726	Supplies	\$0
800	Other Services and Charges	\$1,252,000
970	Capital Outlay	\$0
990	Debt Service	\$0
999	Appropriation (Operating) Transfers (Out)	\$126,315
	Total Expenditures	\$1,378,315
	Change in Net Position	\$22,653
	Net position, beginning of year	\$186,043
	Net position, end of year (\$)	\$208,696

Financial Management System (FMS) Fund Revenue

Number	Revenue Source	FY 2015-2016 Recommendation
401	Taxes	\$0
450	Licenses and Permits	\$0
501	Federal Grants	\$0
539	State Grants	\$145,549
580	Contribution From Local Units	\$0
600	Charges for Services	\$2,863,430
655	Fines and Forfeits	\$0
664	Interest and Rents	\$0
671	Other Revenue	\$0
	Total Revenue	\$3,008,979

Financial Management System (FMS) Fund Expenditures

Number	Expenditure	FY 2015-2016 Recommendation
701	Personal Services	\$0
726	Supplies	\$0
800	Other Services and Charges	\$2,752,000
970	Capital Outlay	\$0
990	Debt Service	\$0
999	Appropriation (Operating) Transfers (Out)	\$126,315
	Total Expenditures	\$2,878,315
	Change in Net Position	\$130,665
	Net position, beginning of year	\$189,052
	Net position, end of year (\$)	\$319,717

Section 7. Periodic Financial Reports. The Chief Administrative Officer shall provide the Executive Committee of the Authority at the meeting of the Executive Committee immediately following the end of each fiscal quarter, and at the final meeting of the Executive Committee of the fiscal year, a report of fiscal year to date revenues and expenditures compared to the budgeted amounts for the fiscal year.

Section 8. Budget Monitoring. Whenever it appears to the Chief Administrative Officer of the Authority that the actual and probable revenues in any fund of the Authority will be less than the estimated revenues upon which appropriations from the fund were based, and when it appears that expenditures will exceed an appropriation, the Chief Administrative Officer shall present recommendations to the Executive Committee to prevent expenditures from exceeding available revenues or appropriations for the fiscal year. The recommendations shall include proposals for reducing appropriations, increasing revenues, or both.

Section 9. Adoption. Motion made by _____. Seconded by _____ to adopt this resolution as the general appropriations act for the Authority for the fiscal year ending September 30, 2016. Upon a roll call vote, the following members of the Executive Committee voted yes: _____. The following noted no: _____.

Secretary's Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on September 24, 2015.

By: _____
James Cambridge
Authority Secretary



FY 2015 – 2016 BUDGET RECOMMENDATION

General Fund Revenues

The General Fund's primary revenue sources are the general tax levy, local income taxes, certain state and federal aid, and fees and charges of the general fund departments. As the Authority has no general tax levy, local income taxes, certain state or federal aid, the General Fund's only revenue source is charges of the general fund departments to the enterprise funds. Each enterprise fund is charged an equal share (50%) of General Fund expenditures.

General Fund Expenditures

The legislative and administrative activities of the Authority are accounted for through the General Fund.

Governing Body: Liability insurance; Publishing expenses for Open Meetings Act compliance and other expenses directly related to Authority Board and Executive Committee meetings

Chief Executive

- Personal Services: Salary and payroll taxes for CEO and Assistant to the CEO
- Other Services and Charges
 - Conferences & Workshops: Registration, travel, hotel, and per diem for thirteen conferences
 - Memberships: Professional association and organizational memberships
- Transportation: Mileage, parking, and other transportation expenses necessary for Authority staff to attend meetings

Accounting: Michael A. Tawney & Company, P.C.

External Audit: Abraham & Gaffney, P.C.

Information Technology: Google Apps and website expenses

Attorney: Dykema

Enterprise Funds

Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if the pricing policies of the activity establish fees and charges designed to recover its costs. Such is the case for the Authority's programs so an enterprise fund is used to report each.

Fund 501: Virtual Health and Wellness Marketplace (VHWM)

Revenue

State Grants: The Authority began providing consulting services to the Michigan Department of Treasury in June 2013 pursuant to a \$1,250,000 contract (Contract No. 271B3200004). The first Statement of Work (SOW) was to provide a Virtual Health and Wellness Marketplace (VHWM). The contract was amended to include a SOW for Financial Management System/Enterprise Solutions (FMS/ES) in November 2013 and the contract allocated \$849,000 for VHWM and \$401,000 for FMS.

As of September 30, 2014, the Authority had recognized approximately \$516,000 under this agreement. The Authority will recognize approximately \$508,000 during the fiscal year ending September 30, 2015 and approximately \$227,000 (\$81,000 for VHWM and \$146,000 for FMS and other shared services) will remain for the fiscal year ending September 30, 2016. The initial three-year term of the contract ends on June 9, 2016 but two one-year renewals are available to extend the contract if the remaining funding has not been used at that time.

Charges for Services: Charges for services rendered to the City of Detroit pursuant to Services Contract No. 2888656. No new contracts are included for budget planning purposes.

Expenditures

Attorney: Dykema

Program Management: Segal Consulting

Contractual Services: Charges from Benefit Express Services for services rendered to the City of Detroit pursuant to Services Contract No. 2888656. No new contracts are included for budget planning purposes.

Appropriation (Operating) Transfers (Out): Transfers to the General Fund equal to 50% of General Fund expenditures.

Fund 502: Financial Management System (FMS)

Revenue

State Grants: The Authority began providing consulting services to the Michigan Department of Treasury in June 2013 pursuant to a \$1,250,000 contract (Contract No. 271B3200004). The first Statement of Work (SOW) was to provide a Virtual Health and Wellness Marketplace (VHWM). The contract was amended to include a SOW for Financial Management System/Enterprise Solutions (FMS/ES) in November 2013 and the contract allocated \$849,000 for VHWM and \$401,000 for FMS.

As of September 30, 2014, the Authority had recognized approximately \$516,000 under this agreement. The Authority will recognize approximately \$508,000 during the fiscal year ending September 30, 2015 and approximately \$227,000 (\$81,000 for VHWM and \$146,000 for FMS and other shared services) will remain for the fiscal year ending September 30, 2016. The initial three-year term of the contract ends on June 9, 2016 but two one-year renewals are available to extend the contract if the remaining funding has not be used at that time.

Charges for Services

Charges for Services: Charges for services rendered to the City of Grand Rapids, Genesee County, and Kent County pursuant to each Participation Agreement. No new agreements are included for budget planning purposes.

Expenditures

Attorney: Dykema

Program Management: Plante Moran

Contractual Services: Charges from CGI and Munetrix for services rendered to the City of Grand Rapids, Genesee County, and Kent County pursuant to each Participation Agreement. No new agreements are included for budget planning purposes.

Appropriation (Operating) Transfers (Out): Transfers to the General Fund equal to 50% of General Fund expenditures.

Michigan Municipal Services Authority
FY 2015-2016 General Appropriations Act
General Fund

Fund	Activity	FYE 2015 Amendment	FYE 2016 Recommended	FYE 2017 Estimated
OPERATING REVENUES				
101	539	State Grants	\$ -	\$ -
		Transfer from VHWM	\$ 90,998	\$ 126,315
		Transfer from FMS	\$ 90,998	\$ 127,000
		TOTAL OPERATING REVENUES	\$ 181,995	\$ 254,000
OPERATING EXPENSES				
101	101	Governing Body	\$ 1,716	\$ 2,000
101	173	Chief Executive	\$ 152,228	\$ 219,429
101	191	Accounting	\$ 3,418	\$ 5,000
101	223	External Audit	\$ 9,800	\$ 11,000
101	228	Information Technology	\$ 4,674	\$ 4,000
101	266	Attorney	\$ 10,159	\$ 12,000
		TOTAL OPERATING EXPENSES	\$ 181,995	\$ 254,000
		CHANGE IN NET POSITION	\$ -	\$ -
		Net position, beginning of year	\$ 202,442	\$ 202,442
		Net position, end of year (\$)	\$ 202,442	\$ 202,442
		Net position, end of year (%)	111%	80%

Michigan Municipal Services Authority
FY 2015-2016 General Appropriations Act
VHWM

Fund	Activity	FYE 2015 Amendment	FYE 2016 Recommended	FYE 2017 Estimated
OPERATING REVENUES				
501	539 State Grants	\$ 309,671	\$ 80,968	\$ -
501	600 Charges for Services	\$ 1,242,771	\$ 1,320,000	\$ 1,320,000
TOTAL OPERATING REVENUES		\$ 1,552,442	\$ 1,400,968	\$ 1,320,000
OPERATING EXPENSES				
501	266 Attorney	\$ 2,709	\$ 2,000	\$ 2,000
501	271 Program Management	\$ 226,725	\$ 180,000	\$ 180,000
501	272 Contractual Services	\$ 1,045,968	\$ 1,070,000	\$ 1,070,000
501	Transfer to General Fund	\$ 90,998	\$ 126,315	\$ 127,000
TOTAL OPERATING EXPENSES		\$ 1,366,399	\$ 1,378,315	\$ 1,379,000
CHANGE IN NET POSITION		\$ 186,043	\$ 22,653	\$ (59,000)
Net position, beginning of year			\$ 186,043	\$ 208,696
Net position, end of year (\$)		\$ 186,043	\$ 208,696	\$ 149,696
Net position, end of year (%)		14%	15%	11%

Michigan Municipal Services Authority
FY 2015-2016 General Appropriations Act
FMS

Fund	Activity	FYE 2015 Amendment	FYE 2016 Recommended	FYE 2017 Estimated
OPERATING REVENUES				
502	539 State Grants	\$ 255,451	\$ 145,549	\$ -
502	600 Charges for Services	\$ 1,674,610	\$ 2,863,430	\$ 2,864,000
TOTAL OPERATING REVENUES		\$ 1,930,061	\$ 3,008,979	\$ 2,864,000
OPERATING EXPENSES				
502	266 Attorney	\$ 68,964	\$ 12,000	\$ 12,000
502	271 Program Management	\$ 164,000	\$ 60,000	\$ 60,000
502	272 Contractual Services	\$ 1,417,047	\$ 2,680,000	\$ 2,680,000
502	Transfer to General Fund	\$ 90,998	\$ 126,315	\$ 127,000
TOTAL OPERATING EXPENSES		\$ 1,741,008	\$ 2,878,315	\$ 2,879,000
CHANGE IN NET POSITION		\$ 189,052	\$ 130,665	\$ (15,000)
Net position, beginning of year			\$ 189,052	\$ 319,717
Net position, end of year (\$)		\$ 189,052	\$ 319,717	\$ 304,717
Net position, end of year (%)		11%	11%	11%

**Michigan Municipal Services Authority
FY 2015-2016 General Appropriations Act
All Funds**

	FYE 2014 Audited	FYE 2015 Amendment	FYE 2016 Recommended	FYE 2017 Estimated
OPERATING REVENUES				
General		\$ 181,995	\$ 252,629	\$ 254,000
VHWM		\$ 1,552,442	\$ 1,400,968	\$1,320,000
FMS		\$ 1,930,061	\$ 3,008,979	\$2,864,000
TOTAL OPERATING REVENUES	\$ 2,196,995	\$ 3,664,498	\$ 4,662,576	\$4,438,000
OPERATING EXPENSES				
General		\$ 181,995	\$ 252,629	\$ 254,000
VHWM		\$ 1,366,399	\$ 1,378,315	\$1,379,000
FMS		\$ 1,741,008	\$ 2,878,315	\$2,879,000
TOTAL OPERATING EXPENSES	\$ 2,003,988	\$ 3,289,403	\$ 4,509,258	\$4,512,000
CHANGE IN NET POSITION	\$ 193,007	\$ 375,095	\$ 153,318	\$ (74,000)
Net position, beginning of year	\$ 9,435	\$ 202,442	\$ 577,537	\$ 730,855
Net position, end of year (\$)	\$ 202,442	\$ 577,537	\$ 730,855	\$ 656,855
Net position, end of year (%)	10%	18%	16%	15%