



Michigan Department of
TREASURY

Engagement. Service. Improvement.

Chart Chat Webinar

Thursday, December 16, 2021

2:00pm

I. Welcome & Introductions

Rod Taylor, Administrator, Community Engagement and Finance Division, Michigan Department of Treasury

II. Requirements for Accepting Federal Funds

Stephen Blann, CPA, CGFM, CGMA, Director of Governmental Audit Quality, [Rehmann](#)

III. Fiscal Indicators –

A Recap of All Four and How They Work Together

Nick Brousseau, Manager Analytics & Outreach Section, Community Engagement and Finance Division, Michigan Department of Treasury

IV. First Responders Grant Program

Larry Steckelberg, Administrator, Community Services Division, Michigan Department of Treasury

V. Questions & Answers

VI. Closing Remarks

Rod Taylor, Administrator, Community Engagement and Finance Division, Michigan Department of Treasury

Welcome Greeting

Rod Taylor
Administrator,
Community Engagement and Finance,
Department of Treasury



Requirements for Accepting Federal Funds

Stephen W. Blann, CPA, CGFM, CGMA
Public Sector QC Director
Rehmann, LLC





Requirements for Accepting Federal Funds

December 16, 2021

Presented by:



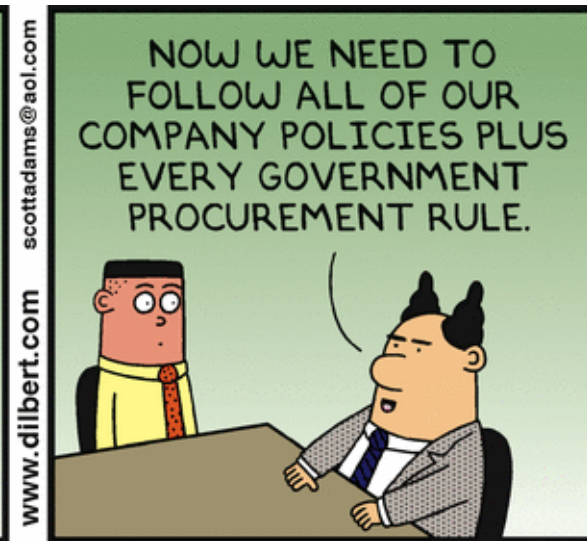
Stephen W. Blann, CPA, CGFM, CGMA
Public Sector QC Director
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Outline

- Strings attached: accepting Federal funds
- The Uniform Guidance (2 CFR 200)
- Will I need a Single Audit?
- Q&A



Free money... or strings attached?



The Uniform Guidance

- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Applicable to non-federal entities receiving federal awards:
 - State, local, and tribal governments
 - Colleges and universities
 - Not-for-profit organizations

The Uniform Guidance

- Major requirements of recipients of federal awards:
 - **Financial management systems** to separately identify, track, and effectively control each source of federal funds
 - **Written procedures** covering at a minimum: cash management, allowability of costs, procurement, and compensation and benefits
 - Establish and maintain **effective internal control** over both financial **reporting** and **compliance** with federal requirements
 - In certain circumstances, recipients must have a “**single audit**” conducted

When is a single audit required?

- In general, a single audit is required for any fiscal year in which a non-Federal entity expends at least \$750,000 of federal awards. This is typically based on when federal money was expended (not when the award was made). However, this can be complicated by the fact that not all federal programs are subject to the single audit.
- Remember, the UG applies **even if a single audit is not required**

What does a single audit entail?

- A single audit begins with a traditional financial statement audit, conducted in accordance with *Government Auditing Standards*. In addition, the auditor will identify one or more “major programs”. Each major program is subjected to rigorous compliance testing for adherence to Federal regulations. The results of the audit are posted to a public website.

Can my existing auditor perform my single audit?

- Possibly. A single audit must be conducted in accordance with *Government Auditing Standards*. Only certain CPA firms have undergone the industry-specific training necessary to conduct a single audit.
- Consider looking for a firm that is a member of the AICPA's Government Audit Quality Center
 - <https://www.aicpa.org/interestareas/governmentauditquality/membership/findamemberfirm.html>

How do I prepare for a single audit?

- The first step is developing and implementing appropriate **policies and procedures**. If you haven't received federal financial assistance in the past, you may need assistance in identifying the key compliance areas and best practices for ensuring a clean audit.
- In addition, obtaining appropriate training for the members of your organization responsible for expending federal funds may be helpful.

How do I prepare for a single audit?

- Free training from the AICPA's GAQC:

<https://www.aicpa.org/interestareas/governmentalauditquality/resources/single-audit-archived-events.html>

Preparing for your First Single Audit: An Auditee Perspective ([Audio Playback](#)) ([Access Slides](#))

Originally presented on September 14, 2020. Open to public.

Questions?



Fiscal Indicators – A Recap of All Four and How They Work Together

Nick Brousseau
Manager,
Analytics and Outreach Section,
Department of Treasury



Local Government Fiscal Health Metrics

Part V in a series of presentations in which Treasury will review metrics of local government fiscal health

Goal of this series is to provide local governments with the information and tools to monitor its own fiscal health

- 1. Cash Solvency**
- 2. Budget Solvency**
- 3. Long-Term Solvency**
- 4. Service Solvency – Taxable Value Per Capita**

Cash Solvency: Cash Ratio

A measurement of fiscal health of a local unit

- Measures Cash Solvency/Liquidity
 - Measurement of how much cash is on hand for meeting short term obligations
- Cash ratio is one of the primary metrics used to determine fiscal distress when a local government is unable, or projected to be unable, to meet payroll or payable obligations
 - Most local governments experiencing financial emergency in Michigan had low and/or declining cash ratios preceding financial emergency
- Even with a strong fund balance a local government can run out of cash on hand to pay critical bills
- A decline cash ratio over several years can be a concern

Budgetary Solvency: General Fund Balance Ratio

A measurement of fiscal health of a local unit

- Measurement of a local government's "savings account" available for medium term obligations
- Ability to accommodate unexpected expenses or declines in revenue
- Calculation
 - Committed, assigned, and unassigned general funds as a % of general fund revenues
 - Does not include non-spendable or restricted revenue
- Conventional wisdom of 2-months worth of unrestricted fund balance not one-size-fits-all

Long-Term Solvency: Net Position Ratio

A measurement of fiscal health of a local government

- **Net Position** is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.
- **Net Position Ratio** measures the net position as a ratio of governmental revenues
- **Measurement of long-term solvency**
 - Examples are maintaining infrastructure, making debt payments, and affording legacy obligations
- **Debt can be a useful tool**

Service Solvency: Taxable Value per Capita

A measurement of health of a local government

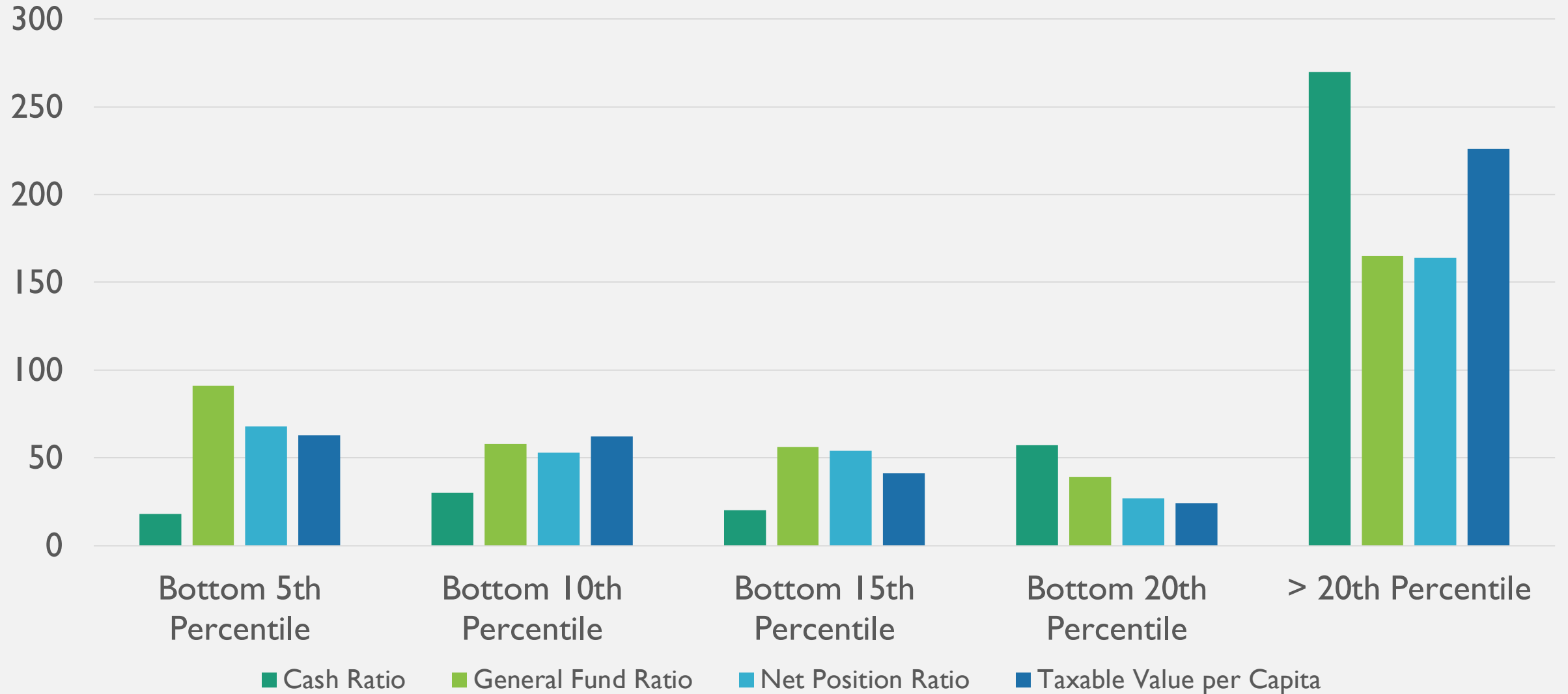
- **Taxable Value** is the value in a community that is eligible to have property taxes levied
 - Proposal A regulates the increases in taxable value
- **Millage Rates and Taxable Value** are used calculate property taxes for a community
 - For most communities the largest revenue source
- **Taxable Value Per Capita** is the total taxable value for all property in a community as a proportion of its population
- **Example:**
 - Taxable Value: \$20,000,000
 - Millage Rate: 10.00 mills
 - Population: 1,000
 - **Property Taxes:** $(\$20,000,000 \div 1,000) \times 10 = \$200,000$
 - **TV per Capita:** $\$20,000,000 \div 1,000 = \$20,000$

How to use Fiscal Metrics Together?

- **Fiscal metrics do not exist in a vacuum**
- **Must review all metrics in combination to understand the full picture of local government fiscal health**
- **Questions?**
 - Which areas are of most concern?
 - Do you prioritize shorter term metrics?
 - What does poor indicator performance mean?
 - Make changes now to either generate additional revenue in the future or reduce costs?
 - **How does one poor indicator translate to overall fiscal health status?**
 - **How are your fiscal indicators trending?**

Local Government Combined Indicator Review

Bottom 25th Percentile Combined Fiscal Indicators



Fiscal Metric Trend Analysis

3-Year Trend Review of Bottom 25th Percentile of Combined Indicators



Using Fiscal Indicators to Review Fiscal Health

Fiscal health is the ability to respond to unforeseen expenditures or declines in revenue while still providing essential services and quality of life to residents

- Fiscally healthy governments are more resilient
- Being unaware of or not properly monitoring your fiscal health can lead to missed opportunities or worse
- **Use Fiscal Metrics to Implement Effective Planning/Policies/Procedures/Controls**
 - **Budgeting: Short-Term and Long-Term**
 - **Capital Improvements Plan**
 - **Strategic Plans**
 - **Master Plan**
 - **Etc.**

What do Fiscal Metrics Miss?

- **Infrastructure**
 - Future infrastructure costs are not typically accounted for in normal fiscal metrics
 - [Michigan Infrastructure Council](#)
- **Environmental Factors**
 - Poverty
 - Unemployment
 - Median Income
 - Population decline
 - Age
 - Etc.

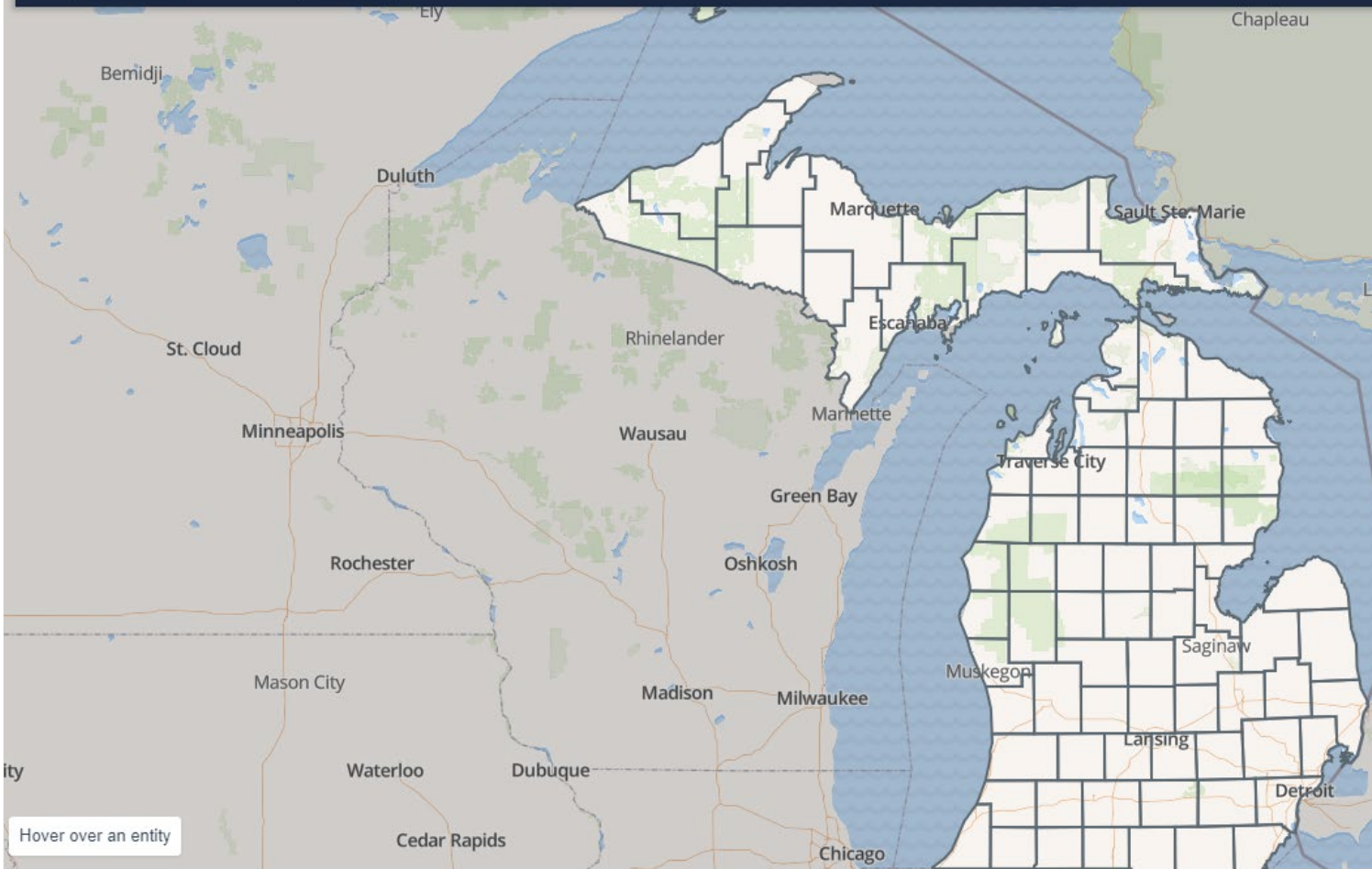
MI Community Financial Dashboard



MI Community Financial Dashboard

Michigan Department of Treasury

View Counties Fiscal Year: 2019



[Explore other data](#)

COMPARE THIS DATA API

+ Add Location

Analytics

Percentiles are calculated by ranking all local units of the same type that submitted data for the given year on a scale of 1-100, with a higher percentile value (or lower ranking) indicating a stronger position in that measurement.

General Fund Health	589th of 1205 51st percentile
General Fund Ratio	528th of 1205 56th percentile
General Fund Cash Ratio	640th of 1027 38th percentile
Property Tax Health	366th of 1236 70th percentile
Debt Health	418th of 538 22nd percentile
Governmental Net Position Ratio	458th of 822 44th percentile

Register for Fiscally Ready Communities Webinar Trainings

The Michigan Department of Treasury and Michigan State University Extension (MSU Extension) are excited to announce our newest Fiscally Ready Communities trainings!

<https://www.Michigan.gov/FiscallyReady>

Be sure to check back for additional dates and times in 2022.

Resources & Contact Information

Michigan Department of Treasury

Community Engagement and Finance Division

www.Michigan.Gov/CEFD

MI Community Financial Dashboard:

<http://micommunityfinancials.michigan.gov/>

Fiscally Ready Communities:

www.michigan.gov/FiscallyReady

Email: TreasLocalGov@michigan.gov

Phone: 517-335-7469

First Responders Grant Program

Larry Steckelberg
Administrator,
Community Services Division,
Department of Treasury



First Responder Grant Program

Appropriation of \$5 million

- Maximum grant of \$100,000
- Purpose: To support efforts to expand recruitment, improve training, and provide additional professional development and support to first responders in local governments

First Responder Grant Program

Who Is Eligible:

- All Michigan cities, villages, townships, counties and fire authorities are eligible to apply
- “First Responder” means law enforcement officers, firefighters, emergency medical technicians, paramedics, and local unit of government corrections officers

First Responder Grant Program

Application Process

- Apply at: michigan.gov/FRG
- The website also contains more information on the grant and the application process
- Deadline: February 15, 2022

Questions



Thank
You!

www.michigan.gov/CEFD
www.michigan.gov/treasury

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