

Instructions for Michigan Form F-65 (Form No. 3965) Annual Local Unit Fiscal Report For Fiscal Years Ending Between July 1, 2015 and June 30, 2016

GENERAL INFORMATION

A. Form

Be sure that your form states that it is for periods ended between July 1, 2015 and June 30, 2016. The F-65 must be filed every year regardless of the unit's population or fiscal year-end. Note: In the future, the State of Michigan **may** require a separate report on employee retirement systems on a Pension F-65 form.

Note:

- **DO NOT** change or cross out printed data.
- **DO NOT** alter the official F-65 form by creating your own version. Unless the formatting is exactly the same, it will not upload.
- **DO NOT** place more than **one amount in a box**. Combine data for those accounts or funds not listed on the form and report in the applicable "Other" or "All Other" lines on the form as one total amount per box. Retain a worksheet for your records of the amounts, funds, and items that were combined.
- **Complete all six worksheet tabs before submitting.**

B. Due Date

The Local Unit Fiscal Report (Form F-65) is due within six months after your fiscal year-end.

The unit of local government's chief administrative officer may request an extension of the filing deadline. The request must be submitted in writing and clearly state the reasons for the extension. The Department of Treasury (Department) may grant the request for reasonable cause. If the extension is granted, the Department may request an unadjusted report(s) from your local unit, in a form and manner as prescribed by the Department, to be posted to the Department's Web site. **Failure to file or failure to file timely may result in the loss of revenue sharing under Public Act (PA) 140 of 1971.**

C. Filing

- **Submitting Form F-65 via On-line System or Email**

We strongly recommend that the Local Unit Fiscal Report (F-65) be filed electronically. The Department has developed an on-line F-65 at <http://f65.mitreasury.msu.edu/> (note the http instead of www) in which a local unit can enter data directly into the F-65 system and submit it. **Note: Save the form in your computer in Excel 97-2003 version.** Once completed, the Excel spreadsheet must be uploaded directly into the on-line F-65 Portal. Further instructions and tips for uploading can be found on pages 11-12 of this document.

FORM INSTRUCTIONS

D. General Instructions

- **Local Unit Identification**

Check the Unit Type that applies to your local unit.

If you are a township, city, or village, enter the name of the county in which you are located.

Enter the COMPLETE ADDRESS of your local unit of government. Be sure to include the street address and/or post office box.

- **Municode.** Enter your 6-digit municipal code.
- **Fiscal Year-End.** Enter the month, day, and year of your fiscal year-end.

E. Public Inspection

The Single Audit Act (OMB Circular A133) requires that your combined Federal-State Form F-65 be available for public inspection upon request.

F. Chart of Accounts

The form has been designed to be compatible with the Uniform Accounting System under which all units should currently be maintaining their records. Those units not on the Uniform Accounting System may refer to the "Uniform Chart of Accounts for Counties and Local Units of Government in Michigan," available on Treasury's Web site at www.michigan.gov/treasury under Local Government Services/Accounting Information.

G. Source of Information and Reporting Period

Form F-65 must report **ALL** financial activity of your governmental unit (including component units) **except** for agency funds, trust funds, and internal service funds (see item H), and the depreciation in proprietary funds. Do not report any activity for any internal service funds. If multiple audit reports are issued for your unit, the financial data from each audit report must be combined and reported on Form F-65 for your reporting entity. Discretely reported funds shall be reported on the Form F-65 in the appropriate column for fund type based on the Uniform Chart of Accounts (UCA).

Report on a twelve-month fiscal year even if your fiscal year has changed. For example, if you changed from a March to a June year-end, you would have filed your last Form F-65 for the year ended March 2015 and you will file your current Form F-65 for the 12-month period ended June 2016. The activities of the three months of April, May, and June of 2015 will not be covered on either Form F-65.

If you are required to have an audit for the 2015-2016 fiscal year, please use the audited numbers. You should have implemented GASB Statement No. 34 and **you should reflect fund financial data and not the government-wide statements.**

The Form F-65 does not satisfy other statutory requirements for audited financial statements required by Public Act 2 of 1968 or the Single Audit Act Amendments of 1996.

If you are not being audited for the current year, **you still are required to file**. Prepare Form F-65 based on your year-end trial balance.

H. Agency Funds, Trust Funds and Internal Services Funds

Exclude the following from this report:

- Assets, liabilities, equity, revenues and expenditures for all agency and trust funds (e.g., employees' retirement system, deferred compensation plans)
- Internal service type funds

I. Agency Reporting

Please use the following guide to complete this report:

Include in the fiscal activities of your city, county, township, or village:

- Building and parking authorities
- City market authorities
- Housing commission
- Library boards in cities
- Local hospital finance authorities
- Port districts (conterminous with city)
- Public transportation authorities

J. Joint Agencies

If your government has been assigned the primary responsibility for administering the following joint agencies, include all financial activities of such agencies in this report. Otherwise, report only your government's contributions to such agencies. Some of the joint agencies to include are:

- Joint or inter-local transportation system
- Joint building and parking authorities (city/county)
- Joint water and sewage disposal system
- Joint water supply system
- District public health department
- District mental health department
- District library
- Joint or regional airport
- Community hospital

Note:

Your cost of operating a joint or inter-local function should be classified as an expenditure in your financial statements. Your cost is the amount transferred to the accounting unit treasurer and is classified as "other current expenditures."

Exclude the fiscal activities of all agencies, authorities, and joint ventures that **are not a part of your entity** (governmental unit). These independent entities may include:

- School districts
- Community swimming pool authorities
- Airport authorities
- Irrigation districts
- Joint hospital authorities
- Metropolitan transportation authorities
- Soil conservation districts
- Charter water authorities
- Metropolitan districts
- Rubbish and solid waste disposal authorities
- Sewage disposal, water supply system authorities
- Water authorities
- Water and/or sewage disposal districts
- Water management districts

Separate Authority--Use of Funds: When a unit of government (or two or more units of government) establishes a separate authority and that authority maintains its own accounting records, the special revenue fund presented in the Uniform Chart of Accounts will be reported. It is normally presented in a separate financial report of the authority as the general operating fund of the authority.

While it is common for the above to occur, it is also common for the authority (in the agreement between the units or otherwise) to agree that one of the participating units maintain the treasury and accounting functions for the authority. When this occurs, the Department recommends that the largest participating unit be selected. The unit maintaining the accounting for the authority would use the appropriate fund(s) in the appropriate fund type.

The authority's fund(s) would be reported by the unit maintaining the accounting for the authority as a **discretely presented component unit** in their financial report as would single unit authorities. Also, the unit should record the discretely presented component unit as part of their Form F-65 report.

Examples (list is not all-inclusive) could include:

Fund No.

- 208--Park/Recreation Fund
- 210--Ambulance Fund
- 227--Sanitary Landfill Fund
- 244--Economic Development Fund (and the related debt service and capital projects funds)
- 247--Tax Increment Finance Authority (and the related debt service and capital projects funds)
- 248--Downtown Development Authority (and the related debt service and capital projects funds)
- 265--Drug Law Enforcement Fund

Discretely Presented Component Units--Other discretely presented component units include:

County

Fund No.

- 201--County Road Fund
- 221--District Health Fund
- 222--District Mental Health Fund

Cities, Villages, Townships

Fund No.

- 271--Library Fund (unless unit's governing body operates)

PART I: STATEMENT OF OPERATIONS

Lines not listed are self-explanatory. DO NOT place more than one amount in a box.

Report the final adjusted balances of all revenues received and expenditures made **by fund type** (columns "a" through "d") in accordance with the official state Uniform Chart of Accounts and your annual financial audit report. Take information directly from your audit report where possible. Fund types may be as follows:

- General Fund--(column a)
- All Other Governmental Funds--(column b)
 - Permanent Funds (Combine as part of column b)
 - Special Revenue Funds (Combine as part of column b)
 - Debt Service Funds (Combine as part of column b)
 - Capital Project Funds (Combine as part of column b)
- Enterprise Fund Type--(column c)
- Discretely Presented Component Unit Funds--(column d)
- Total--(column e)

REVENUES

Tax Revenues (101-172)

Note:

Use the **account numbers** (page 1 through page 3) to complete the Form F-65 for **revenues**.

Tax Revenues, Account Numbers 400-449.

Note:

Taxes may be accounted for in the general fund, special revenue fund type and sometimes debt service fund types.

Line 101. Report as "**property tax revenue**" only property tax collections for your local government purposes, including agencies and departments of your unit. Include taxes you levy for the operation of joint or inter-local governmental operations for libraries, fire, police departments, etc. Do not include taxes you collect for other governmental units.

- Report as property tax revenue any special assessment levies that meet all of the following criteria:
 1. The special assessment district and the governmental unit have a common boundary.
 2. The special assessment levy is on an ad valorem basis for all property in the governmental unit.
 3. The special assessment is not computed based on benefit to the property.
 4. The special assessment is for a general public purpose of the governmental unit, not of a fractional district.
- Report also the following on **line 101**:
 1. Delinquent taxes, penalties, interest and fees
 2. Excess of roll
 3. An extra voted levy for a specific purpose such as fire, ambulance, parks, etc.
 4. Penalties/Interest and fees:
 - ◆ Penalties/Interest and fees on tax collections
 - ◆ Property tax administration fees
 - ◆ Collection fees
 - ◆ County expense of sale

Lines 102-107. Report as separate items the following **taxes in general**:

- Tax reverted property
- Commercial facilities tax
- Trailer taxes
- Hotel/motel tax
- Industrial facilities tax
- Income tax for your local unit

Income taxes normally fall within the general fund of a city and do not apply to any other unit of government.

Licenses and Permits (108-109)

Enter any revenue for licenses and permits that fall between revenue account numbers 450 through 500.

Intergovernmental Revenue from Federal Government (110-121)

- All Federal Grants

Intergovernmental Revenue from State (122-137)

Lines 122-137. Enter the following on these lines, not as a tax revenue:

- Swamp land taxes (line 125)
- Payment in-lieu-of taxes (line 124)
- State revenue sharing (line 122)
- All State grants
- Bankhead Jones Forest Reserve (line 125)
- National/Commercial Forest Reserve (line 125)
- Fees from exempt housing projects (MCL 125.1415a) (line 137)

Contributions from Local Units (138-148)

Charges for Services (149-160)

Fines and Forfeits (161)

Interest and Rents (162-163)

Other Revenue (164-172)

Line 171. Extraordinary/Special Items. Report any significant transactions that are both unusual in nature and infrequent in occurrence.

Line 172. Transfers In. Record any transfers from other funds on this line. The total of all transfers to other funds should equal the total of all transfers in from other funds. Please note any exceptions in a footnote.

EXPENDITURES (CURRENT)

General Government (201-210)

Note:

Use the *activity number* (page 3 through page 4) for expenditures. Some of the activity numbers that your unit of government uses may differ from the revised Uniform Chart of Accounts (UCA). In the manual, there is a conversion chart from the previous activity numbers to the current numbers. For example, activity number 191 in the former chart of accounts was for elections. However, in the revised chart it is used for the accounting department. Most of the activity numbers are the same.

Line 201. Legislative (Council, Board, and Commission). Record all activities that fall between activity numbers 100 through 129. This will include all recorded expenditures for the governing body in the performance of its duties.

Line 202. Judicial. Record all court activities that fall between activity numbers 130 through 169. This will include the trial

court, circuit court, district/municipal court, friend of the court, law library, and any other functions related to the courts in the unit of local government.

Line 205. Assessing Equalization. Record the activities for the assessor (257), property description department (243-246), and board of review (247). Also include activity for the equalization department on this line.

Line 206. Clerk. For the combined office of city clerk/treasurer, it is preferred that separate activity cost classifications be maintained for the functions and expenditures of clerk and treasurer with salary and other costs, as applicable, prorated between the two functions (activities). However, if your unit has not maintained separate cost classifications and you are unable to prorate the cost between the separate functions of the clerk/treasurer, report the combined cost of the clerk/treasurer as “clerk’s office” expenditure on line 206.

Line 208. Finance and Tax Administration. Record all activities related to the accounting/finance department (191), budget department (212-214), internal audit/external audit/board of auditor (223-224), data processing/computer department (228), and purchasing (233-235).

Line 209. Building and Grounds. Record only activities related to building and grounds.

Line 210. All Other General Government. Record all other activities that are not included above. Examples: cooperative extension (261), corporate counsel (266), prosecuting attorney (267), register of deeds (268), civil service (269), personnel (270), retirement department (274), drain commissioner (275), cemetery (276), abstract department (277), surveyor (278), building authority (279), and soil conservation (280), which fall between activity numbers 261 to 299 in the revised UCA.

Public Safety (211-217)

Line 217. All Other Public Safety Activities. Record all other activities such as civil defense (426), and animal shelter/dog warden (430) that fall between activity numbers 400 to 439 in the revised UCA.

Public Works (218-226)

Health and Welfare (227-237)

Line 236. Veteran’s Programs. Include veteran’s programs (681-684) and soldiers’ and sailors’ relief (689) on this line.

Line 237. All Other Health and Welfare. Include mosquito control (620), state institution (652), and all other activities not noted above per each line.

Community/Economic Development (238-241)

Line 239. Community Planning and Zoning. Record all activity related to the planning department and zoning board (721-727). The chart of accounts shows planning and zoning as part of community and economic development function where as in the past it was shown as part of the general government.

Recreation and Culture (242-244)

Other (245-249)

Line 245. Include fringes, benefits, FICA, and insurances which are not recorded elsewhere (850-899).

Line 246. Capital Outlay. Report capital outlay as an activity on this line in accordance with the Uniform Reporting Format issued by the Department (900-904).

Utility Reporting (Electric, Water, Sewer, etc.) and All Other Enterprise Funds Reporting:

- Do not include or report depreciation on this form. Since depreciation is being excluded, treat purchases of capital assets that are capitalized in the enterprise funds and internal service funds as capital outlay.

Note:

Also see section on capital outlay expenditures.

- Report as revenue receipts from contributions, grants, and other sources (that were formerly reported as contributed capital prior to GASB Statement No. 34) in accordance with generally accepted accounting principles.

Line 247. Debt Service. Report the amount paid for all debt regardless of fund type on this line (905-929).

Line 248. Transfers (Out). The total of all transfers to other funds (line 248) must equal the total of all transfers from other funds (line 172). Please note any exceptions in a footnote. Also note that internal service type funds are not reported on the form and may cause the transfers not to equal.

Residual equity transfers should be reported as part of transfers in and transfers (out). There is no other area on the form to report them. Therefore, explain in the notes if this applies to your unit of government.

Agency funds are **not** reported on the Form F-65 (see item H). Transfers from agency funds to other operating funds are **not** classified and reported as “transfers from other funds.” Report and classify as the appropriate revenue in the receiving fund. For example, report tax collection transfers from the Tax Collection Fund as tax revenue in the receiving fund (General Fund, Debt Service Fund, etc.), interest earned from investments as interest, etc. Also, classify transfers from permanent trust funds as a contribution, donation, or the applicable classification for that specific transaction.

Line 249. Extraordinary/Special Items. Report any significant transactions that are both unusual in nature and infrequent in occurrence that has been paid out.

PART II: STATEMENT OF OPERATIONS

CAPITAL OUTLAY (401-425)

In reporting disbursements for capital outlay, report only the amounts actually expended or incurred for this purpose during your fiscal year, including construction in progress.

Note:

These disbursements are classified and reported as increases to capital assets in the unit of government’s accounting records and audit report.

PART III: STATEMENT OF POSITION

Report the final adjusted balances of assets, liabilities, and fund equities in accordance with your unit’s audited financial statements (or year-end trial balance if your unit is not subject to an audit requirement). The balance in each account category should be reported **by fund type**. The total amount calculated for assets (line 521) must equal the total amount calculated for liabilities and equity (line 535). Use the balance sheet account numbers listed as a reference in completing this portion of the Form F-65.

ASSETS

Cash and Investments (501-506)

Line 501. Record all cash and certificates of deposits on this line for all funds except for debt service and capital project funds.

Line 502. Record any **debt service** fund’s cash and certificates of deposits on this line in column (b) and carry the amount over to the total column (e).

Line 503. Record any **capital project** fund’s cash and certificates of deposits on this line in column (b) and carry the amount over to the total column (e).

Line 504-506. Record any investments in securities the same as above if it applies to your unit of government.

Receivables (507-510)

Prepaid and Other Deferred Expenses (513)

Capital Assets (514-519)

LIABILITIES

Current Liabilities (522-524)

Line 522. Due to Other Funds. The total entered for amounts “Due to Other Funds” (line 522) should equal the total entered for amounts “Due From Other Funds” (line 509). Note any exceptions in a footnote.

Note:

Since the form does not include fiduciary fund types, permanent fund types or internal service type funds, the “due to” and “due from” other funds may not equal.

Line 524. All Other Accounts Payable and Current Liabilities. It should include all other current liability amounts not specifically identified in lines 522-523.

Long-Term Liabilities (525-528)

Fund Equity (529-535)

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 in February 2009. GAAP requires all governmental entities to adopt GASB Statement No. 54 for fiscal years beginning after June 15, 2010. **The standard requires all prior year(s) governmental fund balances to be retroactively restated in the first year of implementation.**

The purpose of GASB Statement No. 54 is to provide clearer definitions of the governmental fund types and fund balance categories and classifications. Implementation of this standard will improve financial reporting because of the guidance provided to report fund balances and it will enhance consistency between the Government-Wide and fund financial statements.

The Reserved, Unreserved and Designated fund balance classifications are no longer applicable and should not be used in governmental fund financial statements. GASB Statement No. 54 replaced the previous fund balance classifications with a hierarchy of five clearly defined fund balance categories. The new fund balance classifications are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

Line 529. Investment in Capital Assets-Net of Related Debt. This line (account 399) is used to record the net equity in capital assets, net of related debt.

Line 531. Non-spendable Fund Balance. This line is only used in governmental funds to designate amounts (account 365) which are not available for spending, or are legally or contractually required to be maintained. Examples of resources not available for spending include prepaid expenses, inventory and long-term advances to other funds. A permanent fund’s principal balance is an example of resources that would not be available for spending due to legal or contractual requirements.

Line 532. Restricted Fund Balance/Restricted Net Assets. This line is used to record **restricted fund balance** (account 366) amounts for governmental funds designated which are restricted for specific purposes either:

- a. Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law constitutionally or by enabling legislation.

Examples include special revenue funds which place constraints on use of fund resources or a loan covenant that may be applicable to other funds to finance its debt service requirements. For proprietary and fiduciary funds record on this line **restricted net assets** (account 386) of the fund with constraints placed on their use by external parties, constitutional provisions and enabling legislation.

Line 533. Committed Fund Balance. This line (account 367) is only used in governmental funds to designate amounts which the highest level of authority within the government has taken formal action to place constraints on the use of resources for a specific purpose. Include net assets that are segregated for which the governing body has made tentative plans to use in a future period.

Line 534. Assigned Fund Balance. This line (account 368) is used in governmental funds to segregate a portion of fund balance which has been constrained by the government’s intent to use the designated resources for a specific purpose, but are not designated as un-spendable and have not met the requirements of being restricted or committed fund balance. The governing body can express its intent to assign a portion of its fund balance or it can delegate the authority to a body within the government, such as a budget or finance committee, or an official within the government.

Line 535. Unassigned Fund Balance/Unrestricted Net Assets. This line (account 369) is used to account for the residual fund balance in the general fund. **The general fund is the only fund which should report a positive unassigned fund balance.** Other governmental funds will report deficit balances as a negative balance in the unassigned fund balance classification. For proprietary and fiduciary funds use this line to record (account 387) the unencumbered amount of net asset (Unrestricted Net Assets) which are not invested in capital assets net of related debt.

Other Balance Sheet Information (538-539)

PART IV: OTHER SUPPLEMENTARY INFORMATION

Property Tax Detail (601-606)

Report property tax detail using the Tax Rate Request Form 614 (L-4029), as follows:

- Purpose (Column (2) of L-4029);
- Authorization (Column (1) of L-4029);
- Original Maximum (Column (4) of L-4029);
- Headlee Rollback (Column (9) of L-4029);
- Millage Levied (Column (10) and (11) of L-4029). Report the tax millage rate as a decimal, not a fraction (please extend four digits to the right of the decimal point).

Intergovernmental Expenditures (607-618)

Report all payments to other governmental units (local and state) for services (police, fire protection, library, road improvements, tax statements, tax assessing, joint purchases of supplies, etc.).

City Income Tax Detail (619)

Personnel Statistics (620)

Line 620. Be sure to enter your government's total salaries and wages on line 620. **Include all compensation** (salaries, per diems, etc.) paid from any fund. Any compensation paid to elected or appointed officials (board members, special boards or commissions, board of review, election workers, etc.) is considered employee compensation and should be reported here. In general, these should be the same amounts reported on Federal forms W-3. **Do not include payments to independent contractors or other units of government** (such as for police and fire contracts).

Investment Information (621-623)

Please note Treasury numbered letter 1998-3 and 1998-4 on the Treasury Web site at <http://www.michigan.gov/treasury> under Local Government Services/Accounting Information. Subject to the requirements of the Investment of Surplus Funds of Political Subdivisions Act, PA 20 of 1943, a local unit must adopt an investment policy, which includes all of the following:

- A statement of the purpose, scope, and objectives of the policy, including safety, diversification, liquidity, and return on investment.
- A delegation of authority to make investments.
- A list of authorized investment instruments. If the policy authorizes an investment in mutual funds, it shall indicate whether the authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share or also includes securities whose net asset value per share may fluctuate on a periodic basis.
- A statement concerning safekeeping, custody, and prudence.

Note:

On lines 621 through 623 if your unit of government is in compliance with PA 20 of 1943.

Retirement Systems (624-630)

Other Information: Derivatives (631-635)

An accurate schedule reporting both non-pension fund and pension fund derivative investments at fiscal year-end is statutorily required. A summary of the cost and market value of these investments in aggregate and an itemized list by issuer is required for both non-pension and pension funds. For purposes of this section, "pension" includes a public employee healthcare fund as defined in the Public Employee Health Care Investment Act, PA 149 of 1999, MCL 38.1211 to 38.1216. It also includes any other pension plan for which the local unit manages the investments (either directly or through an appointed pension

board). Investments of defined contribution plans and deferred compensation plans that are chosen by the employee participating in the plan can be excluded.

Employee Benefits

See separate instructions beginning on page 8.

PART V: INDEBTEDNESS

Long-Term Debt (636-637)

Report all bonds, mortgages, etc., with an original term of more than one year including revenue bonds, special assessment bonds, and general obligations. Include debt refunded as well.

Line 636. Include all public debt for direct funding of private sector activities such as industrial and commercial development, pollution control of private facilities, housing and mortgage loans, private hospital construction, private sports stadiums, convention centers, shopping malls, economic revitalization, and other private projects.

Line 637. Record all other debt instruments with an original term of more than one year.

Exclude: capital leases and amounts for compensated absences.

Short-Term (Interest-Bearing) Debt (638-639)

Report all tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with an original term of one year or less.

Exclude: accounts payable, other noninterest-bearing obligations, and current portion of long-term debt.

Interest on Debt (640-643)

PART VI: CERTIFICATION

If you choose to mail in the Form F-65 report, the chief administrative officer of the unit of local government should sign and date the form in the appropriate boxes. If the form is emailed electronically, no signature is required.

Pension Funds-Retirement Plan Information

1. Enter all pension plans that are partially or completely funded by the local unit.
2. Enter the fiscal year-end of the plan(s). If the fiscal year-end varies for each plan, enter "Various."
3. Indicate the number of open or closed plans based on plan type. Pension plans closed to new members are those plans that still have active members or retirees/beneficiaries but new employees are no longer allowed to enroll. Open pension plans are those plans in which new members are allowed.
4. Indicate the number of members in each plan based on membership status. For the definition of member status, see the Glossary.

Pension Funds-Health Benefit Information

1. Enter all health benefit plans that are partially or completely funded by the local unit.
2. Enter the fiscal year-end of the plan(s). If the fiscal year-end varies for each plan, enter "Various."
3. Enter the number of retirees, beneficiaries, dependents, or former members that are receiving benefits. This number should be the aggregate of all plans.

Pension Funds-Additions and Deductions

Additions

1. Enter the aggregate Employer Contributions made during the local unit's fiscal year for each plan type.
2. Enter the aggregate Member/Employee Contributions made during the local unit's fiscal year for each plan type.
3. Enter the total amount or revenue transferred during the fiscal year of the local unit to each plan type.
4. Enter the Net Investment Income for each plan type. Net investment (NI) is the difference between Investment Income/Loss (IIL) and Investment Expenses (IE) plus the difference between Securities Lending Income (SLI) less Securities Lending Expenses (SLE), i.e., $(IIL-IE)+(SLI-SLE)=NI$.

Investment Income includes net appreciation (depreciation) in fair value of investments, interest, dividends, and other income.

Investment Expenses is the cost of investing and monitoring system assets, including manager fees, advisors, and investment related administrative expenses.

Deductions

1. Enter the aggregate amount of benefits paid out in periodic payments during the fiscal year of the local unit for each plan type.

2. Enter the aggregate amount of benefits paid out in lump sums (include refunds, annuity withdrawals, and DROP) during the fiscal year of the local unit for each plan type.
3. Enter the aggregate amount of revenues transferred out of each plan type during the fiscal year.
4. Enter the aggregate amount of administrative expenses for each plan type.

Market Value

1. Enter the aggregate Market Value of each plan type at the beginning of the local unit's fiscal year.
2. Enter the aggregate Market Value of each plan type at the end of the local unit's fiscal year.

Pension Funds-Actuarial

Actuarial Accrued Liability

Enter the aggregate amount of the accrued liability for Current Retirees and Other Participants for Defined Benefit Pension plans and Defined Benefit Retiree Health Benefit Plans.

Actuarial Value of Assets

1. The value of cash, investments, other assets, and property belonging to an OPEB trust, pension fund trust, or similar entity as used by the actuary for the purpose of actuarial valuation.
2. If an asset smoothing method is used, enter the number of years in the smoothing period.

Annual Required Contribution (ARC)

1. Enter the Total Normal Cost less the Employee Normal Cost.
2. Enter the portion of the plan contribution which represents payments made to pay interest on and the reduction of the Unfunded Accrued Liability.

Annual Covered Active Member Payroll

Enter the annual payroll for all active members covered in the valuation.

Assumed Rate of Investment Return

1. Use a weighted average over all plans.
2. Enter the expected rate of investment return.

Assumed Rate of Wage Inflation

1. Use a weighted average over all plans.
2. Enter the expected rate of inflation by which wages will increase.

Glossary of Employee Benefit Terms

Active Employee or Member: A person currently employed by the entity.

Active Members: Current employees that are either vested or non-vested.

Actuarial Accrued Liability: That portion of the Actuarial Present Value of pension plan benefits which is not provided by future Normal Costs or employee contributions. It is the portion of the Actuarial Present Value attributable to all service rendered as of the Valuation Date.

Actuarial Value of Assets: The value of cash, investments, other assets and property belonging to an OPEB trust, pension fund trust or similar entity, as used by the actuary for the purpose of actuarial valuation. Some funds may be restricted for other purposes, and "smoothing" of investment gains and losses often make the actuarial value of assets different from the market value of assets.

Administrative Expenses: The cost of administering the plan such as personnel cost, professional fees, office supplies, board meetings, etc.

Amortization Payment: The portion of the plan contribution which represents payments made to pay interest on and the reduction of the Unfunded Accrued Liability over a period not to exceed 30 years.

Annual Required Contributions (ARC): The employer's periodic required annual contributions to a defined benefit plan, calculated in accordance with the plan assumptions.

Asset Smoothing: Smooths the effects of volatility in market value on the pattern of contributions over a specific period of time, i.e., investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years.

Benefits Paid Out (a/k/a Retirement Income): Benefits paid from the plan assets to the retirees and beneficiaries. Payments will include periodic benefit payments and lump sum payments including refunds.

Deferred Compensation: An arrangement in which a portion of an employee's income is paid out at a date after which that income is earned. The primary benefit is the deferral of tax to the date at which the employee actually receives the income. This type of plan is often called a "457 Plan" after the Internal Revenue Code Section authorizing the plan.

Employee Normal Cost: The amount of the expected employee contributions for the fiscal year.

Employer Contribution: Actual contribution made by the employer. This may be different than the annual required contribution (ARC) due to timing or other reasons.

Employer Normal Cost: The difference between the Total Normal Cost and the Employee Normal Cost.

Health Benefit Plan-Defined Benefit: An Employer provides its employees with a defined healthcare benefit (doctor visits, hospitalization, pharmacy, and so on) at uncertain annual cost. The benefit is administered through an employer-sponsored group health benefits plan.

Health Benefit Plan-Defined Contribution: An employer provides its employees with a tax-free allowance or "contribution" to spend on their own healthcare at an annual cost that the employer controls. Some plans provide for mandatory payroll deduction. Employers utilize Defined Contribution health benefit plans to reimburse employees and former participants tax-free for the premiums on their own individual health insurance policies or to reimburse their out-of-pocket medical expenses.

Hybrid Plan: A combination of a modest fixed Defined Benefit with a flexible Defined Contribution plan.

Inactive Vested Members: Inactive employees entitled to benefits but not yet receiving them.

Investment Expenses: The cost of investing and monitoring system assets, including manager fees, advisors, and investment related administrative expenses.

Market Value: The economic price for which a good or service is offered in the marketplace. Provide the market value of the plan's investments at the beginning and end of the fiscal year.

Non-Vested: The employee has not completed the required years of creditable service in order to earn the right to receive benefits under the terms of the plan.

Pension Obligation Bonds (POB) and Other Post-Employment Benefit Obligation Bonds (OOB): A municipal security used to fund the unfunded liability. This includes Certificates of Participation. All securities used for this purpose must be authorized by statute.

Pension Plan-Defined Benefit Plan: A type of pension plan in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, and the benefit multiplier for each year of service; the employer bears the investment risk.

Pension Plan-Defined Contribution: A defined contribution plan is an employer sponsored retirement plan. The income the plan provides is not predetermined or guaranteed, as it is with a defined benefit pension. Rather, it varies according to how much is contributed to the plan, how the contributions are invested, and what the return on that investment is over the time participating in the plan. An employer may or may not contribute to this type of plan and bears no investment risk and it does not include a deferred compensation plan.

Refunds: Can be made to employer, employee, or designated beneficiary.

Retiree and Beneficiaries: Retirees and/or the retiree's beneficiaries that are currently receiving benefits.

Total Normal Cost: The portion of the Actuarial Present Value of the plan benefits accrued in a single fiscal year and contributions paid for that year.

Transfers: Members transfer into a plan from other systems or out of the current plan.

Unfunded Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Vested: Rights to pension benefits under the plan's vesting provision (e.g., 10 years) that are, therefore, not contingent upon the employee's continuing in the service of the employer.

Weighted Average: An average that takes into account the proportional relevance of each component, rather than treating each component equally. Example: Five pension plans with the following rates of return; plan 1: 4.5%, plan 2: 5.5%, plan 3 & 4: 6%, plan 5: 7%. Multiply each interest rate by the number of plans earning that rate divided by the number of plans $[(1 \times 4.5) + (1 \times 5.5) + (2 \times 6.0) + (1 \times 7.0)] / 5 = 5.8$ is the weighted average. (Simple average would be calculated as follows: $4.5 + 5.5 + 6.0 + 7.0 / 4 = 5.75$).

Instructions for Uploading the F-65

F-65 data can be entered directly into the online F-65 system without having to fill out an Excel spreadsheet. However, if you choose to complete the Excel spreadsheet and then upload it directly into the online system, please follow the instructions below.

1. Go to <http://f65.mitreasury.msu.edu> (notice it is http, not www). Click on “E-File F65.”
2. Log in using your username and password. If you have difficulty or have forgotten either, please contact our office at 517-373-3227.
3. You are now at the Introductory Page, choose the correct year and select the local unit from the dropdown list. Verify that the County Name is correct as well as the address and contact information. If the appropriate year does not appear in the drop down list, you may have already filed for that year.
4. Once verified, click “Continue.”
5. You will now be at the Revenue Section of the F-65 system. Between the Category tabs and the year, there are links. Click on the one that says “Upload F-65.”
6. Choose the correct fiscal year. Remember: the F-65 form year is based on a calendar year and may be different than your fiscal year. The 2016 F-65 form is for those local units with a fiscal year ending between 7/1/2015 and 6/30/2016.
7. Click on the “Browse” and open or choose the file that you saved on your hard drive or network drive. Click “Open.”
8. You will now be back to the upload screen. Click on “Upload and Process File.”
9. Once uploaded, there should be a list of steps with the first step indicating the upload was successful and the last step indicating “Completed!!” If you have any text in red or a statement that the upload was unsuccessful or failed, the system should tell you what area caused the problem. Please see our Helpful Hints for things to look for.
10. Once the upload is successful, close the upload screen (“X” in upper right corner), taking you back to the Revenue tab. In the same row of blue Category tabs, click on “Submit-F65.”
11. The “Submit” screen will either indicate a successful submission or areas of concern in which selected categories did not have any information. Prior to submitting the return, please correct the areas flagged in red. If the flags are not applicable, click “Yes” to override them.
12. If you are ready to submit, click “Yes.”
13. **Steps 12-14 must be completed to be considered filed.** If not, the data will be transmitted but will not contain a date filed, which may cause your local unit to be delinquent.
14. As a security benefit to the local unit, users in which the Username contains the phrase “Level1” will not be able to submit the F-65.
15. If you have any difficulty in uploading your file, please contact the Local Government Financial Services Division at 517-373-3227.

HELPFUL HINTS

If your upload has failed, please check for the potential errors listed below before trying again.

- **The official F-65 form (Excel spreadsheet) has been altered or reproduced in a different format. Unless the formatting is exactly the same as the spreadsheet provided by Treasury, it will not upload.**
- The form must be saved in 97-2003 version of Excel.
- The word “county” is included in the County Name section of the Excel Spreadsheet. Enter as Livingston County, not County of Livingston.
- The local unit type is in the Local Unit Name section of the Excel Spreadsheet. Enter as Deerfield Township, not Township of Deerfield.
- The wrong county has been entered for a specific local unit. Be sure county is correct.
- The county name or local unit name is spelled incorrectly.
- A special character may have been used somewhere in the spreadsheet (such as “&,” “*,” “-,” or “parentheses”) in any of the cells throughout the spreadsheet.
- There may be a “#REF” error in one or more of the cells throughout the spreadsheet.
- There may be a “VALUE” error in one or more of the cells throughout the spreadsheet.
- There may be text entered in one or more cells that should only contain numbers.
- The date in the Official Information Section is not properly formatted (example: 01/27/2015 is the correct format).
- “N/A” is entered in any cell other than where indicated in directions.
- “None” or “N/A” is entered in Derivative Instruments section.

Note: All local units were provided two levels of Usernames. For security reasons, a Level 1 user can enter data but cannot submit the F-65. A Level 1 user is indicated in the Username. If the “Submit” tab is not visible, please make sure you are not logged in as a Level 1 user. For questions or problems, please call the Local Government Financial Services Division at 517-373-3227.