

Chart Chat Webinar

Thursday, October 5, 2023 2:00 PM

Welcome & Introductions

Cary Jay Vaughn, CPA

Administrator

Local Audit and Finance Division, Michigan Department of Treasury



Agenda

Welcome & Introductions

Cary Jay Vaughn, CPA, Administrator, Local Audit and Finance Division, Michigan Department of Treasury

Fiscally Ready Communities

Jerry Nelson, Analytics and Outreach Section, Local Audit and Finance Division, Michigan Department of Treasury

ELITE Updates

Cassandra Huguelet, State Assistant Administrator, Bureau of Local Government and School Services, Michigan Department of Treasury

Treasury Resources for Local Governments

Nick Brousseau, Manager, Analytics and Outreach Section, Local Audit and Finance Division, Michigan Department of Treasury

Uniform Reporting Format

Yongping McDonnell, CPA, Audit Manager, Audit Section, Local Audit and Finance Division, Michigan Department of Treasury

Statutory Revenue Sharing Updates

Evah Cole, Administrator, Revenue Sharing and Grants Division, Michigan Department of Treasury

Questions & Answers

Closing Remarks

Cary Jay Vaughn, CPA, Administrator, Local Audit and Finance Division, Michigan Department of Treasury





Fiscally Ready Communities

Jerry Nelson

Departmental Analyst

Analytics and Outreach Section, Michigan Department of Treasury

Fiscally Ready Communities Team

- Eric Cline, Community Services Division
- Roxanne Foster, Local Audit and Finance Division
- Jerry Nelson, Local Audit and Finance Division



Tool Kits



Treasury Tools

FRC Modules:

- Best Practices
- Budgeting
- Capital Assets
- Internal Controls
- Purchasing & Receipting

Other Tools:

• 5-Year Budget Forecast

Manuals:

- Uniform Chart of Accounts
- Accounting Procedures

Guidance:

Numbered Letters



Fiscally Ready Communities – Modules

- Budgeting for Fiscal Sustainability
- Capital Asset Management and Planning
- Financial Best Practices

Internal Controls

Nuts and Bolts: Fees, Fines, Purchasing and Receipting

Fiscally Ready Communities – Modules

- Budgeting for Fiscal Sustainability
 - Provides best practices regarding fiscal health
 - Budgeting
 - Long-term planning
 - Financial policies and procedures

Fiscally Ready Communities - Modules

- Capital Asset Management and Planning
 - Basics of Capital Improvement Program (CIP)
 - Best practices
 - Policies and procedures for capital asset management and planning

Fiscally Ready Communities - Modules

- Financial Best Practices
 - Fiscal and operational planning
 - Financial policies and good governance
 - Training topics
 - Budgets
 - Cash controls
 - Debt
 - Grants

Fiscally Ready Communities – Modules

- Internal Controls
 - What are internal controls
 - Why do you need them
 - How to implement them
 - How to get started

Fiscally Ready Communities – Modules

- Nuts and Bolts: Fees, Fines, Purchasing and Receipting
 - Best practices:
 - Fees and fines policies
 - Purchasing and receipting policies
 - Answers the questions:
 - Why they are necessary?
 - How they contribute to fiscal health?
 - How to implement?

Fiscally Ready Communities - Remaining Schedule

- Nuts and Bolts: Fees, Fines, Purchasing and Receipting
 - October IIth, I:30-3:00PM ET
 - November 7th, 10:00-11:30AM ET
 - 2024 schedule released in early January 2024
 - Link to the Treasury Fiscally Ready Communities Program with links to recordings of past webinars:
 - https://www.michigan.gov/treasury/local/lafd/news/fiscally-ready-communities-program



ELITE System Updates: The IT Update

Cassandra Huguelet

Bureau IT Strategist

Bureau of Local Government and School Services, Michigan Department of Treasury

Building an IT Strategy That Supports Our Partnerships

"North Star"

We will expand on our Trusted Partner role by reviewing reporting requirements to improve reporting efficiencies and provide clear and understandable guidance for our local partners. In addition, we will utilize tools to assist in identifying errors and local issues that might indicate a need for technical assistance.



Priority #1: Establish and build trusted relationships with local units to become/remain a trusted partner. Seek input into processes and systems by the people who will use them.



Priority #2: Build collaboration tools that local units of government will get benefit from using to submit complete and accurate required information.



Priority #3: Improve data sharing within State and Local Finance to reduce reporting redundancies and improve collaboration.



Priority #4: Develop a secure and stable system to collect and acknowledge receipt of reports and notify the required business areas.

IT Strategy / Technology

BLGSS IT Initiatives

ELITES

- Security improvements, including use of MiLogin. More self administration features.
- Look and feel changes including ADA improvements and enhancements to meet state standards
- Internal processing enhancements to improve efficiencies and communications.
- Additional programs added to collect data

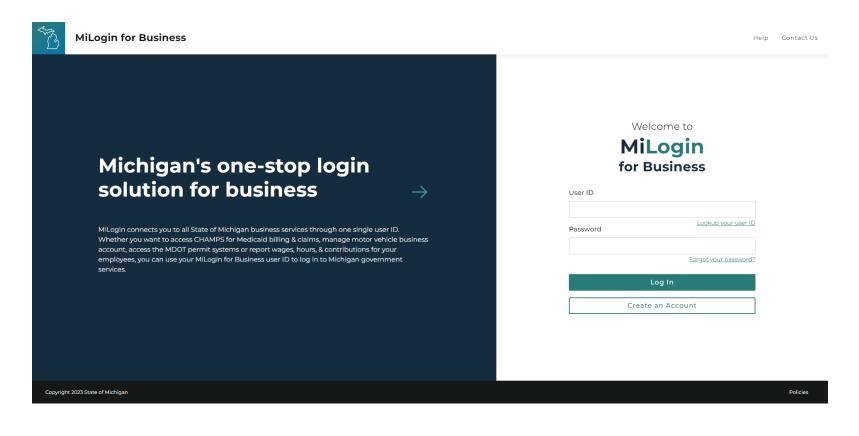
Continuous Improvement Projects

- Local Government Reporting Requirements
- Improvements in internal data sharing policies to eliminate redundancies
- Open Data Portal and Community Dashboard

Strategy and Technology

- Internal Strategic Analysis
- Learning about AI technologies and how they are being applied in public sector and government

Coming in January 2024



- New login with user self service options
- APR updates: Changes made to a few questions in accordance with the exposure draft released for public input.

Release Communications Timelines

November 2023

 Directions for creating a MiLogin account are posted to the web and sent through Gov Delivery channels

December 2023

- Demonstration provided at local government meetings (MiLogin and APR)
- Banner notification posted to website notifying of the MiLogin change

January 2024

- Technical support contact information for user authentication issues posted
- Directions for APR posted to the website

"Coming together is a beginning; keeping together is progress; working together is success."

Henry Ford, founder of the Ford Motor Company



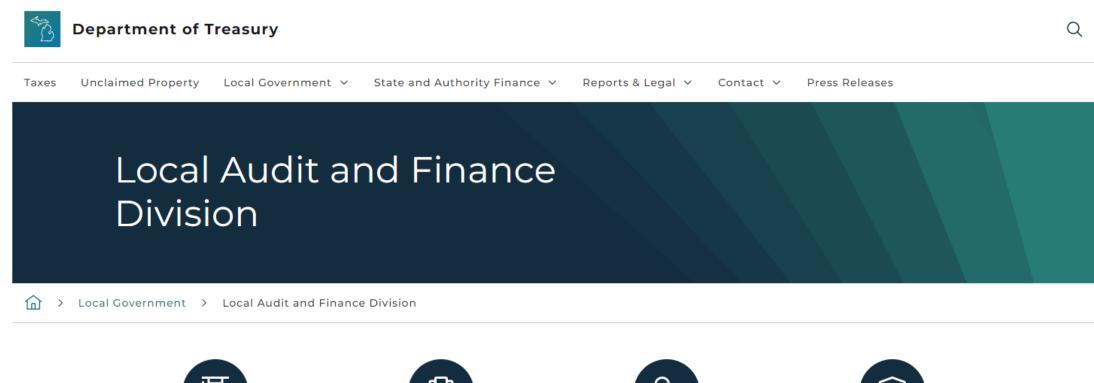
Treasury Online Resources for Local Governments

Nick Brousseau

Manager

Analytics and Outreach Section, Michigan Department of Treasury

Local Audit and Finance Division Homepage





Education and Training
Resources



File and Search Reports



Local Retirement Reporting



MI Community Financial
Dashboard

Education and Resources

Multi-Year Budget Projection Tool

To assist local governments in managing their long-term budget development and financial planning processes, the Michigan Department of Treasury has developed a multi-year budget projection tool. This worksheet will import prior year's financial data as submitted through the Annual Financial Report (F-65 Report), allowing users to select historical rates of growth by budget line-item, or to enter alternative rates of growth that are locally developed, ultimately projecting revenues and expenditures over the next 5-years. Additional summary data, graphs, and reporting features are also available as part of this tool. As a newly developed tool, Treasury is seeking additional feedback on future enhancements, technical fixes, and additional functionality. Please contact us at TreasLocalGov@michigan.gov with any comments, concerns, or feedback.

Multi-Year Budget
Projection Tool

Instructions

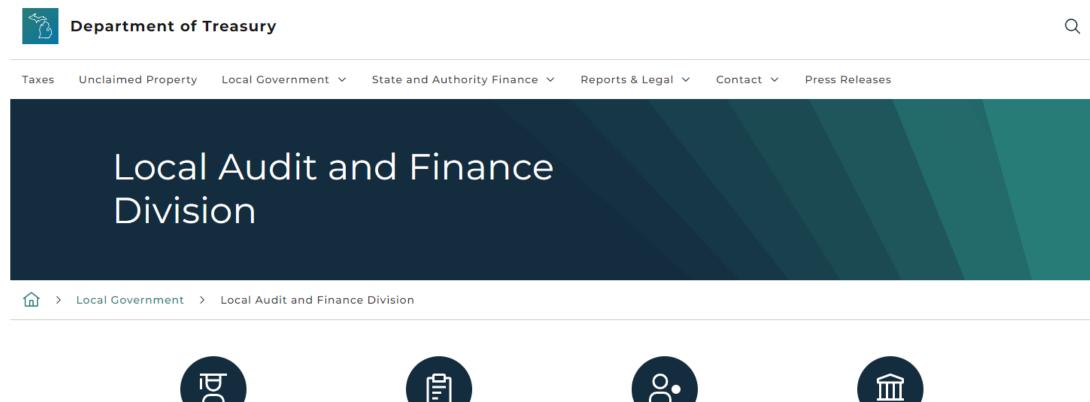
Video Library

Michigan Department of Treasury Community Engagement and Finance Division has provided the following videos series to assist local governments. This video library will provide important information on regulatory compliance, fiscal health, and other topics to assist local government-appointed and elected officials. The Division periodically releases new videos so check back often.

Municipal Finance - Borrowing in the State of Michigan

- Deficit Elimination Plan: What is it, and Why is it Important Part 1
- . Deficit Elimination Plan: How to File Part 2
- Qualifying Statement What is it and why is it important
- Qualifying Statement How to file and Important questions
- Prior Approval Application What is it and why is it important
- Prior Approval Application How to file and important questions
- Prior Approval Application Exemptions: What are they
- Prior Approval Application Exemptions: How to file
- · Security Report: What is it and why is it important
- · Security Report: How to File

Local Audit and Finance Division Homepage





Education and Training Resources



File and Search Reports



Local Retirement Reporting



MI Community Financial Dashboard

File and Search Online Reports Page

Local Audit & Finance E-Forms



🔝 > Local Government > Local Audit & Finance E-Forms

File and Search Online Reports



File Online Reports



Document Search



MI Community Financial Dashboard



MI Community Financial Data



Frequently Asked Questions



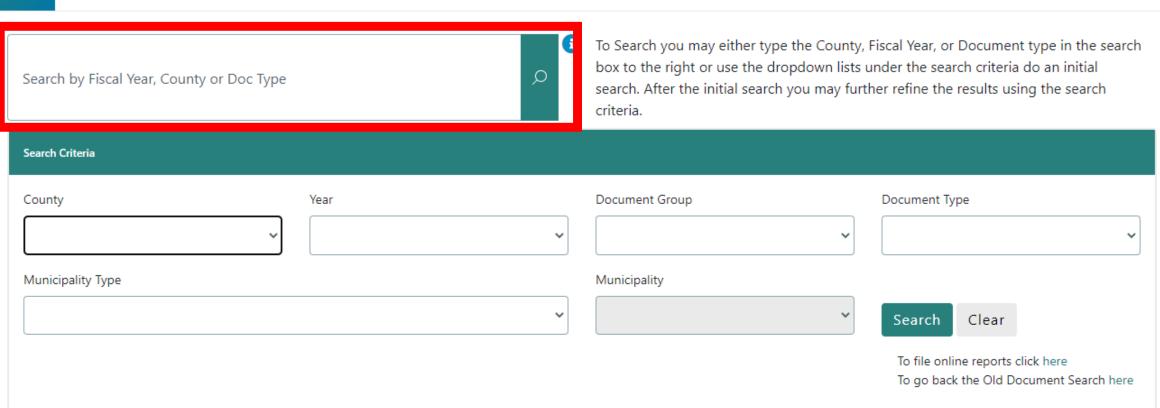
View List of Reports

Update Document Search Site



Local Audit And Finance Division - Document Search

Department of Treasury, Community Engagement and Finance Division

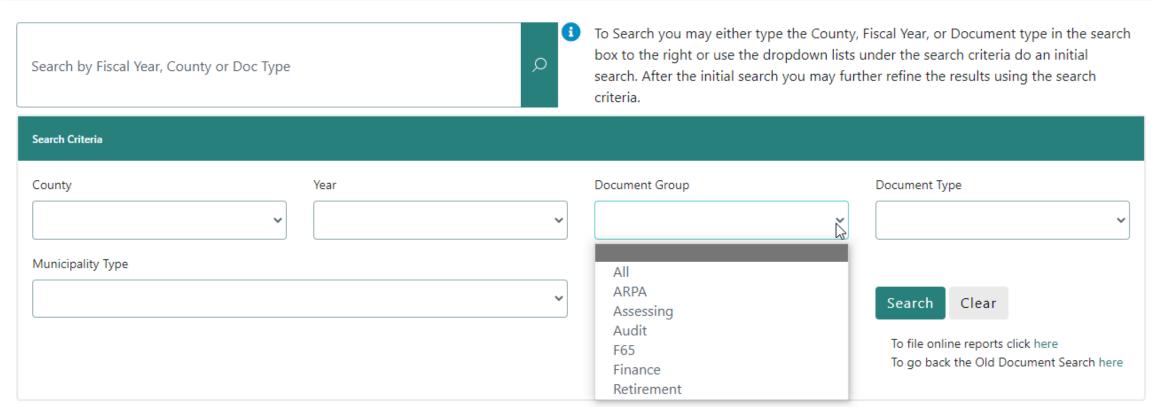


Using Search Criteria



Local Audit And Finance Division - Document Search

Department of Treasury, Community Engagement and Finance Division



MI Community Financial Dashboard

Local Audit & Finance E-Forms



🔝 > Local Government > Local Audit & Finance E-Forms

File and Search Online Reports



File Online Reports



Document Search



MI Community Financial Dashboard



MI Community Financial Data

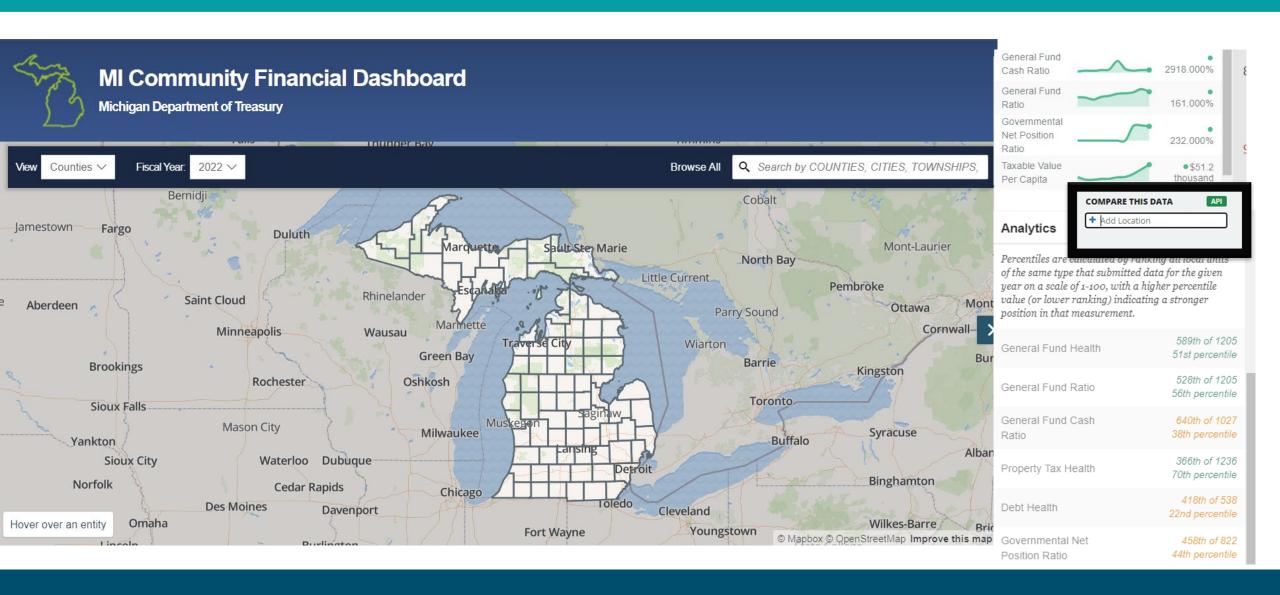


Frequently Asked Questions

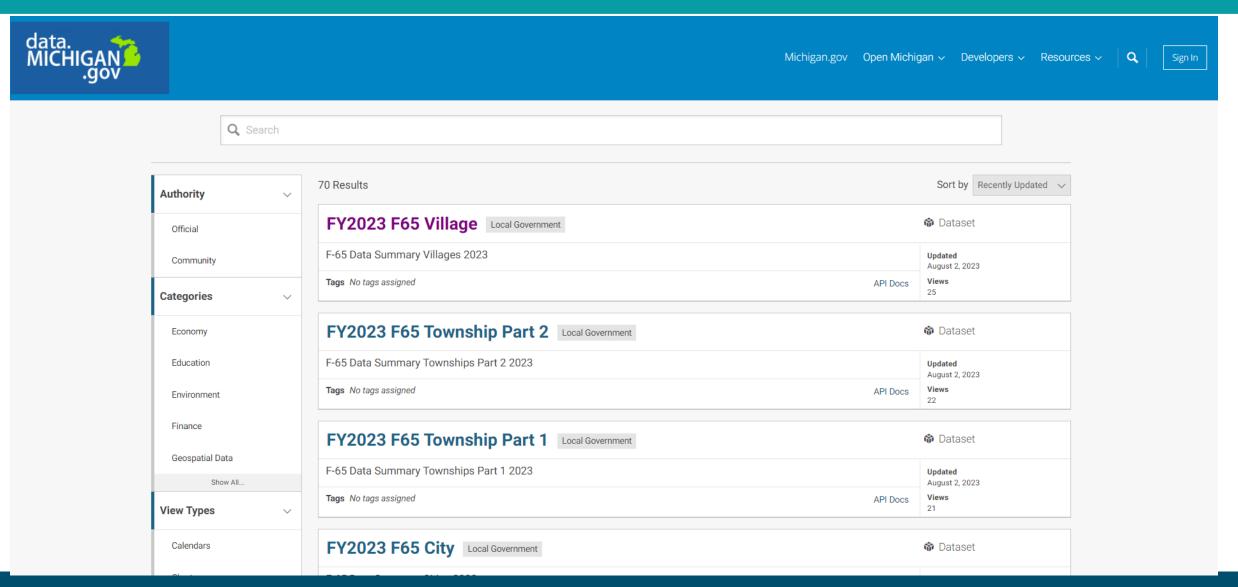


View List of Reports

MI Community Financial Dashboard



Michigan's Open Data Portal (data.Michigan.gov)



Local Audit and Finance Division Additional Resources



Department of Treasury

Taxes Unclaimed Property Local Government ∨

State and Authority Finance >

Reports & Legal >

Contact v

Press Releases

Local Audit and Finance Division



Local Government > Local Audit and Finance Divis

Education and Training Resources

File an

Accounting and Auditing

Bulletins, Manuals, and Forms

CEFD Peer Review

Government Auditing Standards

Numbered Letters

Michigan Committee on Governmental **Accounting and Auditing Statements**

Municipal Finance

Rating Exemption Flowchart

Bonded Construction Fund and Sinking **Fund Audits**

Borrowing Process Flowchart

Bulletins

Deficit Elimination Plan Guidance

Deficit Elimination Plan Upload

Local Emergency Financial Assistance Loan

Michigan Finance Authority (MFA)

Municipal Finance Forms

Security Report Upload

Related Statutes

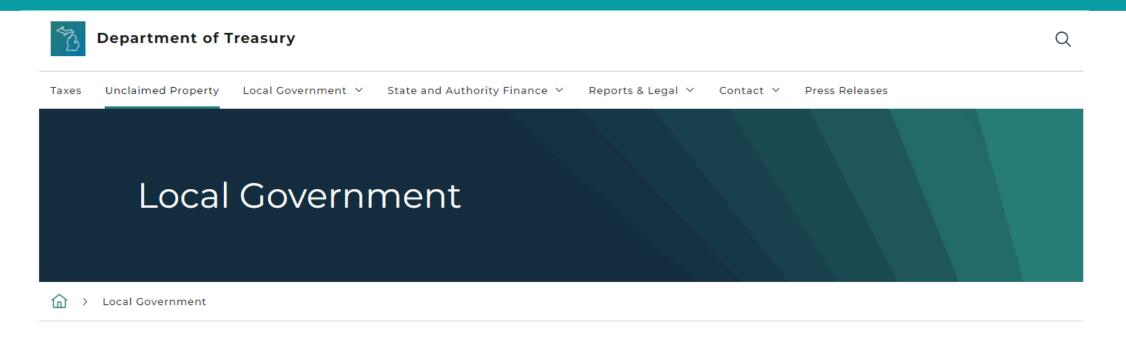
Public Act 2 of 1968 Uniform Budgeting and **Accounting Act**

Public Act 71 of 1919 Uniform System of <u>Accounting</u>

PA 470 of 2002 (Agency Reporting Act)

PA 34 of 2001 (Revised Municipal Finance Act)

Local Government Additional Resources



Bureau of Local Government and School Services





Uniform Reporting Format

Yongping McDonnell, CPA

Manager

Local Audit and Finance Division, Michigan Department of Treasury

Updated Uniform Reporting Format

Targeted Issue Date for Exposure Draft: Oct 31, 2023

Effective Date: For fiscal year end March 31, 2024 and after.

Major Updates

- Formatting changes to provide a clear picture of requirements by GASB and additional requirements by Michigan Department of Treasury ("Treasury").
- Treasury additional requirements for budgetary information reporting, combining financial statements reporting, note disclosures for deficit, and filing deficiencies report.

Updated Uniform Reporting Format

• Formatting changes to provide a clear picture of requirements by GASB and additional requirements by Michigan Department of the Treasury ("Treasury").

A snapshot of the partial table:

*				
			GASB	Treasury Additional
No.	Report	Section	Requirements	Requirements
1	Audit Report	Management Discussion and Analysis	See GASB 2200	 Most recent two years audited information should be compared if a local unit is not audited every year.
2	Audit Report	Government-wide Financial Statements	See GASB 2200	 No additional requirements.
3	Audit Report	Governmental Fund Financial Statements	See GASB 2200	 No additional requirements.

Treasury Additional Requirements

Under GASB minimum reporting requirements

- 1. Requirements for reporting on **General Fund budgetary comparison schedules**:
- a) GASB2400.121 states that Individual fund budgetary comparisons are required to be presented at the legal level of budgetary control.
- b) Budget for expenditures for General Fund is required to be adopted at activity level as the control level, if not at further detailed level. This requirement will be included in the updated budget manual, which is aimed to be issued around January 2024.
- c) Therefore, reporting expenditures at activity level (NOT at function level) is required.
- d) Treasury also required revenues be reported at next level of the revenue sub-control account level, if applicable.
- e) Options are available for reporting:
 - 1) Reporting all required information within one schedule.
 - 2) Reporting aggregated information as one schedule, and reporting required detailed information on another schedule(s).
 - 3) If choose 1), the report can be placed either immediately after governmental fund financial statements, or under RSI section.
 - 4) If choose 2), the aggregated information can be place what 3) indicates, and the required detailed information should be placed under SI section.

Treasury Additional Requirements

I. Requirements for reporting on General Fund budgetary comparison schedules

Expenditures reported at activity level, (NOT at function level) is required.

Expenditures at function level, per UCA

Expenditures

Current

General Government

Public Works

Community and Economic Development

Health and Welfare

Other

Capital Outlay

Debt Service

Total Expenditures

Under GASB minimum reporting requirements

General Government

Township Board

Supervisor

Elections

Attorney

Assessor

Clerk

Board of Review

Treasurer

Building and Grounds

Cemetery

Total General Government

Public Works

Street Lights

Garbage

Road Maintenance

Total Public Works

Health and Welfare

Pelkie EMS

Total Health and Welfare

Community Development

Community Promotion

Historical Society

Zoning Board of Appeals

Total Community Development

Other

Insurance and Bonds

Total Other

An example: Expenditures at activity level per UCA

I. Requirements for reporting on General Fund budgetary comparison schedules: .

Under GASB Minimum Reporting Requirements

Revenues reported at next level of the revenue sub-control account level, if applicable

Control Account	Sub-Control Account Number	Sub-Control Account Name	Detailed Account Number	Detailed Account Name	
400	401	Taxes	402-449	Current Real Property Taxes, Current Personal Property Taxes, etc.	
	450	Special Assessments	451-474	Special Assessments	
	475	Licenses and Permits	476-500	Business Licenses and Permits, Cable TV Franchise Fees, etc.	
	501	Federal Grants	502-538	Federal Grants - General Government, Federal Grants-Sanitation, etc.	
	539	State Grants	540-579	State Grants - Recreational and Cultural, etc	
	580	Contribution from Local Units	581-599	Contribution from Local Units	
	600	Charges for Services	601-654	Court Related Charges, Court Filing Fees, etc.	
	655	Fines and Forfeits	656-663	Traffic Violations, Ordinance Fines and Costs, etc.	
	664	Interest and Rentals	665-670	Interest, Dividends, etc.	
	672	Other Revenue	673-689	Gain/Loss on Sale of Assets, Refunds/Rebates, etc.	
	690	Other Financing Sources	691-699	Sale of Capital Assets, Proceeds from Sale of Bonds/Notes, etc.	

SECTION 2 CREATING AN ACCOUNT NUMBER

I. Requirements for reporting on General Fund budgetary comparison schedules

Revenues reported at next level of the revenue subcontrol account level, if applicable.

Revenues at revenue sub-control account level

Revenues

Taxes and Penalties

State Grants

Charges for Services

Interest and Rentals

Other Revenue

Total Revenues

Taxes and Penalties
Current Property Taxes
Delinquent Property Taxes
Commercial Forest Reserve
National Forest Reserve
Swamp Tax

Property Tax Administration Fees

Total Taxes and Penalties

State Grants Other State Grants Revenue Sharing Metro Act

Total State Grants

Charges for Services
Cemetery Sale of Lots
Zoning-Site Plan Land Development
Other Charges for Services

Total Charges for Services

Interest and Rents Interest Earned

Total Interest and Rents

Other Revenues

Donations From Private Sources

Reimbursements Refunds

Total Other Revenues

Total Revenues

Under GASB minimum reporting requirements

An example: At next level of the revenue sub-control account level

If report all required budgetary comparison information within one schedule for GF

Under GASB Minimum Reporting Requirements

Budgetary comparison schedules can be placed here

- (1) Auditor's report
- (2) Management's discussion and analysis
- (3) Basic financial statements
 - (a) Government-wide financial statements
 - i. Statement of net position
 - ii. Statement of activities
 - (b) Fund financial statements⁵
 - i. Governmental funds
 - a. Balance sheet
 - b. Statement of revenues, expenditures, and changes in fund balances
 - i. Proprietary funds
 - a. Statement of net position
 - b. Statement of revenues, expenses, and changes in fund net position
 - c. Statement of cash flows
 - iii. Fiduciary funds (including fiduciary component units)
 - a. Statement of fiduciary net position
 - b. Statement of changes in fiduciary net position
 - (c) Notes to the financial statements
- (4) Required supplementary information other than MD&A ——— Or budgetary comparison schedules can be placed here under RSI
- (5) Supplementary Information

If report all required budgetary comparison information with separate schedules for GF

Under GASB Minimum Reporting Requirements

Aggregated budgetary comparison schedules can be

placed here

- (1) Auditor's report
- (2) Management's discussion and analysis
- (3) Basic financial statements
 - (a) Government-wide financial statements
 - i. Statement of net position
 - ii. Statement of activities
 - (b) Fund financial statements⁵
 - Governmental funds
 - a. Balance sheet
 - b. Statement of revenues, expenditures, and changes in fund balances
 - ii. Proprietary funds
 - a. Statement of net position
 - b. Statement of revenues, expenses, and changes in fund net position
 - c. Statement of cash flows
 - iii. Fiduciary funds (including fiduciary component units)
 - a. Statement of fiduciary net position
 - b. Statement of changes in fiduciary net position
 - (c) Notes to the financial statements
- (4) Required supplementary information other than MD&A ——— Or aggregated budgetary comparison schedules can be placed here under RSI
- (5) Supplementary Information ———— Required detailed budgetary comparison schedules for GF should be reported here under SI

Under GASB minimum reporting requirements

2. A column for variances must be included for all budgetary comparison schedules included in financial statements.

Under GASB minimum reporting requirements

- 3. Combining financial statements are required to be included under Supplementary Information Section, if
- a) There is more than one governmental or proprietary non-major funds including internal services funds, or by type of fiduciary fund (including fiduciary component units)—when a primary government has more than one type of fiduciary fund.
- b) For discretely presented component units—when the reporting entity has more than one nonmajor component unit. Fund financial statements for individual component units are also required if the information is not available in separately issued financial statements of the individual component unit.
- c) Each combining statement must include a total column which equals the amount in the related basic financial statement.

Under GASB minimum reporting requirements

4. Deficits should be briefly disclosed under the statutory non-compliance section of notes to the financial statements. For these purposes, the term "fund deficit" refers to the negative unrestricted fund balance for governmental funds or negative unrestricted net position for proprietary funds. Deficits in each individual fund (not fund type) are to be considered when applying this section.

Most of the reporting requirements for note disclosures remain the same.

5. Deficiencies Report should be filed as a separate report if there are deficiencies reported including comments, recommendations, and notes in this nature, made by auditors. This excludes deficiencies for segregation of duties and/or preparation of financial statements.

Auditing Procedures Report

Internal Controls									
Has the board or cou	Υ								
Do all deposits/invest	Υ								
To your knowledge, v	N								
Are there any reporte statements?	Υ								
How many are:									
Material weaknesses?	3	Significant deficiencies?	0	Statutory non- compliance?	9				
Are any reported defi	Υ								
Were there any repor	Υ								

Under GASB Annual Comprehensive Financial Reporting

• All additional requirements by Treasury for reporting under GASB minimum reporting requirements apply to the ACFR.



FY 2024 Statutory Revenue Sharing Updates

Evah Cole

Administrator

Revenue Sharing and Grants Division, Michigan Department of Treasury

CVTRS/CIP Change in Reporting Requirements – FY 2024

- Required Documents
 - Debt Service Report
 - Projected Budget Report
 - Certification Form (Form 4886)
- No Longer Required Documents
 - Performance Dashboard
 - Citizens' Guide
- Due Date
 - Changed from December I to December 7 (Ist Thursday of December)

Cities, Villages, and Townships (CVTs)

- Constitutional all CVTs
- 2. CVTRS Eligible CVTs (only 636)
 - a. CVTRS-Standard
 - b. CVTRS-CLFRF (ARPA)
 - c. CVTRS-PS (Public Safety)

Counties

- I. County Incentive Program (CIP) all counties
- 2. County Revenue Sharing all counties
 - a. CRS-Standard
 - b. CRS-CLFRF (ARPA)
 - c. CRS-PS (Public Safety)

CVTRS and CRS/CIP Payments

- I. Standard Payments
 - Calculation
 - CVTRS-Standard
 - 104% of FY 2023 Ongoing CVTRS Funding
 - CIP
 - 20% of a county's Full Funding
 - CRS-Standard
 - 116.459281856% of a county's Full Funding less FY 2024 CIP amount
 - Requirements
 - CVTRS-Standard
 - Must submit Required CVTRS Documentation by December 7, 2023
 - CIP
 - Must submit Required CVTRS Documentation by December 7, 2023
 - CRS-Standard
 - No requirement

CVTRS and CRS Payments

- 2. CLFRF Payments
 - Calculation
 - CVTs
 - 1% of FY 2023 Ongoing CVTRS Funding
 - Counties
 - 1% of FY 2023 Ongoing CRS and CIP Funding
 - Requirements
 - CVTs
 - Must submit Required CVTRS Documentation by December 7, 2023
 - CVTs and Counties:
 - Certify ARPA CLFRF (Entitlement Units and Non-entitlement Units) funds "fully obligated" or expended by December 31, 2023, or declined, funding
 - Certification due to Treasury by March 30, 2024
 - Certification form coming soon

CVTRS and CRS Payments

- 3. Public Safety (PS) Payments
 - Calculation
 - CVTs
 - 2% of FY 2023 Ongoing CVTRS Funding
 - Counties
 - 2% of FY 2023 Ongoing CRS and CIP Funding
 - Requirements
 - CVTs
 - Must submit Required CVTRS Documentation by December 7, 2023
 - CVTs and Counties
 - Funding for Public Safety Initiatives only
 - Public Safety Initiatives include; recruitment or retention efforts; training programs; new equipment purchases; equipment replacements; or capital improvement to public safety buildings or structures

Revenue Sharing Questions

Detailed Guidance

- FY-2024-CVTRS-Detailed-Guidance.pdf (michigan.gov)
- <u>FY-2024-CIP-Detailed-Guidance.pdf</u> (michigan.gov)

Email

• <u>TreasRevenueSharing@Michigan.gov</u>

Call

• 517-335-7484

Website

www.Michigan.gov/revenuesharing



Michigan Department of TREASURY





www.michigan.gov/treasury

@MITreasury

Thank you!