



Chart Chat Webinar

Thursday, February 22, 2024

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

Budget Manual

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

Numbered Letters Update

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

Deficit Elimination Process

Bill Sanders, Senior Auditor, Municipal Finance Section, Local Audit and Finance Division, Michigan Department of Treasury

Protecting Local Government Retirement and Benefits Act (PA 202 of 2017): Overview 2017-2022

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

Questions & Answers

Closing Remarks including other LAFD training opportunities

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





Budget Manual

Yongping McDonnell, CPA
Manager

Local Audit and Finance Division, Michigan Department of Treasury

Uniform Budget Manual

Revised January 2024

Audit Section
Local Audit and Finance Division



Uniform Budget Manual - Revised in January 2024

Major Updates

- Formatting changes to provide a better picture of complete budget process
- Requirements on budget for General Fund
- Clarifications/requirements on budgetary reporting
- Common Issues Related to Budgeting Process
- Remove the provision of the budget act
- Terminologies Used
- ADA compliance

Effective Date:

Tentative effective date: For FYE June 30, 2024, and after

Formatting changes to provide a better picture of complete budget process.

General Budgeting Timeline



Step	Stage	Legally Required	Major Activities	Responsible Party	Recommended Timeline
1	Budget Initiation	Yes	Prepare a final recommended budget package	Chief Administrative Officer and department heads and administrators with budgetary responsibilities	Starting 7-8 months prior to, and completing 3-4 months prior to beginning of ensuing fiscal (budget) year ¹ .
2	Budget Adoption	Yes, for all local units of government in Michigan that use a general fund or special revenue fund	Pass a general appropriations act reflecting formal budget approval	Governing body	Required to be adopted before the beginning of ensuing fiscal (budget) year. Suggest adopting 1-3 months prior to beginning of ensuing fiscal (budget) year.
3	Budget Administration	Yes	Periodic review budgetary comparison schedules and other information	Chief Administrative Officer	Monthly basis
4	Budget Amendment	Yes	Pass an amended budget	Governing body	As soon as a deviation is projected.

Formatting changes to provide a better picture of complete budget process.

Budget
Adoption



Step	Activities	Recommended Timing	Responsible Party	Notes
1	Receive budget package from chief administrative officer	Allow adequate time for review and adoption by governing body before the beginning of year 2	Governing body	Please refer to step 3 and step 4 under Section 2: Budget Initiation for what should be included in a budget package.
2	Consider recommended budget		Governing body	This can be accomplished by the governing body holding one or more workshop sessions. This allows the CAO to discuss the proposed budget, department heads to discuss proposed changes or needs, the governing body to discuss priorities, and to obtain input from the public.
3	Give notice of the budget hearing	At least 6 days before the hearing	Governing body	PA 43 of 1963 (MCL 141.412) states that the local unit shall give notice of the hearing by publication in a newspaper of general circulation within the local unit at least 6 days before the hearing. The notice shall include: <ul style="list-style-type: none"> • The time and place of the hearing. The place where a copy of the budget is available for public inspection. • The statement printed in 11-point boldfaced type: "The property tax millage rate proposed to be levied to support the proposed budget will be a subject of this hearing."
4	Hold a public hearing	At least 6 days after the notice of public hearing	Governing body	Public Act 43 of 1963 , Budget Hearings of Local Governments, and Public Act 267 of 1976 , Open meetings Act.

Requirements on General Fund Budget

General Fund Budget Adoption

- Revenues required to be adopted by source.

Uniform Chart of
Accounts



SECTION 2 CREATING AN ACCOUNT NUMBER

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.

Requirements on General Fund Budget

General Fund Budget Adoption

- Expenditures required to adopt at activity level as the control level, if not at further detailed level.

Uniform Chart of
Accounts Section 3:
Table of Activities



[275] FUNCTION - JUDICIAL CONTROL (Used solely or as the total of 276-299)					
276	Open	277	Open	278	Open
279	Open	280	Reserved		
281	Trial Court	282	Open for Other Trial Court Activities	283	Circuit Court
284	Open for Circuit Court Activities	285	Open for Circuit Court Activities	286	District/Municipal Court
287	Open for District/Municipal Court Activities	288	Open for District/Municipal Court Activities	289	Friend of the Court
290	Friend of the Court-Cooperative Reimbursement	291	Open for Other Friend of the Court Activities	292	Law Library
293	Open for Law Library Activity	294	Probate Court	295	Probation
296	Prosecuting Attorney	297	Grand Jury	298	Family Counseling Services
299	Open for Judicial Activities				
[300] FUNCTION - PUBLIC SAFETY CONTROL (Used solely or as the total of 301-439)					
301	Police/Sheriff/Constable	302	Open	303	Open
304	Open	305	Administration	306	Open
307	Open	308	Open	309	Open
310	Crime Control and Investigation	311	Open	312	Open
313	Open	314	Open	315	Traffic and Safety Program
316	Open for Other Traffic Control Activities	317	Open for Other Traffic Control Activities	318	Open for Other Traffic Control Activities
319	Open for Other Traffic Control Activities	320	Training	321	Open
322	Open	323	Open	324	Open

Requirements on General Fund Budget

General Fund Budgetary Reporting

- Detailed revenues by source under revenue sub-control accounts should be reported on the budgetary comparison schedules.

SECTION 2 CREATING AN ACCOUNT NUMBER

Uniform Chart of
Accounts



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Taxes and Penalties

Current Property Taxes
 Unpaid Personal Property Taxes
 Trailer Taxes
 Swamp Land Tax
 Commercial Forest Reserve
 Industrial Facility Tax
 Payments-in-Lieu of Taxes
 Property Tax Administration Fees

Total Taxes and Penalties

Licenses and Permits

Marriage Licenses
 Marriage Licenses--Family Counseling
 Dog Licenses
 Pistol Permits
 Soil Erosion and Sedimentation Permits

Total Licenses and Permits

Federal Grants

Judicial Prosecuting Attorney Grant
 COPS Grant
 Emergency Management Performance Grant
 Bullet Proof Vest Program
 Homeland Security Planning
 Coronavirus Emergency Supplemental Funding Grant

Requirements on General Fund Budget

General Fund Budgetary Reporting

- Require to report expenditures at activity level, if not at further detailed level.

Uniform Chart of Accounts
Section 3: Table of Activities



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316	Open for Other Traffic Control Activities	317	Open for Other Traffic Control Activities	318	Open for Other Traffic Control Activities
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General Fund Budgetary Reporting

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graph TD; PW[Public works] --> PW_P[Personnel]; PW --> PW_O[Operating]; PW --> PW_T[Total public works]; RC[Recreation and culture] --> RC_P[Personnel]; RC --> RC_O[Operating]; RC --> RC_T[Total recreation and culture]; CED[Community and economic development] --> CED_EDP[Economic development & planning]; CED --> CED_P[Personnel]; CED --> CED_O[Operating]; CED --> CED_T[Total economic development & planning];
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Public works
Personnel
Operating

Total public works

Recreation and culture
Personnel
Operating

Total recreation and culture

Community and economic development
Economic development & planning
Personnel
Operating

Total economic development & planning

← An example:
Expenditures at
activity level

Common Budgetary Issues

Exposure Draft
Budget Manual



Section 8: Common Budgetary Issues

This section provides several common budgetary issues and recommended solutions.

1. GAAP requires that expenditures be recorded in the period in which they were incurred. Before the current year-end, some attempt to make purchases or obtain services and put them in the next budget. Regardless of when the payment is being made, the expenditures must be recorded when the goods were received, or the services rendered.

Solution: Budget amendments from the governing body should be obtained to match the expenditures to the period in which they were incurred and still be within the budgeted amount.

2. It is common for governments to get a late start on a project that is budgeted for the current year but will not be started or completed until the next fiscal year. In this case, some governments look to prepay the vendor so that they can get the expenditures recorded in the current fiscal year to align with the budget. Recording the expenditures in the period before the service or good is provided is a GAAP violation. Prepayments should be recorded as a prepaid asset in the current year and not budgeted until the ensuring year.

Solution: A budget amendment from the governing body should be obtained to match the expenditures to the period in which they were incurred and still be within the budgeted amount.

3. Expenditures are recorded to the wrong account because the appropriate account will be or is already over budget. This is not only a GAAP violation, but it also makes it more difficult for accurate forecasting and budgeting for future years.

Solution: A budget transfer between the two accounts or a budget amendment may be made with approval from the governing body.

4. Reversing prior year accruals without setting up new accruals can result in dramatically understating expenditures throughout the year. For example, assume that a calendar year end government is billed monthly for contracted assessing services. The bill typically arrives around the 20th of the following month and is paid two weeks later. The November bill would be paid in early January, and the December bill would be paid in early February. If the accrual of those two payments to the prior year is reversed, the government would always be two months behind in reporting its expenditures in monthly reporting. That is, a report run for August would not include 8 months of cost, but only 6. This could significantly distort budgetary comparisons, and lead to budget violations at year end.

Solution: Ensure to set up new accruals when reversing prior year accruals.

Remove the provision of the budget act

MICHIGAN DEPARTMENT OF TREASURY UNIFORM BUDGET MANUAL

Section 15, Recommended Budget

- ❑ The recommended budget for the general fund and special revenue funds must include for each fund:
 - Actual expenditures for the most recently completed fiscal year;
 - Estimated expenditures for the current fiscal year (to be arrived at by using actual expenditures to date and estimating expenditures to the end of the fiscal year);
 - An estimate of the expenditures in the next fiscal year;
 - Actual revenue for the most recently completed fiscal year;
 - Estimated revenue for the current fiscal year (to be arrived at by using actual revenue to date and estimating revenue to the end of the fiscal year);
 - An estimate of the revenue in the next fiscal year;
 - Beginning and ending fund balance for each year;
 - An estimate of the amounts needed for deficiency, contingent, or emergency purposes;
 - Other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the local unit.
- ❑ The total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act or the balance of the principal of these bonds or other obligations.

Section 16--Budget (General Appropriations Act)

- ❑ The legislative body of each local unit must pass a general appropriations act (budget) for the general fund and each special revenue fund

Provisions of
PA 2 of 1968
Removed



Terminologies Used

Old Budget Manual



RECOMMENDATIONS FOR COMPLIANCE WITH THE BUDGET

Budgeting Methods--There are various budgeting methods, including departmental program budgeting. There are advantages and disadvantages to all of the methods. The Department of Treasury recommends that the local unit of government use the activity form of budgeting as set forth in the State of Michigan Uniform Chart of Accounts and the Uniform Reporting Format. This method of actual revenues and expenditures to budgeted revenues and expenditures in the budgeting method must be clearly explained in the financial statements' footnotes if it is not the above recommendation.

Line-Item Budgets--To the extent that the budget is too detailed (i.e. a line-item budget), excessive budget amendments. The Department of Treasury recommends that the local unit be developing the local unit's budget. **The adopted budget must be at the activity level by expenditures by activity level.** Budgeting by total revenue and total expenditures by legislative body could still require the periodic reporting on a line-item basis.

Projecting Revenues and Expenditures--A key ingredient for a meaningful budget is the projection of revenues and expenditures. Care should be taken in accumulating and calculating the preparation of the recommended budget, it would be appropriate to include the supporting detail for such items as property tax revenues, state-shared revenues, salaries and outlay expenditures. In any event, the supporting detail and calculations should be made available to the local unit of government for reference.

Questionable Revenues--The budget should contain only those revenues that are reasonably assured. There may be instances where a revenue is reasonably assured, but there may be some doubt as to whether it is more practical to include the revenue rather than eliminate it. There should be some

Jan 2024 Revisited Version



Section 11: Glossary

Use of Terminology

Activity Level – The Uniform Chart of Accounts states that an activity is an office or department to which specific revenues and expenditures/expenses are to be allocated., such as activity number 191 for accounting department and 262 for elections. A group of related activities intended to accomplish a major service or regulatory program is a function, such as general government function and public safety function.

Amending the Budget – When revenues or expenditures are anticipated to exceed the governing body approved budget, the current the budget must be amended through a budget adjustment. The amendment must be approved by the governing body prior to the expenditure being made. This is not only a requirement of the Budget Act but also a requirement of sound budgeting theory. The purpose of a budget is not only to approve expenditures but also to control expenditures.

Appropriation – An authorization granted by a governing body to incur obligations and to expend public funds for a stated purpose. An appropriation is granted through general appropriations act or through a subsequent amendment to the general appropriations act (referred to as a budget amendment).

Budget – A plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures.

Balanced Budget – A budget in which the projected ending fund balance is equal to or greater than zero. This includes the use of legally allowed fund balance to offset any expenditures that exceed the total revenues.


Basis for Accounting and Reporting – The budget information must be prepared on the same method and basis as the actual amounts will be reported in the financial statements. Oftentimes, governments maintain their internal books on a cash basis throughout the year and adjust at year end to comply with GAAP (modified accrual reporting). Governments should be mindful of these accruals and consider the potential that a budget may be exceeded once accruals are recorded.

Budget Adoption Level – Also known as budget control level. [MCL 141.436](#) of PA 2 requires that the

Budget Examples

An example of a General Fund budget

An example of General Appropriations Act

An example of a budget amendment 

ADA Compliance

comply with the Americans with Disabilities Act of 1990 (ADA)



Numbered Letters Update

Cary Jay Vaughn, CPA
Administrator

Local Audit and Finance Division, Michigan Department of Treasury

Numbered Letters



Updates

- **Starting with 1993-1997**

Future

**Remaining 60% over the
next three years**

Uniform Chart of Accounts



What to Expect

Three Documents:

1. **Clean Copy**
2. **Marked Up Copy**
3. **Short Memorandum of Changes**



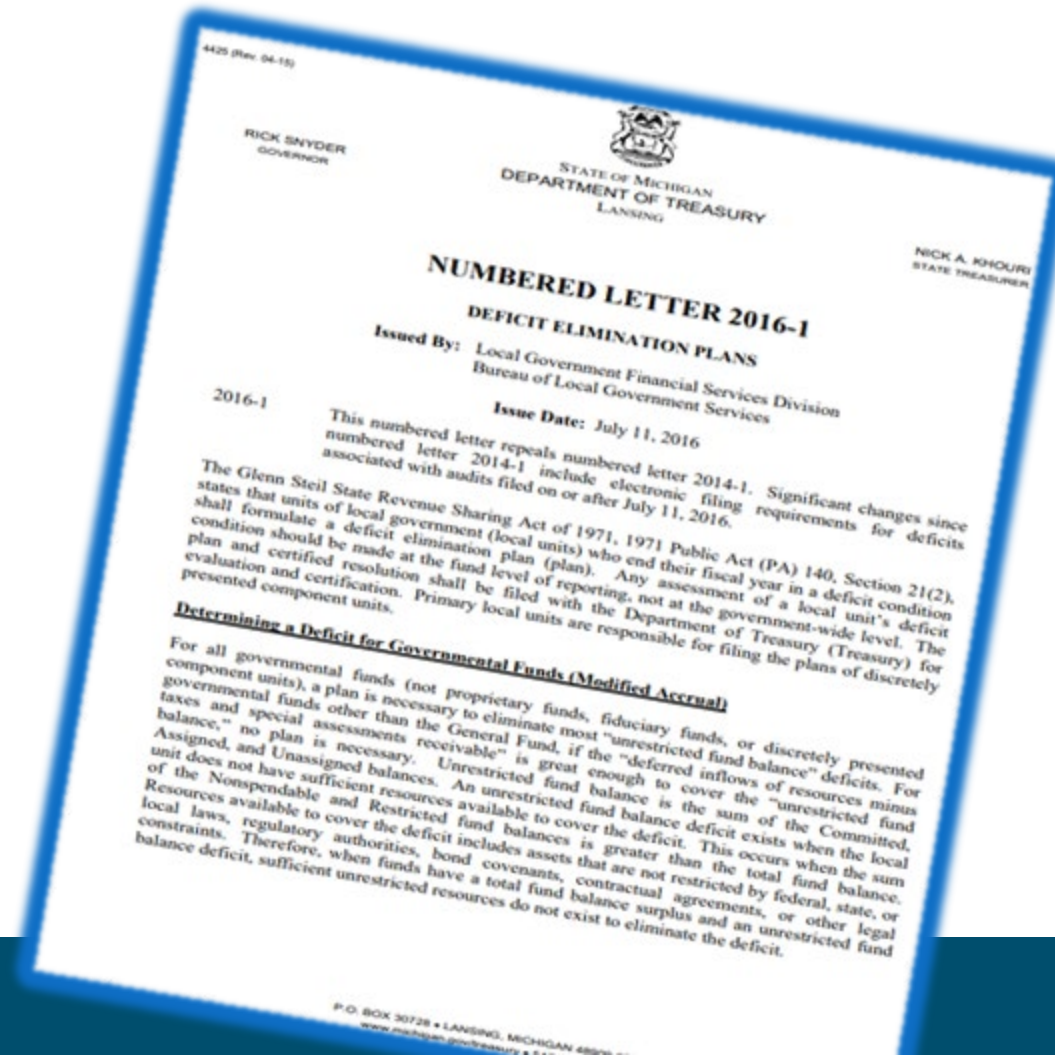
Deficit Elimination Process

Bill Sanders

**Senior Auditor, Municipal Finance Section,
Local Audit and Finance Division, Michigan Department of Treasury**

Deficit Elimination Plans

Numbered Letter 2016-1



Deficit Elimination Plans

What is a deficit?

Governmental Funds

- Unrestricted Fund Balance less than \$0
- Unrestricted = Sum of committed, assigned, and unassigned

Proprietary, Fiduciary, Discretely Presented Component Units

- Unrestricted Net Position or Total Net Position less than \$0

If I have a fund deficit do I automatically owe Treasury a DEP?

- No

Deficit Elimination Plans

Three ways to determine the deficit to be eliminated

- General Funds
- Governmental Funds other than the General Fund
 - Special Revenue
 - Capital Projects
 - Debt Service
- Proprietary, Fiduciary, Discretely Presented Component Units
 - Enterprise
 - Internal Service
 - Downtown Development Authority

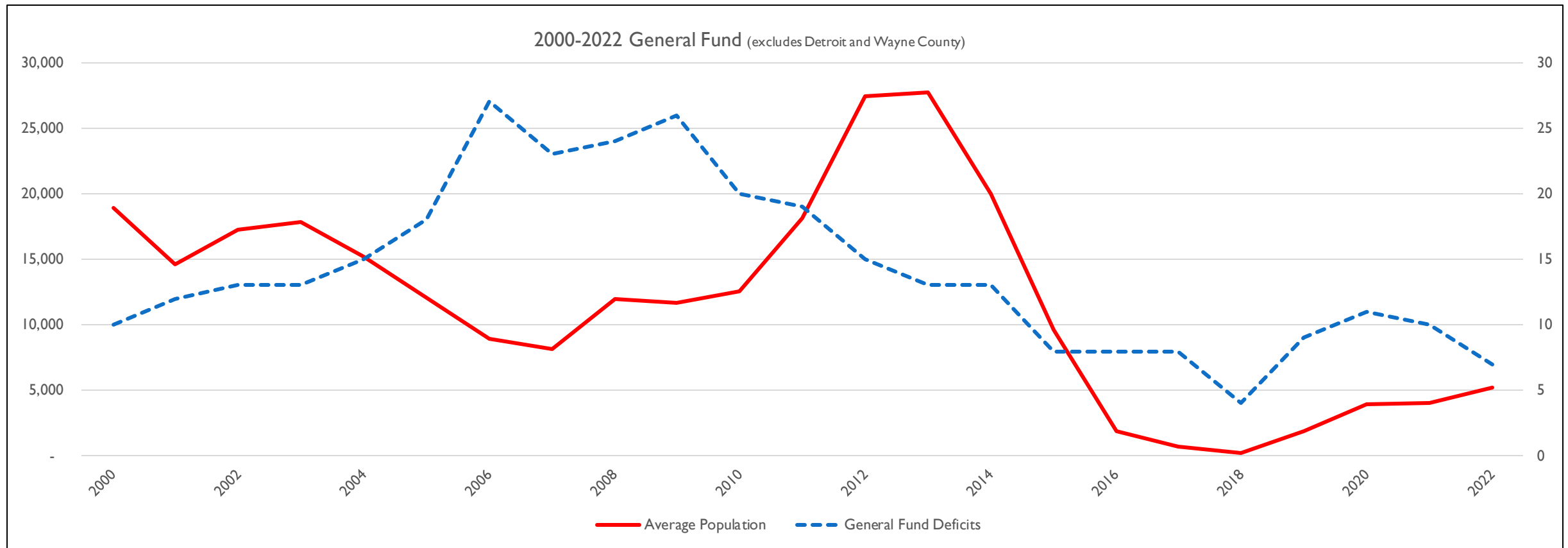
Deficit Elimination Plans

General Funds

- If you have an unrestricted fund balance deficit, you owe a DEP
 - No exceptions
- Since 2000, 5% of Michigan local governments have had a General Fund deficit (102 out of 1,856)
 - 8 Counties
 - 23 Townships
 - 40 Cities
 - 31 Villages

Deficit Elimination Plans

General Funds



Deficit Elimination Plans

General Funds

General Fund Deficits	
Population	2000-2022
127-469	10
470-652	10
653-1,007	10
1,008-1,681	10
1,682-2,374	10
2,375-4,021	10
4,022-7,010	10
7,011-10,167	10
10,168-25,386	10
25,387-81,252	10
81,253+	2
Total	102
Median Population	2,471

Deficit Elimination Plans

Local Government General Funds - Statewide

	2017	2022
Median Unrestricted Fund Balance (% of revenues)	74%	118%
# of Units above 16.67% (2 months)	1767	1732
Percent of Total Units above 16.67%	95%	93%
Unrestricted Fund Balance - Bottom 10th Percentile	39%	33%

Deficit Elimination Plans

General Fund Balance Trends – By Local Government Type

	Counties (n=83)		Cities (n=280)		Townships (n=1,240)		Villages (n=253)	
	2017	2022	2017	2022	2017	2022	2017	2022
Median Unrestricted Fund Balance (% of revenues)	34%	38%	39%	49%	139%	153%	79%	89%
# of Units above 16.67%	69	65	250	257	1,216	1,184	232	225
Percent of Total Units above 16.67%	83%	78%	88%	94%	96%	97%	89%	93%
Unrestricted Fund Balance - Bottom 10th Percentile	14%	15%	16%	23%	61%	77%	20%	27%

Deficit Elimination Plans

Governmental Funds other than the General Fund

- If you have an unrestricted fund balance deficit, you owe a DEP **unless**
 - Deferred inflows (minus taxes and special assessments receivable) is greater than the unrestricted fund balance deficit
 - Often timing issues (Community Development Block Grant - CDBG)
- Why subtract taxes and special assessments receivable?
 - For December FYEs that have a December tax levy
 - DR-Taxes Receivable, CR-Deferred Inflows
 - Don't get credit for deferred inflows attributed to taxes receivable

Deficit Elimination Plans

Proprietary, Fiduciary, Discretely Presented Component Units (full accrual funds)

- If you have an unrestricted or total net position deficit, you owe a DEP **unless**
 - Deferred inflows (minus taxes and special assessments receivable) is greater than the deficit
 - Current assets exceed current liabilities (exclude current portion of long-term debt)
 - Full accrual to modified accrual conversion
 - For details, see Numbered Letter 2016-1
 - 7 different examples

Deficit Elimination Plans

What is the process?

- Starts with your Auditing Procedures Report (APR) submitted with audit
 - Make sure your correct email address is entered for correspondence

Borrowing/Debt/Deficit	
* Does the local unit have a negative fund balance in any of its unrestricted (unassigned, assigned and committed) fund balances/unrestricted fund net position (not government-wide statements)?	<input checked="" type="radio"/> Yes <input type="radio"/> No
You must complete the "Deficit Worksheet" section below.	
* Is the local unit in compliance with Public Act 34 of 2001 , Revised Municipal Finance Act (ie., authorized borrowing, annual filing of a qualifying statement, filing of a security report within 15 days of any issuance)?	<input type="radio"/> Yes <input type="radio"/> No
* Is the local unit in compliance with orders issued under Public Act 243 of 1980 , Emergency Municipal Loan Act?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A

Deficit Worksheet										
Fund Type	Fund Name	All Funds				Enterprise, Internal Service, Trust or Agency, & Component Unit Funds				Deficit To Be Eliminated
		Unrestricted Fund Balance/Net Position (Deficit)	Deferred Inflows of Resources	Taxes and Special Assessments Receivables	Deferred Inflows-Taxes and Special Assessments	Total Net Position (Deficit)/Surplus	Current Assets	Current Liabilities	CA-CL Deficit	
ENTERPRISE	Electric	- \$2,973,470.00	\$9,263.00	\$0.00	\$9,263.00	\$4,332,944.00	\$1,589,018.00	\$4,160,711.00	- \$2,571,693.00	- \$2,571,693.00
ENTERPRISE	FiberNet	- \$4,575,818.00	\$0.00	\$0.00	\$0.00	- \$1,277,433.00	\$86,463.00	\$231,896.00	- \$145,433.00	- \$145,433.00

Deficit Elimination Plans

APR submitted, what's next?

- Next business day, DEP request letter emailed and posted on website
 - Make sure APR has correct local government contact email address
- 30 calendar days to submit DEP to Treasury
 - Includes certified authorizing resolution
- Each fund gets a five-year period to eliminate deficit
 - Deficit in FY 2024, get FYs 2025-2029 to eliminate deficit
 - This is not a rolling five-year period
 - Refreshed plan with board approval required each year
 - 50% of deficits eliminated in one-year
- Primary local governments (counties, townships, cities, villages) are responsible for the plans of discretely presented component units

Deficit Elimination Plans

First letter from Treasury

January 4, 2021

**Notice of Intent To
Withhold State Payments**
Municipality Code: _____
APR Form ID Number: _____
Report ID Number: _____

Sent Via Email
Chief Administrative Officer
City of _____
_____.@cityof_____.com

Dear Chief Administrative Officer:

The Glenn Steil State Revenue Sharing Act of 1971, Public Act 140 of 1971, Section 21(2) states that units of local government (local units) that end their fiscal year in a deficit condition shall formulate a deficit elimination plan. Any assessment of a local unit's deficit condition should be made using the guidelines provided in [Treasury Website \(Numbered Letter 2016-1\)](#).

The Community Engagement and Finance Division received an audit report from your local unit for the fiscal year ending 2020. Your Certified Public Accountant has indicated a deficit in one or more funds as follows:

<u>FUND NAME</u>	<u>AMOUNT</u>
Electric	-\$2,571,693.00
FiberNet	-\$145,433.00

If a deficit exists in the General Fund, the General Fund plan should include a monthly breakdown of revenues and expenditures for the first two years of the projection and annual detail for the remaining years. For example, a five-year plan would show monthly detail for 24 months, and annual detail for the remaining three years. When a revised plan is submitted in the subsequent year, it would include a monthly breakdown for two years and an annual breakdown for the remaining two years. The monthly breakdown shall be for actual revenue and expenditures expected that month. For example, property taxes should be included in the months the taxes are projected to be actually collected. It shall not be merely the annual revenue and expenditures divided by 12 months. This will allow for a more meaningful picture of how the municipality is progressing on a monthly basis.

Except where indicated "No Plan Necessary," within 30 days from the date of this letter please upload a deficit elimination plan for all funds listed above and a certified resolution online by visiting Michigan.gov/MunicipalFinance and select Deficit Elimination Plan Upload. Should a plan not be filed within 30 days, we may withhold 25% of the local unit's State Incentive Payments or payments issued under Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971. Once withheld, payments are not released when a plan has been *filed*, but when a plan has been *evaluated and certified* by Treasury.

After receiving your plan, we will notify you by email if additional information is needed or that your plan has been certified. If you have any questions, contact the Municipal Finance Section at (517) 335-7469 or email questions to Treas_MunicipalFinance@Michigan.gov.

Sincerely,

Harlan Goodrich, Municipal Finance Manager
Community Engagement and Finance Division

Deficit Elimination Plans

What should a DEP look like?

Sample Legislative Body Resolution and Multiple Year Deficit Elimination Plan

WHEREAS (Sample Unit)'s **Park Fund** has a \$110,000 deficit fund balance on December 31, 2016; and

WHEREAS, 1971 PA 140 requires that a Deficit Elimination Plan be formulated by the local unit of government and filed with the Michigan Department of Treasury;

NOW THEREFORE, IT IS RESOLVED that the (Sample Unit)'s legislative body adopts the following as the (Sample Unit) **Park Fund** Deficit Elimination Plan:

	2017	2018	2019	2020
Unrestricted Net Position (Deficit) Jan. 1	\$(110,000)	\$(95,000)	\$(49,500)	\$(3,000)
Revenue				
Property Taxes	60,000	62,000	64,000	66,000
Charges for Services	95,000	104,500	104,500	104,500
Other	1,000	1,000	1,000	1,000
General Fund	50,000	50,000	50,000	50,000
Total Revenue	206,000	217,500	219,500	221,500
Expenditures				
Salaries and Wages	167,000	148,000	149,000	150,000
Supplies	15,000	15,000	15,000	15,000
Equipment Repairs	4,000	4,000	4,000	4,000
Contractual Services	5,000	5,000	5,000	5,000
Depreciation	15,000	15,000	15,000	15,000
Total Expenditures	206,000	187,000	188,000	189,000
Add Back Depreciation (Net Investment in Capital Assets Net Position)	15,000	15,000	15,000	15,000
Unrestricted Net Position (Deficit) Dec. 31	\$(95,000)	\$(49,500)	\$(3,000)	\$44,500

	2017	2018	2019	2020
CA-CL (Deficit) Jan. 1	\$(120,000)	\$(105,000)	\$(59,500)	\$(13,000)
Revenues	206,000	217,500	219,500	221,500
Expenditures	(206,000)	(187,000)	(188,000)	(189,000)
Add Back Depreciation	15,000	15,000	15,000	15,000
CA-CL (Deficit) Dec. 31	\$(105,000)	\$(59,500)	\$(13,000)	\$34,500

Explanation: Increase charges for services 10% in 2018. Decrease park hours and work hours thereby decreasing salaries and wages by 11.3% in 2018.

BE IT FURTHER RESOLVED that the (Sample Unit)'s (Official's Title) submits the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

ADD CLERK'S CERTIFICATION.

Deficit Elimination Plans

Second letter from Treasury

- Letter sent if no DEP submitted after 30 days from first letter
- Letter will be emailed and posted on Treasury website
- Withhold 25% of **statutory** revenue sharing (not constitutional)
 - How often? Average 20 local governments per year (14%)
- Revenue sharing returned when DEP has been submitted **and** a determination has been made by Treasury

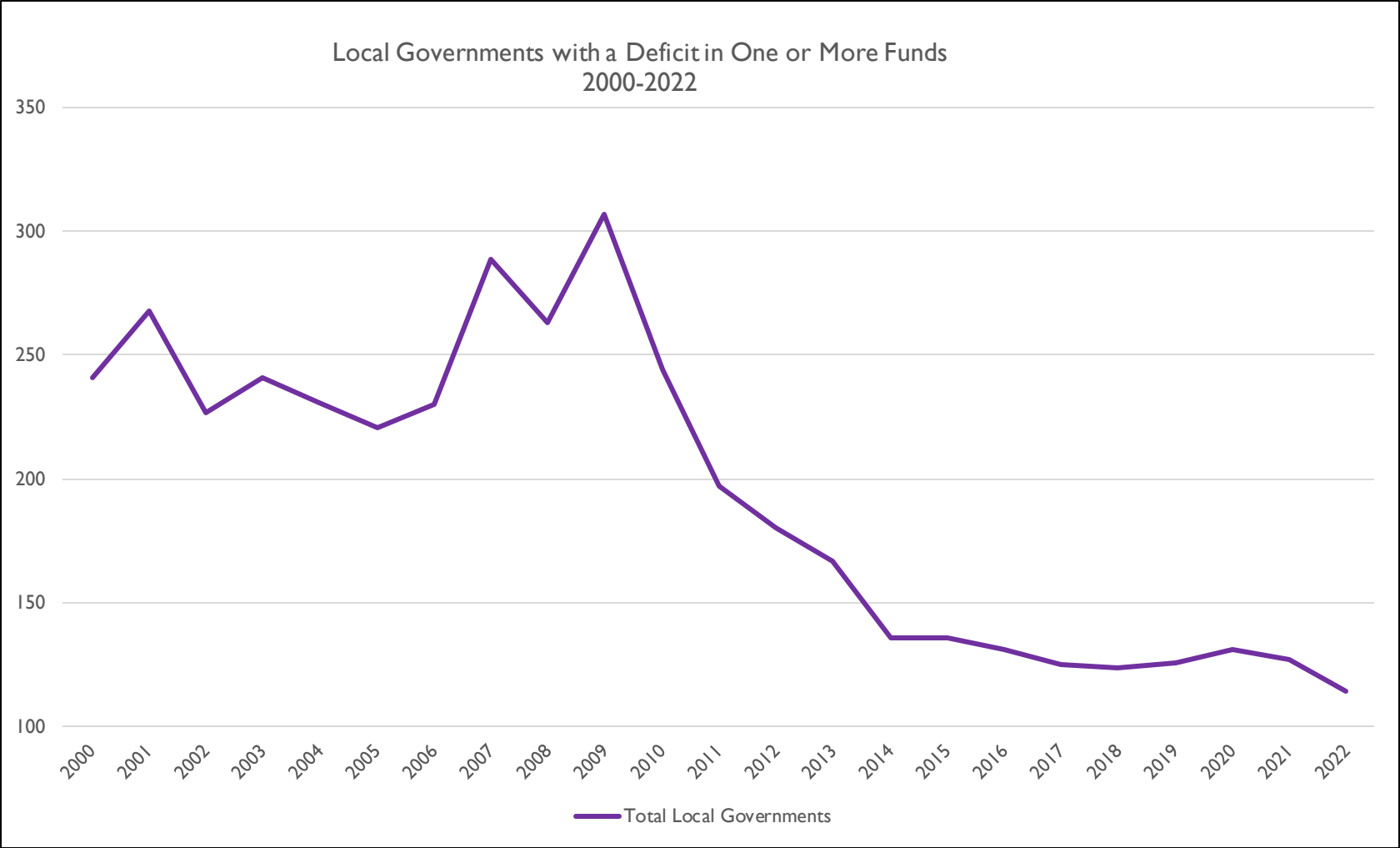
Deficit Elimination Plans

Determination Letter

- Is the deficit eliminated?
- Does the accounting work?
- Explanations of variances over 5%
 - Revenue increases
 - Expenditure decreases
- Did the governing body approve DEP via resolution?
- Determination letter (approval or denial) will be emailed and posted on Treasury website

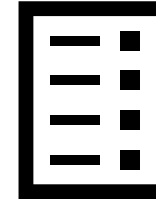
Deficit Elimination Plans

Historical



Online Videos

- Treasury has created online videos for the topics below. These are YouTube videos. Each video lasts approximately five minutes. Go to Michigan.gov/MunicipalFinance, at the top of the page click on “Education and Training Resources,” then scroll down to find the “Video Library.”
 - Deficit Elimination Plans (2 videos)
 - Qualifying Statement (2 videos)
 - Prior Approval Application (4 videos)
 - Security Reports (2 videos)



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](#)



Protecting Local Government Retirement and Benefits Act (PA 202 of 2017): Overview 2017-2022

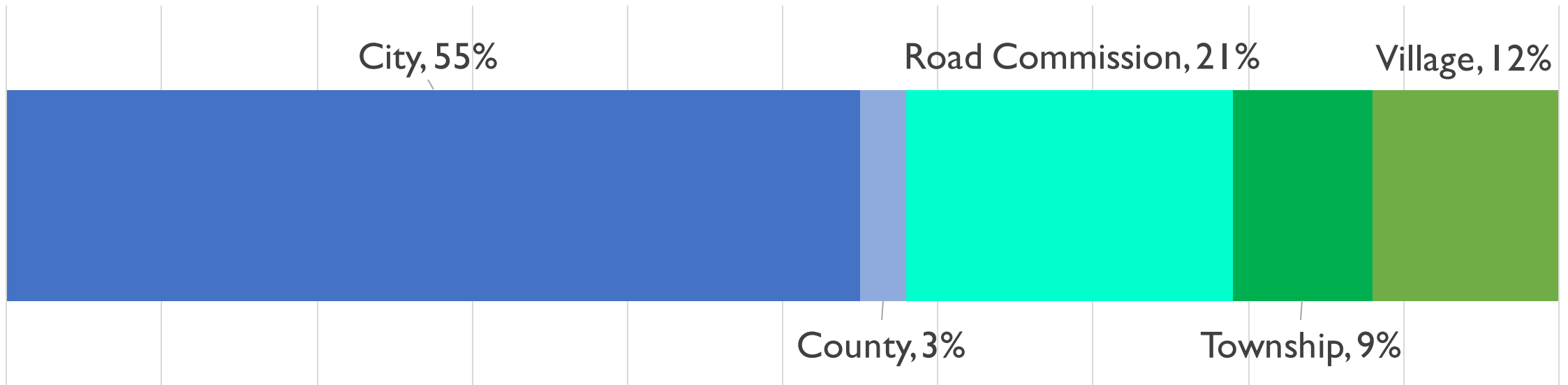
**Nick Brousseau
Manager**

Local Audit and Finance Division, Michigan Department of Treasury

Protecting MI Pension Grant Statistics

- Goal – Reduce the unfunded pension liability
- \$553 million in Protecting MI Pension Grant Awards
- 123 Communities Impacted (receiving grant award)

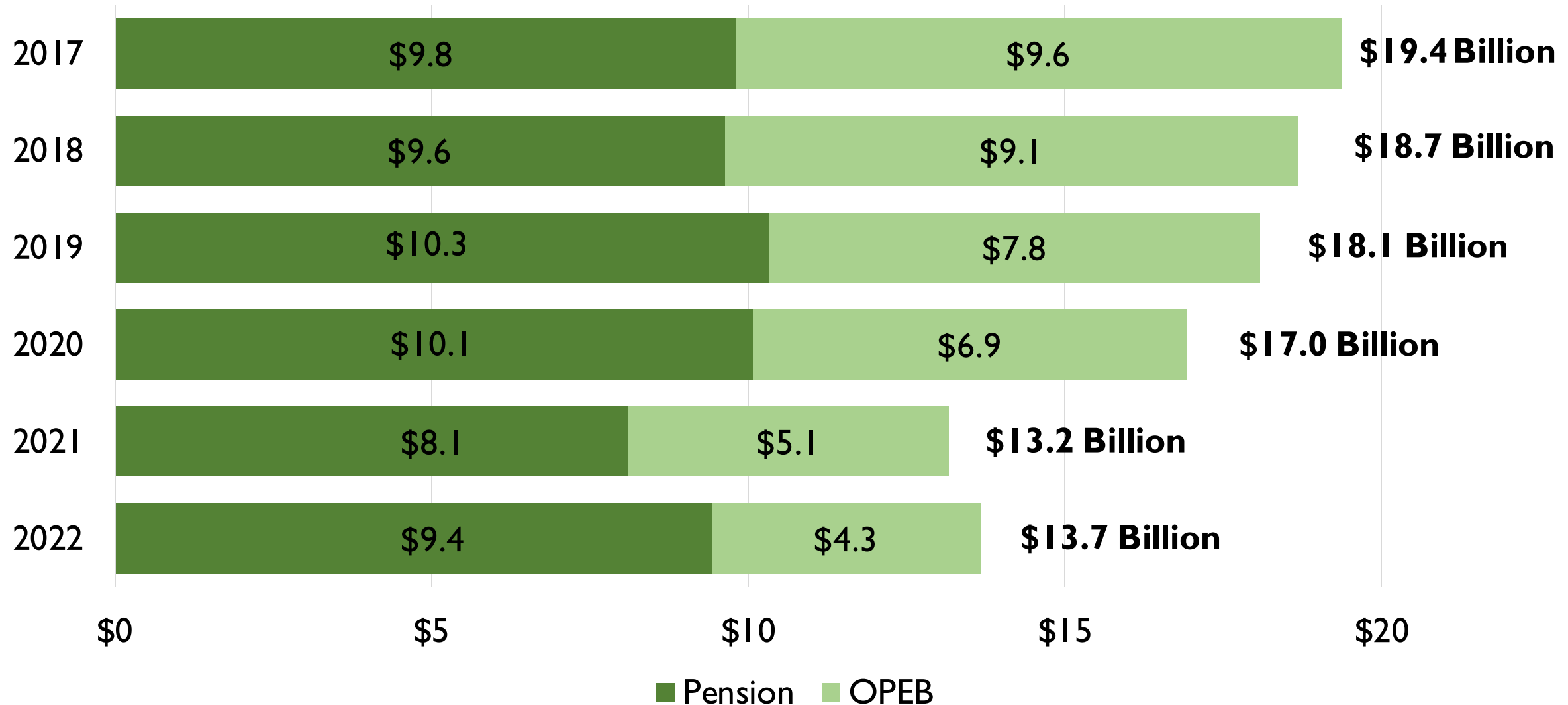
Communities Awarded Protecting MI Pension Grants



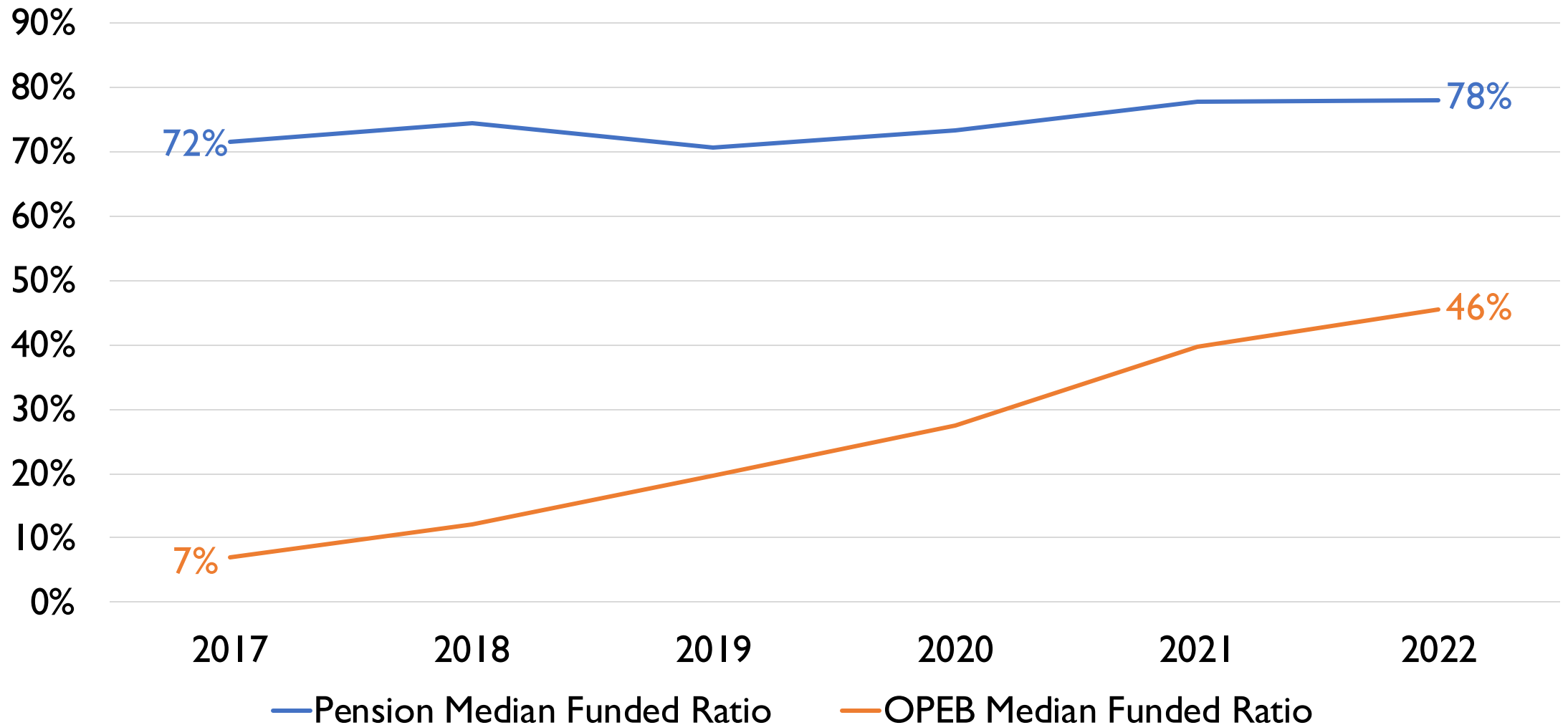
Reporting Data : Public Act 202 of 2017



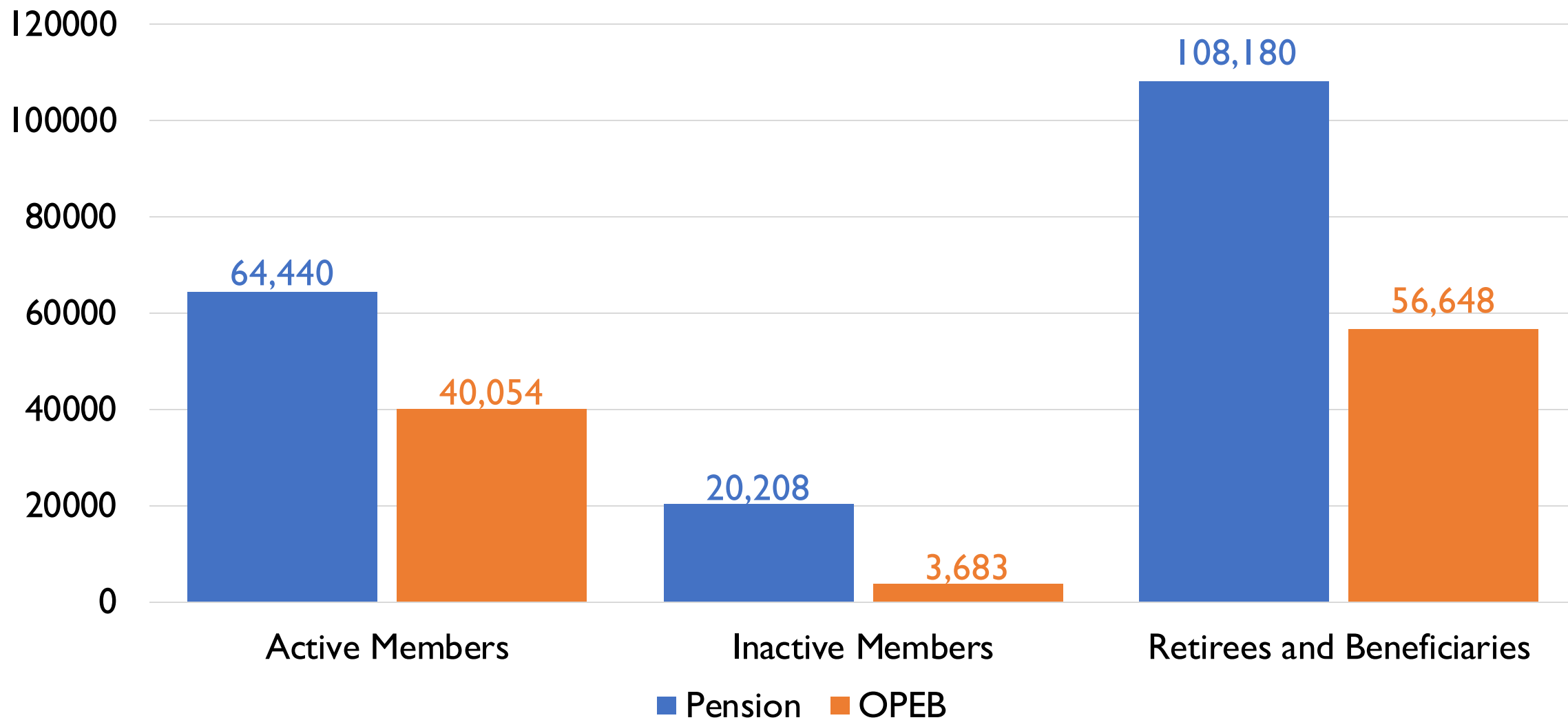
Unfunded Liabilities 2017-2022



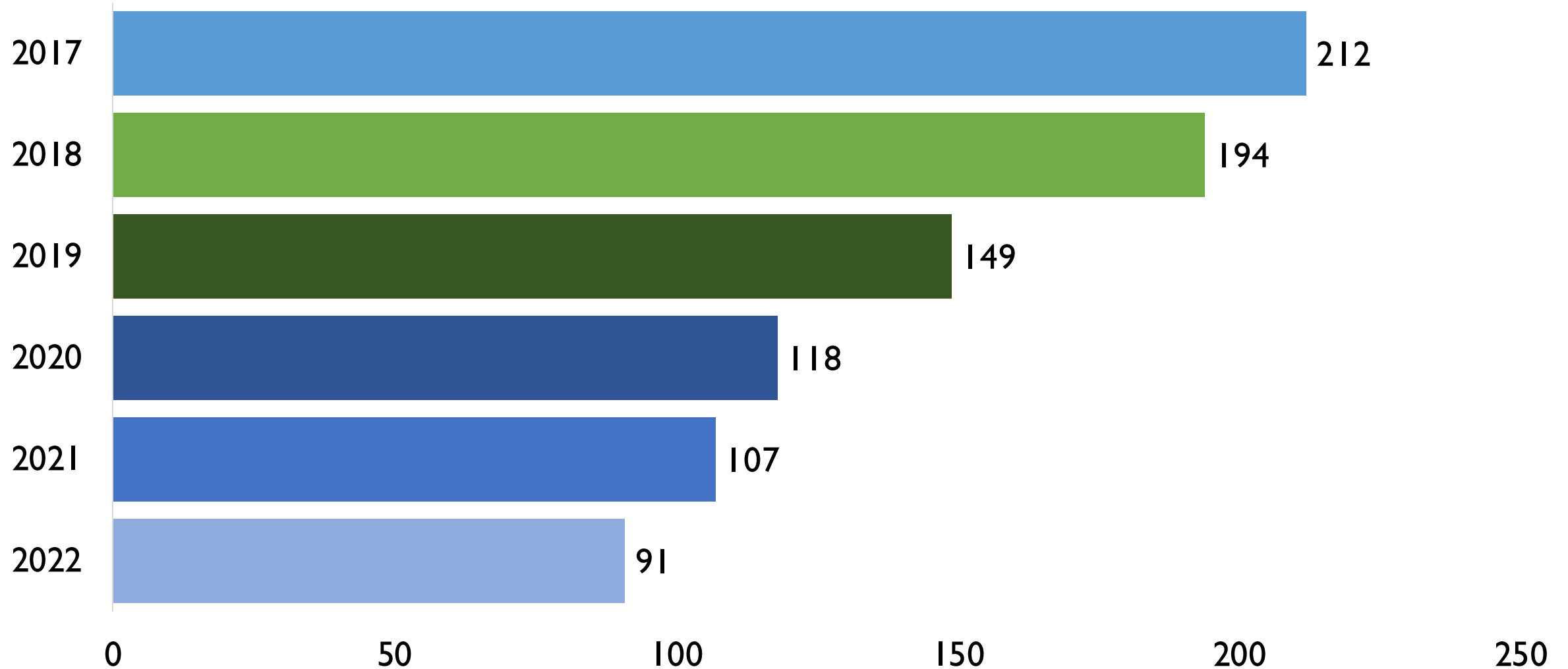
Median Funded Ratio 2017-2022



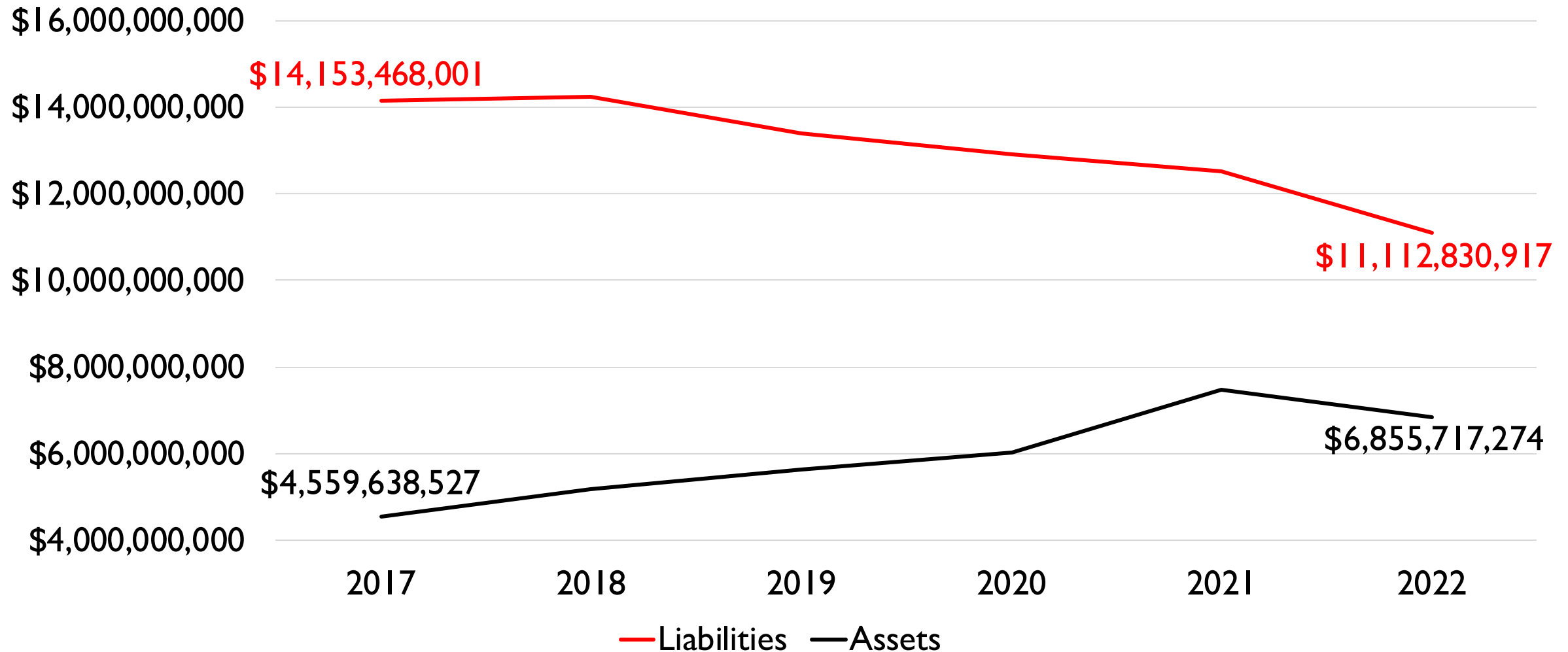
Number of Plan Members



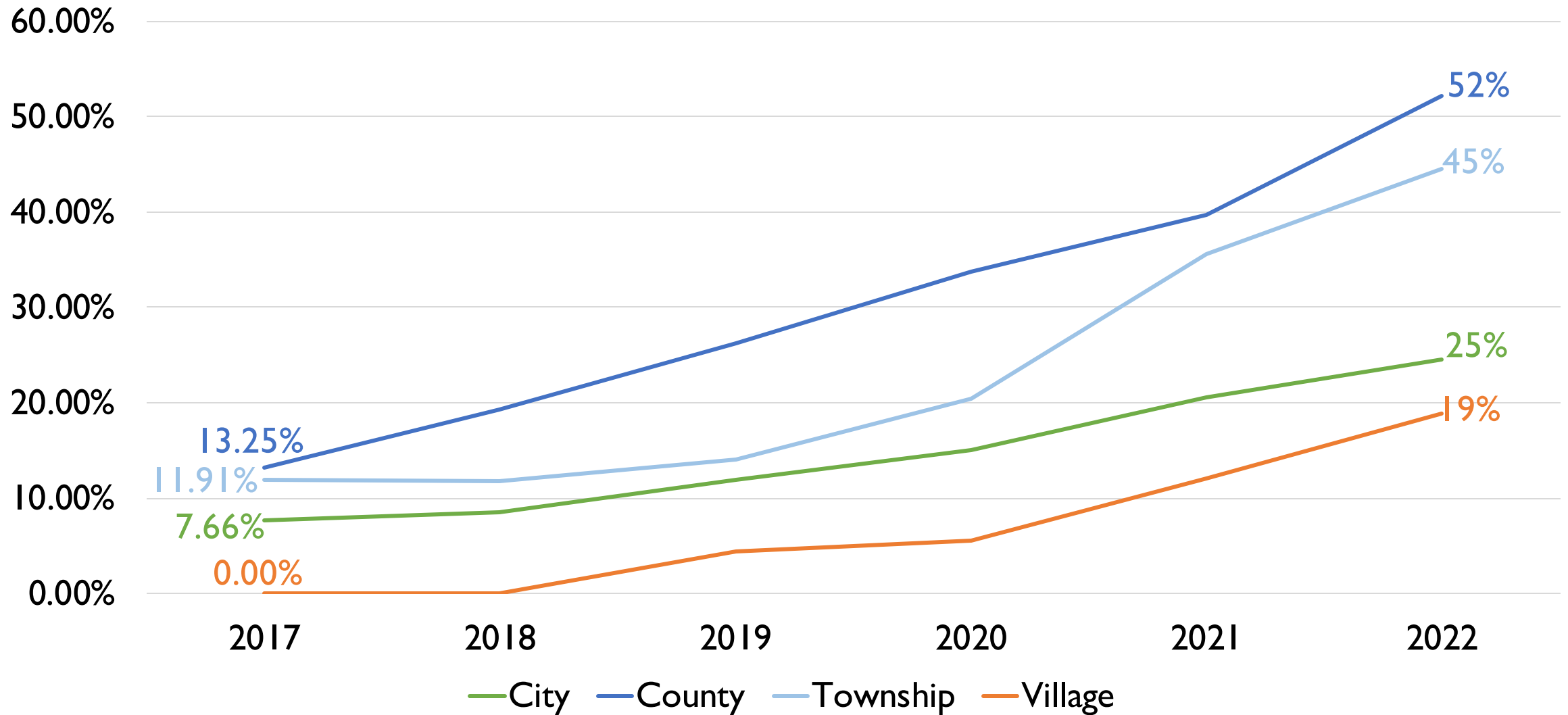
Unfunded (\$0 Assets) OPEB Systems 2017-2022



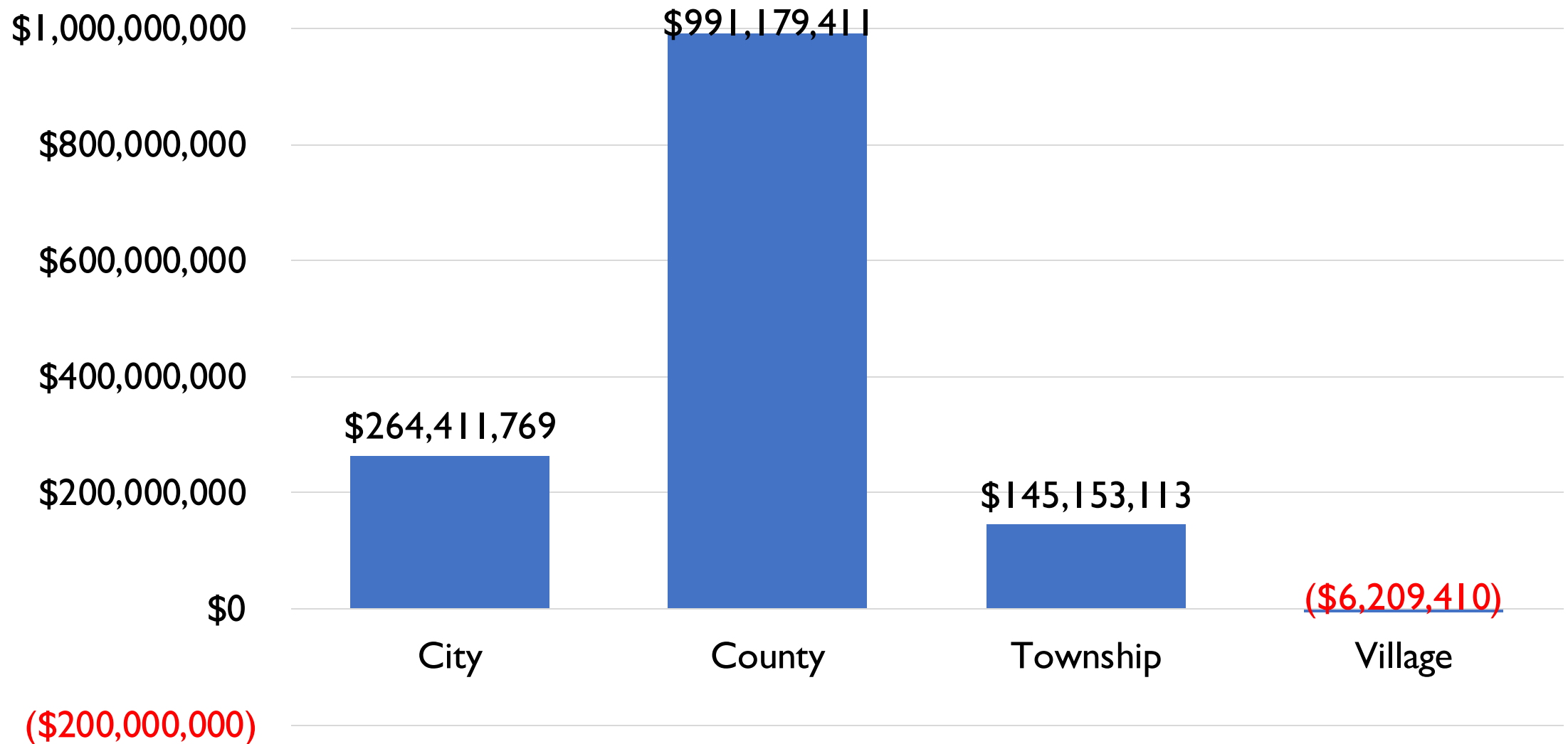
Total Assets & Total Liabilities 2017-2022: OPEB



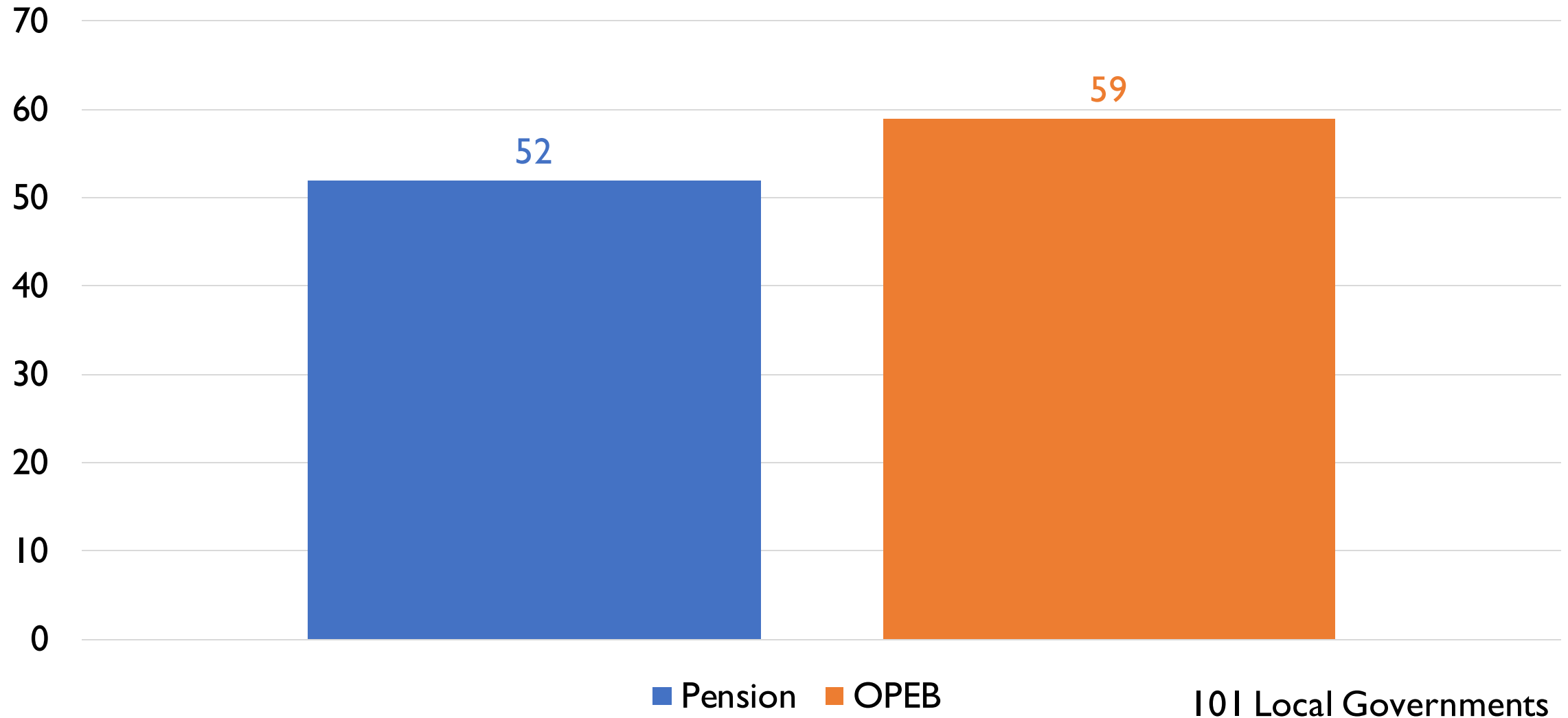
Median Funded Ratio OPEB 2017-2022



Change in Unfunded Liabilities 2021-2022: Pension



Local Government Plans Removed from CAP





Fiscally Ready Communities Program – Training Opportunities

- **Budgeting for Fiscal Sustainability – March 14th, 2024**
- **Capital Asset Management – April 22nd, 2024**
- **Internal Controls – May 9th, 2024**
- **Nuts and Bolts: Fees, Fines, Purchasing and Receipting – June 3rd, 2024**
- **New Module for 2024 – More Information Coming Soon!**



www.michigan.gov/treasury

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Thank you!