

## Frequently Asked Questions (FAQs)

### City, Village, and Township Revenue Sharing (CVTRS) County Revenue Sharing (CRS)/County Incentive Program (CIP)

#### 1. General

1-1. What do the acronyms CVTRS, CIP, CRS, Treasury, CLFRF, PS stand for?

1. CVTRS stands for City, Village, and Township Revenue Sharing.
2. CIP stands for County Incentive Program.
3. CRS stands for County Revenue Sharing.
4. Treasury stands for Michigan Department of Treasury.
5. CLFRF stands for Coronavirus Local Fiscal Recovery Fund.
6. PS stands for Public Safety.

1-2. What payments make up the overall CVTRS payment and how are the payments calculated?

1. CVTRS-Standard
  - a. Eligible payment is equal to 104% of a city, village, or township's eligible FY 2023 ongoing CVTRS payment amount.
2. CVTRS-CLFRF
  - a. Eligible payment is equal to 1% of a city, village, or township's eligible FY 2023 ongoing CVTRS payment amount.
3. CVTRS-PS
  - a. Eligible payment is equal to 2% of the city, village or township's eligible FY 2023 ongoing CVTRS payment amount.

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- 1-3. What payments make up the overall CRS payment and how are the payments calculated?
1. CRS-Standard
    - a. Eligible payment is equal to 116.459281856% of the county's CRS Full Funding amount less the county's FY 2024 CIP eligible amount.
  2. CRS-CLFRF
    - a. Eligible payment is equal to 1% of the county's FY 2023 ongoing CRS payment amount and eligible FY 2023 CIP payment amount.
  3. CRS-PS
    - a. Eligible payment is equal to 2% of the county's FY 2023 ongoing CRS payment amount and eligible FY 2023 CIP payment amount.

#### **2. Overall CVTRS/CIP Requirements**

- 2-1. What determines if a City, Village or Township is eligible for the CVTRS program?
1. To be eligible for the CVTRS program a City, Village or Township needs to meet one of the below criteria:
    - a. Received a FY 2010 Statutory Revenue Sharing payment greater than \$1,000.
    - b. Had a 2010 census population greater than 7,500.
- 2-2. What determines if a County is eligible for the CIP?
1. For FY 2024, all counties are eligible for the CIP.
- 2-3. Does being "eligible" mean that the City, Village, Township, or County will receive all of the CVTRS and CIP payments?
1. No. All eligible cities, villages, townships and counties must "qualify" for the CVTRS/CIP payments by meeting all of the CVTRS/CIP program requirements.

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2-4. What are the fiscal year 2024 CVTRS/CIP program requirements which must be completed in order to qualify for a CVTRS/CIP payment?

1. Submit the Required Documents (see FAQ 2-5) to Treasury by the due date (December 7 to receive all payments).
2. Make required documents available for public viewing in the city, village, township, or county clerk's office or post them on a publicly accessible internet website.

2-5. What documents are required to be submitted to Treasury to qualify for a CVTRS/CIP payment?

1. Each eligible city, village, township, or county must submit the following documents to Treasury by the due date (December 7 to receive all payments):
  - a. Form 4886 (City, Village, and Township Revenue Sharing and County Incentive Program Certification).
    - i. Make sure the form is signed by the Chief Administrative Officer ([per MCL 141.422b](#)).
  - b. Debt Service Report (all funds) must include:
    - i. Issuance date by debt instrument,
    - ii. Issuance amount by debt instrument,
    - iii. Type of debt instrument,
    - iv. A listing of all revenues pledged to finance debt service by debt instrument (repayment source), and
    - v. A listing of the annual debt service payment amounts until maturity.

If a local unit has no debt, a Debt Service Report must be submitted with a note or comment indicating the local unit has no debt.

- c. Projected Budget Report must include:
  - i. The current fiscal year projected revenues and expenditures,
  - ii. The immediately following fiscal year projected revenues and expenditures, and
  - iii. An explanation of the assumptions used for the projections.

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- 2-6. Does a local unit have to use the templates provided on Treasury's website?
1. No. The templates that are available on Treasury's website can be used by local units to assist in the completion of the CVTRS/CIP required documents.
  2. Local units do not have to use Treasury's templates.
  3. The templates are available to assist local units if they so choose.
  4. Local units have the option to create the required documentation in a manner best suited for the local unit.
- 2-7. Is it necessary to have printed copies available to local citizens? Or is the website publication sufficient to meet CVTRS/CIP requirements?
1. A local unit must make the required documents available for public viewing either in the clerk's office or posted on a publicly accessible Internet website.
  2. It is up to the local unit to decide which method(s) it would like to use to make the information available to their citizens.
  3. A local unit may choose to provide the required documentation in multiple formats.
  4. In addition, a local unit must include in any mailing of general information to its citizens, the physical location or Internet website address where the required documents are available for viewing.
- 2-8. If all the required information is available on the local unit's website, does the local unit need to submit anything to Treasury?
1. Yes, a local unit must submit all the required documents to Treasury by the due date (December 7 to receive all CVTRS/CIP payments). The components include:
    - a. Signed Certification Form 4886,
    - b. Debt Service Report,
    - c. Projected Budget Report, and
    - d. A local unit must also have all the documents listed above, except the certification form, publicly available for citizens to view.

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- 2-9. Do Munetrix reports fulfill the requirements for CVTRS/CIP?
1. Yes. A local unit may use any format, as long as all the required information is included.
- 2-10. What is meant by “mailing of general information”?
1. A “mailing of general information” is any mailing that is mailed to the citizens of the local unit and communicates the overall news and events of the local unit. It does not include mailings that deal with a specific topic (e.g., tax bills, sewer bills, dog licenses, etc...) or that are mailed to a portion of the local unit’s citizens.
- 2-11. Of the forms/templates provided by Treasury, which are the forms that are required to be used by a local unit when submitting CVTRS/CIP?
1. All local units must use Treasury’s Form 4886 (City, Village, and Township Revenue Sharing and County Incentive Program Certification).
  2. Make sure the form is for the most current fiscal year.
  3. A local unit does not need to use the Treasury templates for the Debt Service Report, and Projected Budget Report. These reports can be submitted in any format.
- 2-12. How frequently do the submission requirements for the CVTRS/CIP programs change?
1. The CVTRS/CIP programs are appropriated each year by the legislature. During the appropriation process, the legislature has the ability to change the program amounts and requirements (in any manner).
  2. In addition, the legislature has the ability to change the program during a fiscal year, at any time.

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#### 3 Debt Service Report

3-1. What is required for the Debt Service Report?

1. The law requires each local unit to provide:
  - a. A detailed listing of the annual payment amounts for each **separate** debt obligation until maturity or repayment is complete,
  - b. The issuance date,
  - c. The issuance amount,
  - d. The type of debt instrument, and
  - e. A listing of all revenues pledged to finance debt service by debt instrument (repayment source).

3-2. Does a local unit need to report debt service requirements for all funds?

1. A local unit must submit ALL current debt service obligations in ANY fund.

3-3. What is meant by debt instrument?

1. A debt instrument is any obligation to repay a debt. Types of debt instruments include, but are not limited to, notes, bonds, certificates, mortgages, loans, leases, or other agreements between a lender and a borrower.

3-4. What is intended by the requirement “a listing of all revenues pledged to finance debt service by debt instrument?”

1. A local unit must include the repayment source (where the revenue is coming from to repay the debt). For example: A sewer bond is being repaid using revenue generated in the sewer fund.
2. On Treasury’s Debt Service Report template, this requirement is titled “Repayment Source(s)”.

3-5. What is intended by the requirement “a listing of the annual payment amounts until maturity?”

1. The annual payment amounts include principal and interest, and can be presented as either a summation or two separate amounts.
2. Annual payment amounts must be listed until the debt reaches maturity or repayment is complete.

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- 3-6. Can a local unit submit debt schedules from the back of the annual financial statements?
1. Yes, if each debt is listed separately and includes:
    - a. All annual payment amounts until maturity or repayment is complete,
    - b. The issuance date,
    - c. The issuance amount,
    - d. The type of debt instrument, and
    - e. A listing of all revenues pledged to finance debt service by debt instrument (repayment source).
  2. If any of the required information is missing, the information must be added as an addendum.
- 3-7. Is it acceptable to submit summary years (example: 2023-2035)?
1. No, each year must be listed separately.

#### **4. Projected Budget Report**

- 4-1. Is there a definition of “budget” as it relates to CVTRS/CIP (Projected Budget Report) in the legislation?
1. No. However, at a minimum, local units must submit a Projected Budget Report for the General Fund.
  2. The report shall cover a two-year period, a local unit’s current fiscal year and a projection for the immediately following fiscal year.
  3. The report shall include revenues and expenditures, and an explanation of the assumptions used for the projections.
  4. Budgeted items can be presented in a summary format, similar to the budget-to-actual report included in financial statements.
  5. The current fiscal year is the fiscal year a local unit is in when the CVTRS/CIP documentation is submitted to Treasury.

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- 4-2. A local unit's fiscal year ends after the CVTRS/CIP due date and a budget for the immediately following fiscal year has not been developed or approved by the governing body. What should be submitted?
1. Submit the local unit's current fiscal year budget and a **projection** for the immediately following fiscal year, with assumptions.
  2. Additionally, for CVTRS/CIP purposes, a local unit's immediately following fiscal year budget does not need to be approved by the governing body.
- 4-3. Does the Projected Budget Report need to be approved by the governing body before submission? Do local units need to submit copies of the minutes indicating approval of the budget?
1. No, the law does not require the governing body's approval of the Projected Budget Report or copies of the minutes.
  2. The report does not need to include the approved budget for the immediately following fiscal year.
  3. The law requires a projection of the budget for the immediately following fiscal year.
- 4-4. A local unit's current fiscal year ends after the December deadline. Which fiscal years should be included on the Projected Budget Report?
1. A Projected Budget Report must include projections for the current fiscal year and the immediately following fiscal year. Whichever fiscal year a local unit is in at the time of submission is the current fiscal year.
- 4-5. Is the Projected Budget Report a combined report of all governmental funds?
1. It is recommended that the Projected Budget Report includes, at a minimum, the General Fund. However, a local unit may present additional funds.
- 4-6. What detail level needs to be provided on the Projected Budget Report?
1. The Projected Budget Report can be presented in a summary format for revenues and expenditures, similar to the budget-to-actual report included in a local unit's financial statements.
- 4-7. Under the Expenditures heading on Treasury's Projected Budget Report template, what is included in Health and Welfare?
1. Health and Welfare includes items such as health departments, boards and clinics, alcoholism and substance abuse, hospital, medical examiner, mental health, emergency services (ambulance), childcare activities/human services, human services and medical care facility, area agency on aging, and veteran's programs.



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- 4-8. Does there need to be an assumption for every item on the Projected Budget Report?
1. No, a local unit does not have to provide an assumption for every item. It is acceptable to provide general assumptions for revenues and expenditures for the whole Projected Budget Report. Each local unit can decide how to present the assumptions; however, there must be at least one assumption.

#### **5 Underfunded Retirement Pension Benefit System – Allocation Requirement**

- 5-1. What is the requirement if a City, Village, or Township, has an underfunded retirement pension benefit system?
1. A city, village, or township, that has a retirement pension benefit system in underfunded status (under [Section 5 of 2017 Public Act 202, MCL 38.2805](#)), must allocate an amount equal to the local unit's FY 2024 eligible CVTRS-Standard and CVTRS-CLFRF payment amount less the sum of the local unit's total FY 2023 eligible CVTRS payment amount to the local unit's pension unfunded liability.
  2. A city, village, or township that has issued a municipal security under [Section 518 of 2001 Public Act 34, MCL 141.2518](#), is **exempt** from allocating FY 2024 CVTRS payment amounts to the local unit's pension unfunded liability.
- 5-2. What is the requirement if a County has an underfunded retirement pension benefit system?
1. A county that has a retirement pension benefit system in underfunded status (under [Section 5 of 2017 Public Act 202, MCL 38.2805](#)), must allocate an amount equal to the sum of the county's FY 2024 eligible County Revenue Sharing(CRS)-Standard, CRS-CLFRF and CIP payment amounts less the sum of the county's total FY 2023 eligible CRS and CIP payment amounts to the county's pension unfunded liability.
  2. A county that has issued a municipal security under [Section 518 of 2001 Public Act 34, MCL 141.2518](#), is **exempt** from allocating FY 2024 CRS and CIP payment amounts to the county's pension unfunded liability.

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### City, Village, and Township Revenue Sharing (CVTRS) County Revenue Sharing (CRS)/County Incentive Program (CIP)

- 5-3. Are any cities, villages, townships, or counties exempt from allocating CVTRS/CRS/CIP funds to the pension unfunded liability?
1. A city, village, township, or county that has issued a municipal security under [Section 518 of 2001 Public Act 34, MCL 141.2518](#), is **exempt** from allocating FY 2024 CVTRS/CRS/CIP payment amounts to the local unit's pension unfunded liability.
  2. A city, village, township, or county that does not have a retirement pension benefit system in underfunded status (under [Section 5 of 2017 Public Act 202, MCL 38.2805](#)) is exempt.

#### **\*NEW Payment Types\***

#### **6 Public Safety - CVTRS-PS and CRS-PS**

- 6-1. Will the CVTRS-Standard and CVTRS-PS payments be received by a local unit in one lump payment or 6 payments throughout the year?
1. The CVTRS-Standard and CVTRS-PS payments will both be issued with the Constitutional Revenue Sharing payment. The payment remittance will indicate the individual amounts for each of the payment types (Constitutional; CVTRS-Standard; and CVTRS-PS).
  2. The payments will be sent out on the last business day of October, December, February, April, June and August.
- 6-2. Are there any forms to submit to verify that the CVTRS-PS and CRS-PS payments are going towards public safety?
1. There will be no additional reporting required for the CVTRS-PS/CRS-PS payments; However, local units must use the funding for only local public safety initiatives. The use of these funds may be tested for compliance during a local unit's financial audit.

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- 6-3. Does a local unit need to submit any additional forms to Treasury besides the basic CVTRS required documents (Certification Form 4886; Debt Service Report and Projected Budget Report) to qualify for the CVTRS-PS payments?
1. To qualify for the CVTRS-PS payments, a local unit must submit to Treasury (by the CVTRS deadline) the following:
    - a. Certification Form (Form 4886),
    - b. Debt Service Report, and
    - c. Projected Budget Report.
  2. Except for the documents listed in #1 above, no additional forms need to be submitted to Treasury to qualify (and receive) the CVTRS-PS payments.
  3. Counties do not need to submit any documents (including those listed in #1 above) to receive the CRS-PS payments.
- 6-4. What definition of “Public Safety” should a local unit of government use to determine which expenditures qualify for a Public Safety Initiative?
1. A qualifying public safety initiative expenditure would be anything that complies with the [Uniform Chart of Account](#)’s definition of “Public Safety”.

“The public safety function is comprised of Activity Numbers 301 through 439. Public safety is a major function of government and has as its objective the protection of persons and property. Major organization units may include law enforcement, fire protection, protective inspection, and correction.”
  2. If an expenditure is in the Uniform Chart of Account as something other than Public Safety, then the expenditure should NOT be considered a Public Safety Initiative expenditure.

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6-5. Our local unit has a Fire Department and an Ambulance Department that both cover our entire township; and a Police Department that covers a portion of the township. What, exactly, does “Public Safety” entail? Could we use it for any of these three departments? If not, which one(s) could we use it on?

1. Fire Departments are considered Public Safety; however, an Ambulance Department does not qualify as Public Safety. An Ambulance Department falls under the Health and Welfare Function (Activity Number 651 of the [Uniform Chart of Accounts](#)).

2. A qualifying public safety initiative expenditure would be anything that complies with the Uniform Chart of Account’s definition of “Public Safety”.

“The public safety function is comprised of Activity Numbers 301 through 439. Public safety is a major function of government and has as its objective the protection of persons and property. Major organization units may include law enforcement, fire protection, protective inspection, and correction.”

3. If an expenditure is in the Uniform Chart of Account as something other than Public Safety, then the expenditure should NOT be considered a Public Safety Initiative expenditure.

6-6. Would Jail activity or 911 Central Dispatch be considered a “Public Safety Initiative” expenditure?

1. Yes. Jail Activity is Activity Number 351 and 911 Central Dispatch is Activity Number 325 of the [Uniform Chart of Accounts](#).

2. A qualifying public safety initiative expenditure would be anything that complies with the Uniform Chart of Account’s definition of “Public Safety”.

“The public safety function is comprised of Activity Numbers 301 through 439. Public safety is a major function of government and has as its objective the protection of persons and property. Major organization units may include law enforcement, fire protection, protective inspection, and correction.”

3. If an expenditure is in the Uniform Chart of Account as something other than Public Safety, then the expenditure should NOT be considered a Public Safety Initiative expenditure.

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- 6-7. Can a local unit that contracts with another local unit for police or fire services use the CVTRS-PS funding toward the contract costs?
1. For a local unit of government that contracts with another local unit of government or public authority, the local unit may utilize the CVTRS-PS funding to the local unit of government/public authority (such as a township contracting with a Fire Authority for fire protection services) as long as there is a signed contract between the two entities to provide the public safety services. The contract for services must be for at least October 1, 2023, through September 30, 2024.
- 6-8. What if a local unit does not have any Public Safety Initiative expenditures? Can the funds be donated to another local unit or authority that provides public safety services for our local unit?
1. A local unit of government may contract with another local unit of government for public safety services.
  2. For a local unit of government that contracts with another local unit of government or public authority, the local unit may utilize the CVTRS-PS funding to the local unit of government/public authority (such as a township contracting with a Fire Authority for fire protection services) as long as there is a signed contract between the two entities to provide the public safety services. The contract for services must be for at least October 1, 2023, through September 30, 2024.
- 6-9. What Revenue Account(s) should be used to record the CVTRS-PS or CRS-PS funding? And how should the funds be recorded?
1. The CVTRS-PS or CRS-PS funding should be recorded in one of the following methods:
    - a. In a separate account other than the account that the unrestricted normal Revenue Sharing payments are deposited inOr
    - b. Pointed off in the general Revenue Sharing Account.
  2. The CVTRS-PS and CRS-PS funding must be able to be tracked separately.
  3. The CVTRS-PS and CRS-PS funding should be recorded under the same rules as the normal Revenue Sharing payments. Current Revenue Sharing is posted in Account 574; local units could use Account 574.01 or 574.02 etc. to account for the CVTRS-PS and CRS-PS funding.

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#### 7 CLFRF - CVTRS-CLFRF and CRS-CLFRF

- 7-1. How will a local unit be notified when the Certification Form for CVTRS-CLFRF and CRS-CLFRF is available?
1. Treasury will send an email to all eligible Cities, Villages, Townships and Counties indicating that the *City, Village, and Township Revenue Sharing and County Revenue Sharing – 1% Coronavirus Local Fiscal Recovery Fund (CLFRF) Certification* form [Certification Form \(Form 6056\)](#) is available.
- 7-2. As a more non-technical way of understanding the requirements for CVTRS-CLFRF or CRS-CLFRF, would it be reasonable to assume that a local unit must have used or accounted for all funds associated with ARPA funding by December 31, 2023, or completely declined the funds to receive the 1% CVTRS-CLFRF or CRS-CLFRF payment?
1. Local units of government must “Fully Obligate” or expend by December 31, 2023, or declined, the total amount of 2021 American Rescue Plan Act funds (Public Law 117-2) allocated to the local unit.
  2. “Fully Obligated” means an order placed for property or services; entering into contracts, subawards, and similar transactions that require payments; or appropriating the funds for specific purposes.
    - a. This definition of “Fully Obligated” is ONLY for the CVTRS-CLFRF and CRS-CLFRF programs.
    - b. The U.S. Treasury definition of “Fully Obligated” is different.
    - c. Local units MUST use the U.S. Treasury definition of “Fully Obligated” when complying with ARPA requirements, including reporting and deadlines.
  3. State program requirements do not change or alter any U.S. Treasury requirements related to ARPA funding.
- 7-3. When were funds received by a local unit regarding the ARPA-NEU so that a local unit can ensure that all funds have been accounted for to receive a CVTRS-CLFRF payment?
1. ARPA-NEU payments were issued to local units in two Tranches (1<sup>st</sup> Tranche issued during 2021 and 2<sup>nd</sup> Tranche issued in June 2022).
  2. The listing of ARPA-NEU funding that was distributed to local units can be found on the [Treasury – American Rescue Plan Act \(ARPA\)](#) website under the title “Issued Payments Amounts”.

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- 7-4. Is there a place on Treasury's website that a local unit can search to look for payment amount information regarding ARPA-NEU funds such as the total amount received and the date in which the ARPA-NEU funds were received?
1. The listing of ARPA-NEU funding that was distributed to local units can be found on the [Treasury – American Rescue Plan Act \(ARPA\)](#) website under the title "Issued Payments Amounts".
- 7-5. For the CVTRS-CLFRF or CRS-CLFRF payment, the definition of fully obligated includes "or appropriating the funds for specific purposes." Would passing a multi-year CLFRF (ARPA) budget by 12/31/2023 be sufficient for meeting this requirement? Would there be any allowable extension to the due date?
1. Passing a multi-year budget, by December 31, 2023, that appropriates the funds for specific purposes would allow the local unit to qualify for the CVTRS-CLFRF or CRS-CLFRF payment.
  2. There will be No Extension to the CVTRS-CLFRF or CRS-CLFRF due date of December 31, 2023.
- 7-6. If a local unit obligates funds by appropriating for specific use by 12/31/2023, is it able to reappropriate those funds in 2024 and still keep the CLFRF revenue sharing payment?
1. Passing a multi-year budget, by December 31, 2023, that appropriates the funds for specific purposes would allow the local unit to qualify for the CVTRS-CLFRF or CRS-CLFRF funding.
- 7-7. To receive the CVTRS-CLFRF (1%), our city needs to "Fully Obligate" our ARPA funds by 12/31/23. According to Michigan Department of Treasury's detailed guidance, appropriating the funds for a specific purpose is one way to "Fully Obligate" the funds. Our city is a Non-Entitlement Unit and received less than \$10 million in ARPA funds. As such, we can use all of the funds for revenue replacement. If our City Commission takes official action at a regular meeting to appropriate all of our ARPA funds for revenue replacement, does this "Fully Obligate" the funds for the purposes of receiving the CVTRS-CLFRF (1%)?
1. Yes, appropriating funds, by December 31, 2023, for revenue replacement would allow the local unit to qualify for the CVTRS-CLFRF or CRS-CLFRF funding. However, the local unit of government must have obligated the amount used for revenue replacement for an allowable use under ARPA.