

# Instructions for Michigan Form F-65

## Instructions for Michigan Form F-65 (Form No. 3965) Annual Local Unit Fiscal Report

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### GENERAL INFORMATION

#### Form

The F-65 must be filed every year regardless of the unit's population or fiscal year-end. Only primary units of government need to submit a F-65 form (county, township, city, village). The Form F-65 does not satisfy other statutory requirements for audited financial statements required by Public Act 2 of 1968, as amended.

#### Filing

It is required that the Local Unit Fiscal Report (F-65) be filed electronically. The Department has developed an online F-65 at <https://treas-secure.state.mi.us/LAFDform/TL41W71.aspx> (note the https instead of www) in which a local unit can enter data directly into the F-65 system and submit it.

#### Local Unit Identification

1. Select from the drop down list the county that your local unit is located in.
2. Indicate the municipality type (city, authority, etc)
3. Select the municipality from the drop down list.
4. Choose Annual Local Unit Fiscal Report-F65 for the form type.
5. Select the year in which your fiscal year ends.
6. Click the Create Form button.

#### Note:

- **SAVE** often. Save the form before switching tabs. For example, save before changing from the revenues tab to the expenditures tab.
- **After an hour of inactivity, the session will be timed out. Therefore, it is important to save frequently.**
- **DO NOT** at any time hit the back button, forward button, or refresh button in your web browser while completing the form.
- Allow the page to **FULLY** load before you begin to fill out the form.
- **DO NOT** place more than **one amount in a box**. If

necessary, 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.

- It is possible to navigate between tabs while filling out this form. The user may return to tabs that they previously filled out before submitting.
- **Complete all seven worksheet tabs before submitting.**
- If you prefer to have multiple people work on the form, you will all need to use the same userid and password. Once a user begins working on the form, it is locked in to that one account. However, if you wish to have your CPA fill out the form, they can log in as a CPA and use their own login information.

#### Submitting the form:

- After all seven worksheet tabs are completed, navigate to the next:attach button. This will take you to a page that provides the user with an option to attach a form to the report. You will need to attach a form if the unit has more than or equal to 13 derivatives. Otherwise, there will not be an option to attach a file. Click certify and submit.
- There are three boxes that must be checked to indicate that you have filled out the form to the best of your ability and that you are authorized to do so. Enter your name and position, then click submit.
- You may receive a message after attempting to submit the form related to missing required fields. If that is the case, go to the respective tab and view the highlighted boxes. If you have nothing reported for this field in your records, please enter a zero.
- After including all required fields, you may still not be able to submit the form. There will be messages at the bottom of your screen to point you to the errors that the system detected on your form. **Until all errors are fixed, the user will not be able to submit the form.**

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## Post submission:

- Once submitted, a message will appear saying that the submission was successful. This can be taken as your confirmation that no further information is necessary.
- The user may print the form when completed. The file will be saved as a PDF and can be printed as such.
- If, after completing the form, you determine that there are errors it is possible to resubmit the form. Send an email to the [LAFD\\_audits@michigan.gov](mailto:LAFD_audits@michigan.gov) explaining your request.

## 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. Before the extension is granted, the Department will require the local unit to send unadjusted trial balance reports 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 temporary withholding of revenue sharing under Public Act (PA) 140 of 1971.**

## Chart of Accounts

The form has been designed to be compatible with the Uniform Chart of Accounts under which all units should currently be maintaining their records. These instructions do not supersede the Uniform Chart of Accounts. Use the account numbers from the Uniform Chart of Accounts to fill out all the accounts on every tab in this form. The chart can be accessed at the following link:

[http://www.michigan.gov/treasury/0,4679,7-121-1751\\_2194-171570--,00.html](http://www.michigan.gov/treasury/0,4679,7-121-1751_2194-171570--,00.html)

## Source of Information and Reporting Period

Form F-65 must report the financial activity of your governmental unit (including component units) except for some elements of agency funds and trust funds. Discretely reported funds shall be reported on the Form F-65 in the appropriate column.

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 20X1 and you will file your current Form F-65 for the 12-month period ended June 20X2. The activities of the three months of April, May, and June of 20X1 will not be covered on either Form F-65.

You must use the audited numbers unless you are a biennial filer. **You must reflect fund financial data and not government-wide statements. If you are not being audited for the current year, you still are required to file.**

## Agency Funds and Trust 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). However, the Employee Benefits tab may require some of this information.

## REVENUES TAB

### Tax Revenues

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

**Under the Revenues tab line, "Property Tax (includes delinquent taxes, penalties, interest, fees, and community-wide special assessments)." Report as "property tax revenue" only property tax collections for your local government purposes including agencies and departments of your unit.**

Report the following on line **"Property Tax (includes delinquent taxes, penalties, interest, fees, and community-wide special assessments)":**

- Delinquent taxes, penalties, interest and fees
- An extra voted levy for a specific purpose such as fire, ambulance, parks, etc.
- Penalties/Interest and fees:
  - Penalties/Interest and fees on tax collections
  - Property tax administration fees
  - Collection fees
  - County expense of sale

### Other Revenue

**Miscellaneous/Other Revenue.** Report any significant transactions that are both unusual in nature and infrequent in occurrence.

### Other Financing Sources

**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. A memorandum field may be found at the bottom of the Indebtedness tab.

## EXPENDITURES TAB

### General Government

**Legislative (Council, Board, Commission).** Record all activities that fall between activity numbers 100 through 128. This will include all recorded expenditures for the governing body in the performance of its duties.

**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

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(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 this line.

**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.

### Public Safety

**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 300 to 439 in the Uniform Chart of Accounts.

**All Other Health & Welfare.** Include mosquito control (620), state institution (650), and all other activities not noted above per each line.

**Community Planning and Zoning.** Record all activity related to the planning department and zoning board (701-702, 710, 712,713). 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.

### Other

**Miscellaneous.** Include fringes, benefits, FICA, and insurances which are not recorded elsewhere (955).

**Capital Outlay.** Report capital outlay as an activity on this line in accordance with the Uniform Chart of Accounts issued by the Department (901-904).

Utility Reporting (Electric, Water, Sewer, etc.) and all other Proprietary Funds record depreciation instead of capital outlay.

**Debt Service.** Report the amount paid for principal and interest on this line (906-929) for governmental funds and interest only for Proprietary type funds.

### Other Financing Uses

**Transfers (Out).** The total of all transfers to other funds must equal the total of all transfers from other funds. Please note any exceptions in a footnote.

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. 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 in compliance with generally accepted accounting principles. 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.

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

### CAPITAL OUTLAY TAB

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.

### STATEMENT OF POSITION TAB

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 total amount calculated for assets must equal the total amount calculated for liabilities and fund balance/net position.

### Assets, Deferred Outflows of Resources

**Due From Other Funds.** The total entered for amounts “Due From Other Funds” line should equal the total entered for amounts “Due To Other Funds” line. Note any exceptions in a footnote.

**Note:** Since the form does not include fiduciary fund types, the “due to” and “due from” other funds may not equal.

### Liabilities

#### Current Liabilities

**Due to Other Funds.** The total entered for amounts “Due to Other Funds” line should equal the total entered for amounts “Due From Other Funds” line. Note any exceptions in a footnote.

**Note:** Since the form does not include fiduciary fund types, the “due to” and “due from” other funds may not equal.

**All Other Accounts Payable & Current Liabilities.** It should include all other current liability amounts not specifically identified in account numbers 200-299.

### Fund Balance/Net Position

**(Net) Investment in Capital Assets.** This line (account 391) is used to record the net equity in capital assets, net of related debt.

**Non-spendable.** This line is only used in governmental funds to designate amounts (accounts 370-374) which are not available for spending, or are legally or contractually required to be maintained intact. Examples of resources not available for spending include prepaid expenses, inventory and long-term advances to other funds. A permanent fund’s principal balance (corpus) is an example of resources that would not be available for spending due to legal or contractual requirements.

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**Restricted.** This line is used to record **restricted fund balance** (accounts 376-379) 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.

For proprietary funds, record the **restricted net position** (account 392-398) of the fund with constraints placed on their use by external parties, constitutional provisions and enabling legislation.

**Committed.** This line (accounts 380-384) 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.

**Assigned.** This line (accounts 385-389) 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 unspendable 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.

**Unassigned/Unrestricted.** This line (account 390, 399) 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 funds, use this line to record amounts of net position that is not restricted or invested in capital assets.

### Other Balance Sheet Information

**Governmental Capital Assets (Net).** This is the amount of capital assets less depreciation. This amount may be found in the footnotes to the audited financial statements (or in a non-audit year – on the capital asset listing).

**Governmental Long-Term Debt.** This is the total year-end amount of all long-term liabilities including, but not limited to, both long-term debt (such as bonds, notes, and loans) and all other long-term liabilities (such as compensated absences, leases payable, and claims and judgments). Only pension and OPEB liabilities are excluded. For these purposes, this amount also includes both the amounts due in more than one year and the current portion due within one year. Only governmental activities are included; business-type activities and discretely presented component units are excluded.

### OTHER TAB

#### Personnel Statistics

**Combined Public Safety Personnel.** This is the number of employees who work for both the police and fire department.

This is not the sum of police personnel and fire personnel.

**Total Wage and Salary Costs.** Be sure to enter your government's total salaries and wages. **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).

### Other Information: Derivatives

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 are excluded.

### INDEBTEDNESS TAB

#### Long-Term Debt

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.

**Public Debt for Privately Owned Housing, Industrial, or Business Purposes.** 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.

**All Other Debt.** Record all other debt instruments with an original term of more than one year.

### EMPLOYEE BENEFITS TAB

#### Pension and Other Postemployment Benefit (OPEB) Funds-Retirement Plan Information

1. This is a dynamic tab. More fields will display if it is indicated that the local unit has retirement system(s) and/or OPEB plan(s).
2. Enter all pension and/or OPEB plans that are partially or completely funded by the local unit.
3. Check the box next to who administers the plan (insurance company, MERS, etc). There may be multiple boxes checked.

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4. Indicate the plan types for all of your pension/OPEB plans (defined benefit, defined contribution, and hybrid). If there are multiple plans, there could be multiple boxes checked.
5. Enter the aggregate net pension liability and/or OPEB unfunded accrued liability. The liability entered should be the total liability for all plans excluding discretely presented component units.
6. For each plan type, there will be a section that displays for more plan information to be entered such as pension expense and contributions made.

### Glossary of Employee Benefit Terms

**Pension Expense:** This is the difference in net pension liability from the previous measurement date to the current measurement date. Pension expense includes the current period service cost, interest on the total pension liability, changes in benefit terms that are required to be recognized immediately, projected earnings on the pension plan investments and the current period's recognition of deferred outflows and inflows.

**Employer Contribution:** Actual contribution made by the employer. This may be different than the annual required

contribution (ARC) due to timing or other reasons.

**Member Contribution:** Actual contribution made by the employee.

**Investment Rate of Return:** Funding defined benefit plans involves the accumulation of assets to pay benefits in the future. These assets are invested and the net rate of investment earnings is a significant factor in determining the contributions required to support the ultimate cost of benefits.

**Actuarial Determined Contribution:** A calculated contribution into a defined benefit pension plan for the reporting period most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

**Actuarial Value of Assets (Plan Fiduciary Net Position):** 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.

**Funded Percentage:** The funded percentage of a plan is the percentage of the dollar value of the accrued benefits that is covered by the actuarial value of assets.