



Michigan Department of
TREASURY

Engagement. Service. Improvement.

Chart Chat Webinar

Thursday, January 28, 2021

2:00 p.m.

Agenda

I. Welcome & Introductions

Veronica Miller, Departmental Analyst, Analytics & Outreach Section, Community Engagement and Finance Division, Michigan Department of Treasury

II. Uniform Chart of Accounts Update

Cary Vaughn, Manager of the Audit Section, Community Engagement and Finance Division, Michigan Department of Treasury

III. F-65 Annual Local Unit Fiscal Report: Uses and Problems

Stacie Stonebrook, Senior Auditor, Audit Section, Community Engagement and Finance Division, Michigan Department of Treasury

IV. Fiscal Indicators: General Fund Balance

Christopher Greathouse, Departmental Analyst, Analytics & Outreach Section, Community Engagement and Finance Division, Michigan Department of Treasury

V. What Local Governments Need to Know about Single Audits

Stephan Blann, Director of Governmental Audit Quality, Rehmann

VI. Questions & Answers

VII. Closing Remarks

Cary Vaughn, Manager of the Audit Section, Community Engagement and Finance Division, Michigan Department of Treasury








Michigan Department of
TREASURY

Engagement. Service. Improvement.

Chart of Accounts

Cary Jay Vaughn, CPA
Audit Manager

Manuals for Accounting Guidance

Number	Form Title	Related Materials
Manual	Audits of Local Units of Government 	
Manual	Accounting Procedures Manual 	
Manual	Accounting Procedures Manual for County Road Commissions 	
Manual	Budget Manual 	
Manual	Uniform Chart of Accounts 	<ul style="list-style-type: none">• UCA Final Release Memo• Frequently Asked Questions• UCA Implementation Dates• UCA Revisions

Recap



Old Version of Table of Contents



- **Introduction**
Budgets and the Uniform Chart of Accounts
Financial Reporting and the Uniform Chart of Accounts
- **Creating an Account Number**
Account Structure – Definition of Terms
Fund Types and Categories
Activities
Balance Sheet (Statement of Net Position)Accounts
Revenue Accounts
Expenditure Accounts
Revenue and Expenditure Classification –GASB Terminology
Taking Detail to the Next Level
- **Description of Local Units of Government**
- **Table of Funds, Activities, Account Numbers, and Names**

No major changes

Major Structural changes

Removed

No major changes

New Version of Table of Contents



- **Introduction**
Budgets and the Uniform Chart of Accounts
Financial Reporting and the Uniform Chart of Accounts
- **Creating An Account Number**
What An Account looks like –Three Sets of Three Digits
First Set of Three Digits: Funds
A summary table and definition of terms
Second Set of Three Digits: Functions and Activities
A summary table and definition of terms
Third Set of Three Digits: Accounts
A summary table and definition of terms
Examples of Creating An Account Number
- **Table of Funds, Activities, and Account Numbers**
- **Descriptions of Funds, Activities, and Account Numbers**

**Why is this
important?**



Is it mandated?

MCL 141.421 The state treasurer shall prescribe uniform charts of accounts ... The official who by law or charter is charged with the responsibility for the financial affairs of the local unit shall insure that the local unit accounts are maintained and kept in accordance with the chart of accounts.

Budgets & the UCA

Proper accounting and auditing in accordance with the Uniform Chart of Accounts greatly enhances the ability of the local unit to prepare and approve a budget that accurately reflects the financial condition of the unit to ensure that services are provided within available means.

Compatibility with the F-65

- All Funds, Activities, and Accounts within the new F-65 are consistent with the new Uniform Chart Of Accounts
- Use of the new chart of accounts will reduce the amount of time required for filing the F-65

**How is
it used?**



**What does it
accomplish?**



Implementation Dates

Recommended Implementation Date	Deadline FYE for Implementation
November 1, 2021	October 31, 2022
December 1, 2021	November 30, 2022
January 1, 2022	December 31, 2022
February 1, 2022	January 31, 2023
March 1, 2022	February 28, 2023
April 1, 2022	March 31, 2023
May 1, 2022	April 30, 2023
June 1, 2022	May 31, 2023
July 1, 2022	June 30, 2023
August 1, 2022	July 31, 2023
September 1, 2022	August 31, 2023
October 1, 2022	September 30, 2023

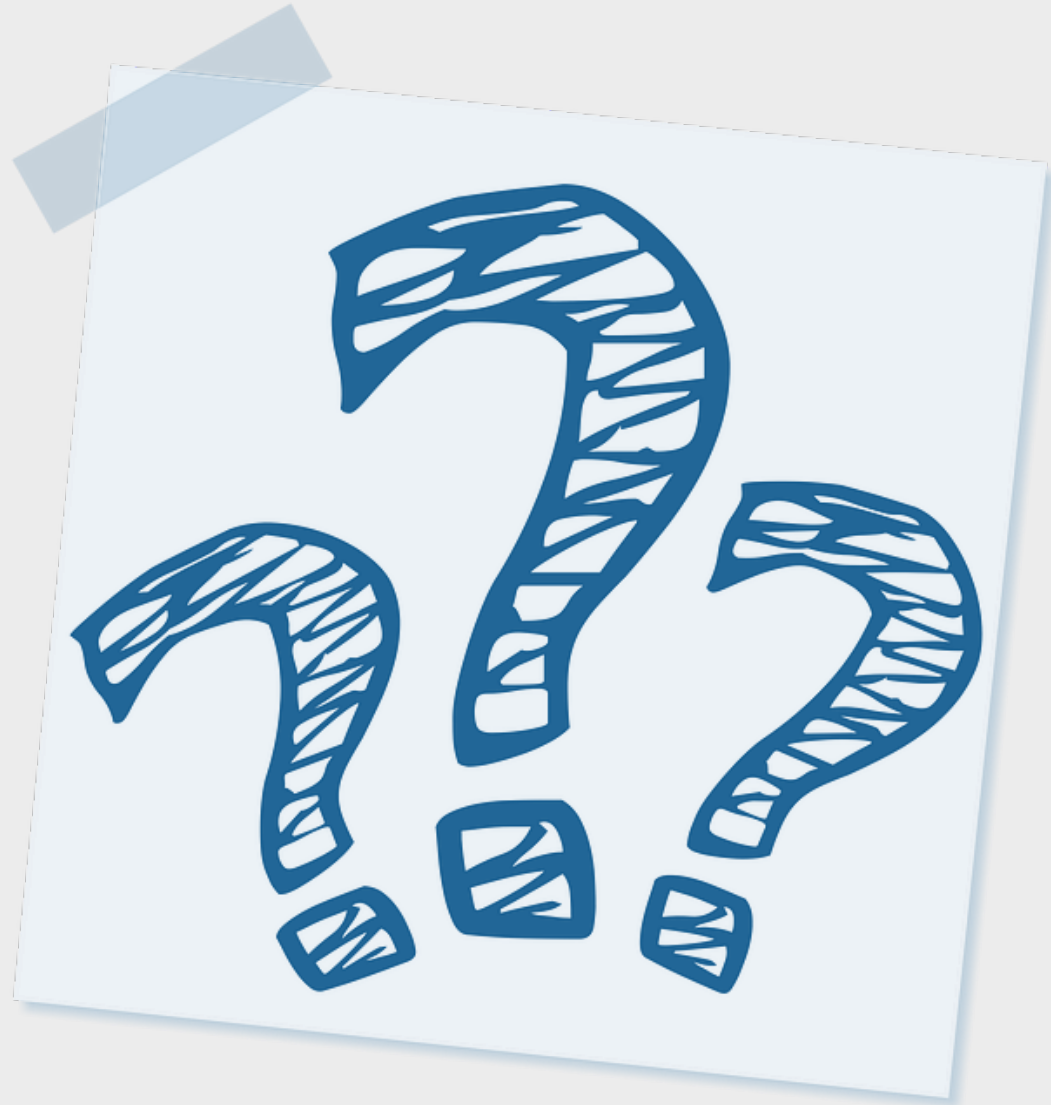
Plan



Suggestions

- Tools and Resources
- Common Problems or Issues

Questions





Michigan Department of
TREASURY

Engagement. Service. Improvement.

**Annual Financial Report (F65)
Reporting**

Stacie Stonebrook, Senior Auditor

Audit Section

January 28, 2021

F65 – Why is this filing required?

This is a requirement of Public Act 2 of 1968, as amended. Please see the link to the MCL below:

<http://legislature.mi.gov/doc.aspx?mcl-141-424>

F65 – Why is this information useful?

- We use these numbers for internal analysis. For example:
 - Trends
 - Fiscal stress indicators
- Bigger push toward data analysis
- Certain information is required for the Census
- Dashboard financial information
 - All taken from the F65

F65 – General Information

- Ensure that the F65 numbers reconcile with the audited financial statements
- File the F65 either after or in conjunction with the audit. The audit is a great tool to assist you in filling out the form
- We do review the F65 submissions. Treasury will be contacting your local unit if there are identified issues

Common Questions

- Does the F65 need to match the audited financial statement numbers?
- Should beginning fund balance be reported before or after any prior period adjustments?

Common Questions

- Should a discretely presented component unit's net pension liability be included in the calculation of the net pension liability?
- What number should be reported for the net OPEB liability?
- How do I resubmit the F65?
 - Please refer to the email that addresses the inconsistencies with the F65 and Auditing Procedures Report. The resubmission link is provided in the email

Common Questions

- What number do I put for the combined public safety personnel on the Other tab under personnel statistics?
- If I do not have fire personnel and enter 0, why do I keep getting an error message?
- Why am I not able to open the F65 form for a particular year?

OTHER SUPPLEMENTARY INFORMATION

Description of Account

Amounts Paid to Other Governments

Corrections	M05
Local Schools	M12
Financial Administration	M23
Health	M32
Hospitals	M38
Housing and Urban Renewal	M50
Highways	M44
Transit Subsidies	M94
Police	M62
Fire	

Common Questions

What is meant by governmental long-term debt?

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 portion due within one year. Only governmental activities are included; business-type activities and discretely presented component units are excluded.

Description of Account	Account Number(s)	General Fund	Governmental Funds	Enterprise Funds	Internal Service Funds	Component Units	Total
LONG-TERM LIABILITIES							
Long-Term Debt	300-307			\$5,730,000.00			\$5,730,000.00
Advances from Other Funds	314						
Other Advances	328-330, 333						
Unearned Revenues	339						
Net Pension Liability	334						
OPEB Obligation	335						
Accrued Benefits & Compensation	343			\$15,135.00			\$15,135.00
All Other Long-Term Liabilities	300-359 Except Above						
TOTAL LONG-TERM LIABILITIES				\$5,745,135.00			\$5,745,135.00
TOTAL DEFERRED INFLOWS OF RESOURCES	360-369	\$130,871.00					\$130,871.00

Description of Account	Account Number(s)	General Fund	All Other Governmental Funds	Enterprise Funds	Internal Service Funds	Component Units	Total
FUND BALANCE/NET POSITION							
(Net) Investment in Capital Assets	391			\$2,269,647.00			\$2,269,647.00
Nonspendable	370-374		\$188,017.00				\$188,017.00
Restricted	375-379, 392-398		\$2,063,102.00				\$2,063,102.00
Committed	380-384						
Assigned	385-389	\$158,045.00					\$158,045.00
Unassigned/Unrestricted	390, 399	\$1,428,040.00	\$0.00	\$1,352,393.00	\$0.00	\$0.00	\$2,780,433.00
TOTAL FUND BALANCE/NET POSITION		\$1,586,085.00	\$2,251,119.00	\$3,622,040.00	\$0.00	\$0.00	\$7,459,244.00
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION		\$1,768,526.00	\$2,292,873.00	\$9,411,043.00	\$0.00	\$0.00	\$13,472,442.00
Governmental Capital Assets (Net)							\$4,903,330.00
Governmental Long-Term Debt							\$230,952.00



- Revenues
- Expenditures
- Capital Outlay
- Statement of Position
- Other
- Employee Benefits
- Indebtedness

- Save
- Close
- Next: Attach
- Import File

- [MI.gov](#)
- [Home](#)
- [Contact](#)
- [Login](#)
- [Policies](#)

Common Error Messages

Required fields – first layer

- Ex: Cash, Accounts Payable, Property taxes, etc.

Prevent Submission – second layer

- Ex: Ending fund balance should reconcile on both the position tab and expenditure tab

Submission Pointers

- Save frequently. After an hour of inactivity, the session will time out
- Complete all seven tabs before submitting
- There can only be one user from the local unit that can work on the form. If more than one person wants to use it, they will need the userid and password of the person that initially opened the form. CPA's have a separate login

Submission Pointers

- After all tabs are completed, navigate to the “Next: attach” button
- Required fields that were not entered will be highlighted in yellow. The form will not let you submit without completing all required fields
- Until all errors are fixed, the form will not be able to be submitted. We only accept online filings!

Successful Submission!

- When the form has been submitted, a message will appear that the submission was successful
- The user will not receive an email or any other additional notice from Treasury unless we find discrepancies between your audit and the F65
 - So, no news is good news!



Michigan Department of
TREASURY

Engagement. Service. Improvement.

General Fund Balance

Christopher Greathouse, Departmental Analyst

Analytics and Outreach Section

January 28th, 2021

Local Government Fiscal Health Metrics

This is Part II in a series of presentations in where Treasury will review metrics of local government fiscal health.

Goal of this series is to provide local governments with the information and tools to monitor their fiscal health.

Fiscal Health Metrics Presentations:

- Cash Solvency (October 15, 2020)
- **Budget Solvency – General Fund Balance**
- Long-Run Solvency
- Service Solvency

What is General Fund Balance?

General fund balance is a measurement of fiscal health of a local unit.

- Measures Budget Solvency
 - Measurement of a local government's "savings account" available for medium term obligations
- Calculation
 - Committed, assigned, and unassigned general funds as a % of general fund revenues
 - Does not include nonspendable or restricted revenue

Calculating General Fund Balance

Governmental Funds Balance Sheet June 30, 2020

	General	Major Streets
Deferred inflows of resources		
Accounts receivable	\$ 21,608	\$ -
Notes and contracts receivable	-	-
Grants	29,509	-
Total deferred inflows of resources	51,117	-
Fund balances		
Non-spendable		
Inventories	221,252	141,936
Prepaid items	24,084	-
Endowments	-	-
Restricted for		
General government	13,023	-
Roads	-	2,735,450
Public safety	500	-
Rubbish	-	-
Police grants	-	-
Drug forfeiture	-	-
Economic development	4,625	-
Culture and recreation	-	-
Clean energy	-	-
Permanent fund	-	-
Committed	148,958	-
Assigned	813,400	-
Unassigned (deficit)	7,864,691	-
Total fund balances (deficit)	9,090,533	2,877,386
Total liabilities, deferred inflows of resources and fund balances	\$ 12,593,246	\$ 3,920,521

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2020

	General	Major Streets	Community Development
Revenues			
General operating property taxes	\$ 3,652,184	\$ -	\$ -
City income tax	13,782,996	-	-
State shared revenues	8,085,913	5,791,005	-
Licenses, permits and fees	2,698,844	26,896	-
Fines, penalties and forfeitures	247,919	-	-
Grants, donations and contributions	3,992,463	757,828	1,778,523
Interest on loans and investments	508,820	3,774	5,722
Rents and privileges	647,810	-	4,741
Sale of materials and services	-	27,179	-
Loan repayments	-	-	35,263
Miscellaneous	457,907	66,461	231,480
Total revenues	34,074,856	6,673,143	2,055,729

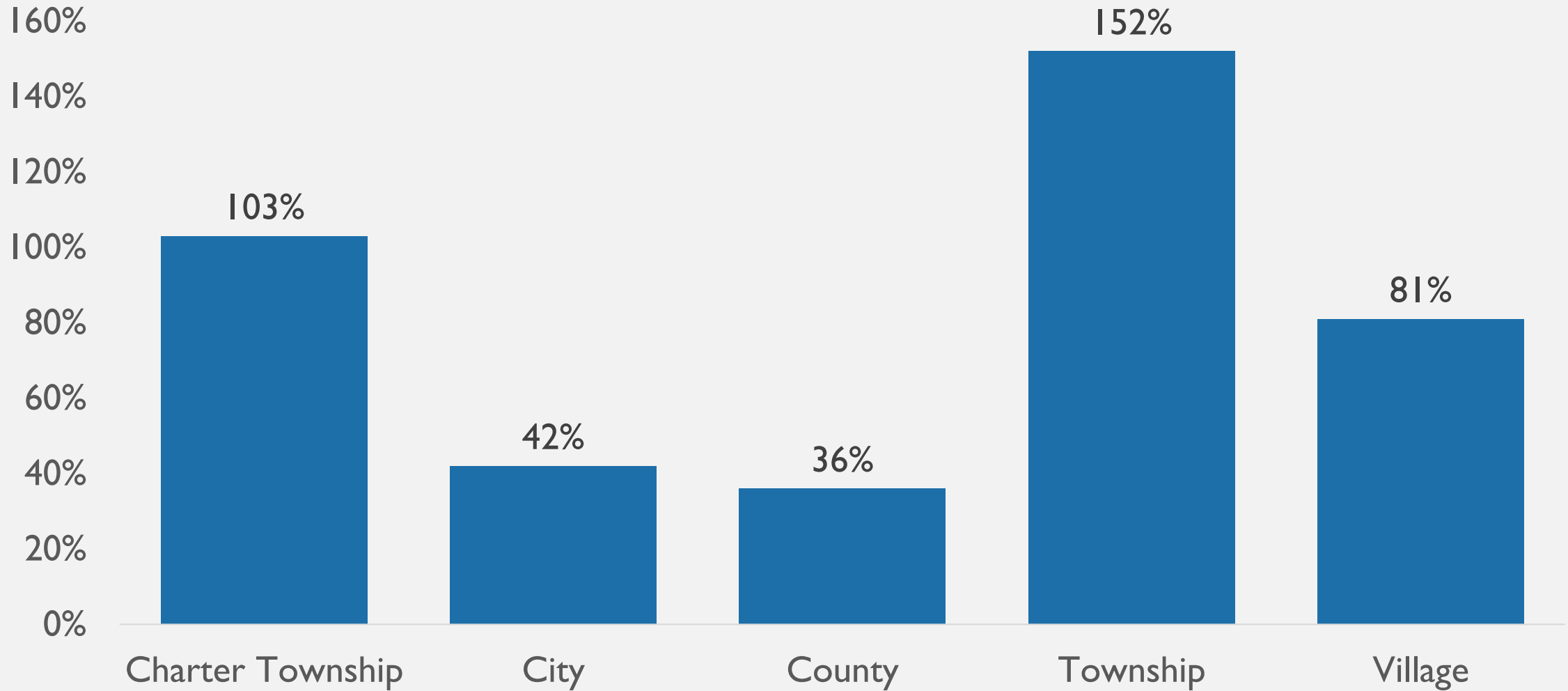
General Fund Balance = (Committed + Assigned + Unassigned)/Total General Revenues

What is an Appropriate General Fund Balance?

- **It depends**
- Community by community decision
 - Budget size
 - Reliability of revenues (local, state, federal)
 - Ability to raise revenues
 - Future planned expenditures
 - Long term forecasting
 - Ability to cut services/expenses
 - Drain to or health of other funds
 - Natural disaster potential
 - Risk tolerance
 - Governing body philosophy

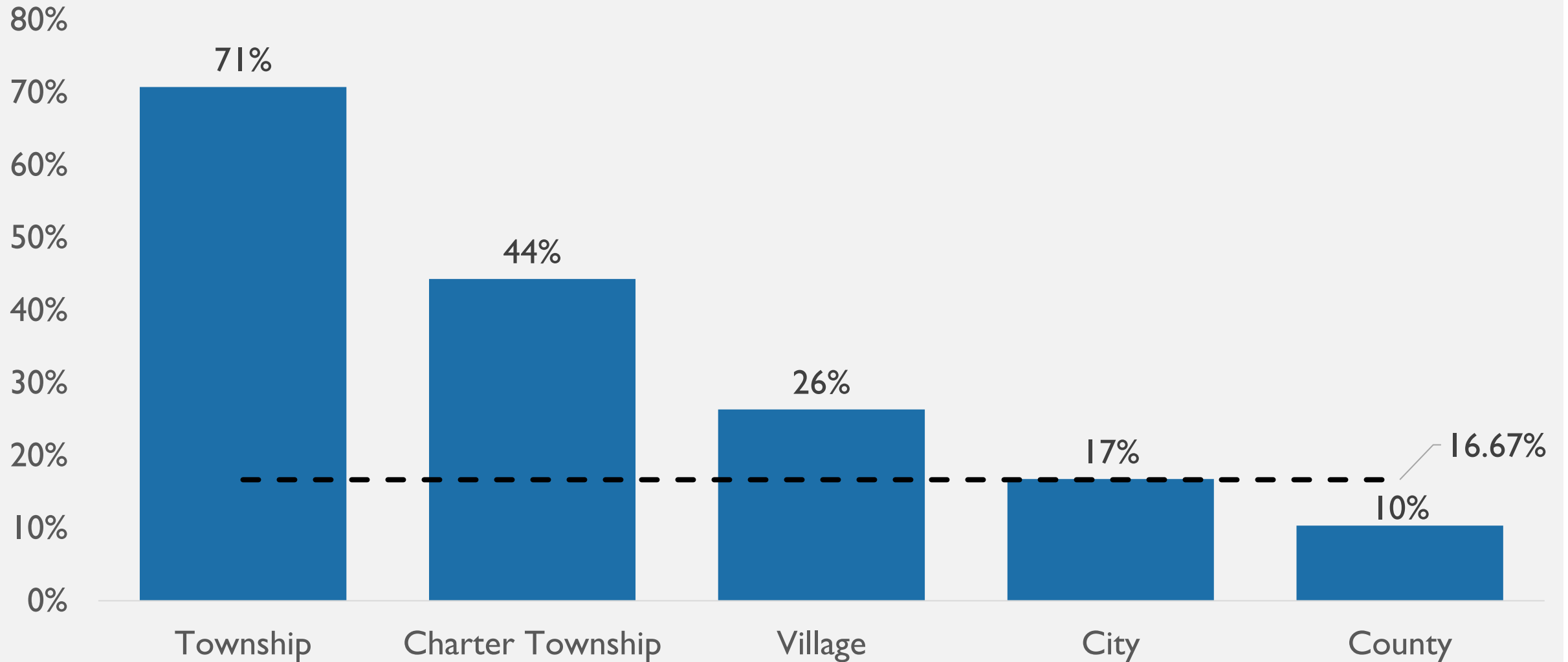
General Fund Balance by Government Type

Median General Fund Balance Ratio FY 2019



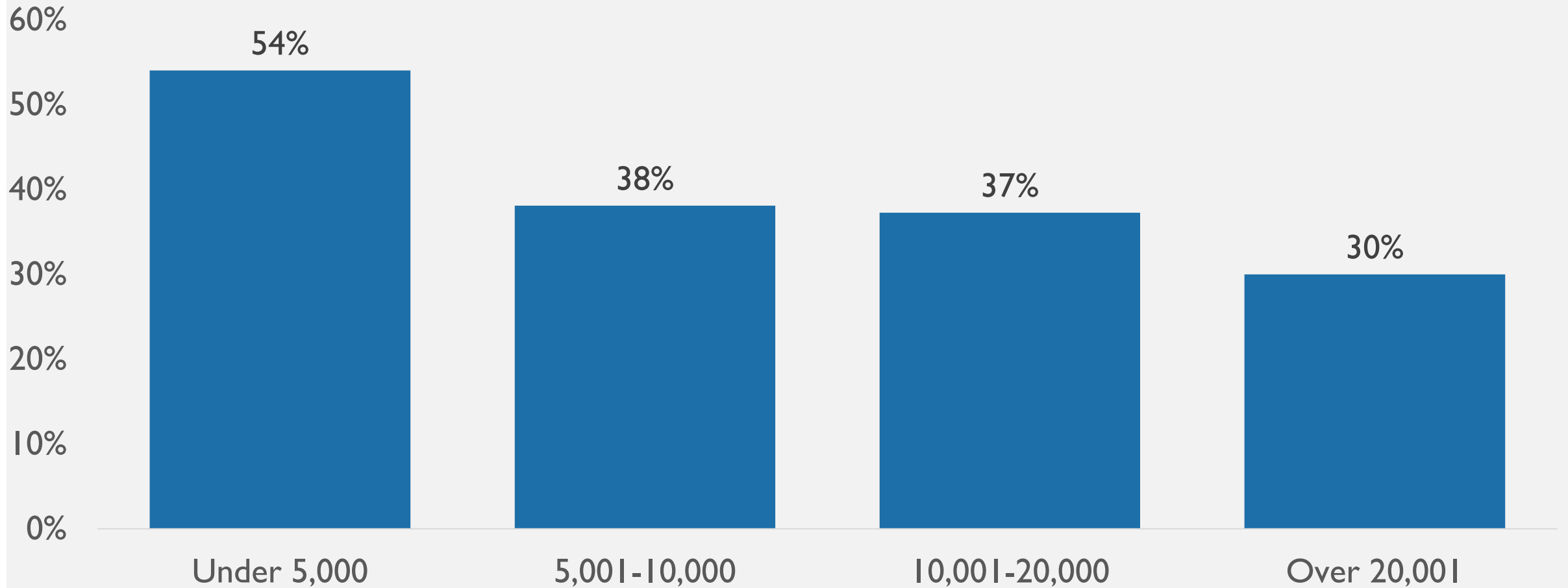
General Fund Balance by Government Type

10th Percentile By Government Type FY 2019



General Fund Balance by Population

City Median General Fund Balance ratio by population FY 2019



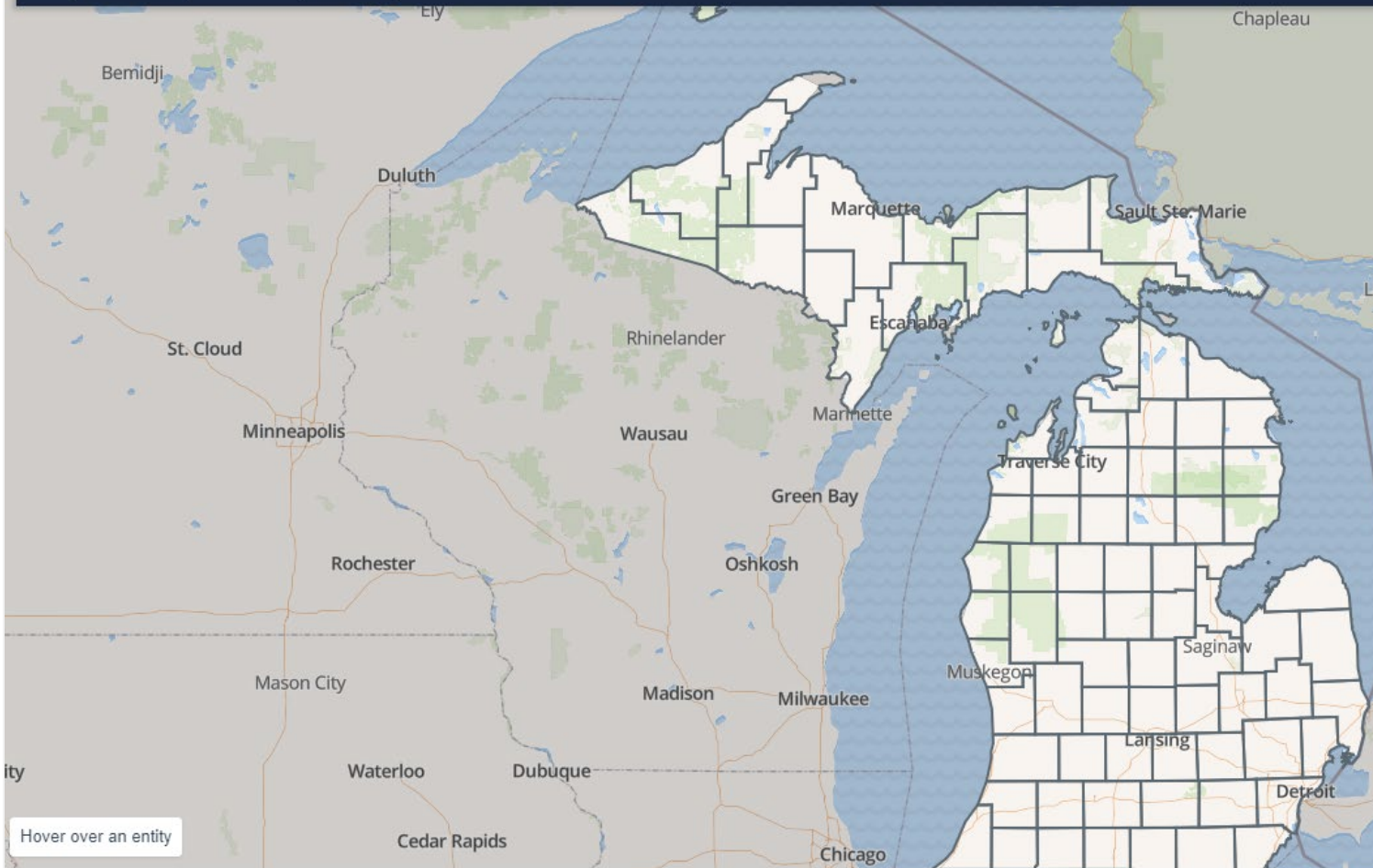
MI Community Financial Dashboard



MI Community Financial Dashboard

Michigan Department of Treasury

View Counties Fiscal Year: 2019



[Explore other data](#)

COMPARE THIS DATA API

[+](#) Add Location

Analytics

Percentiles are calculated by ranking all local units of the same type that submitted data for the given year on a scale of 1-100, with a higher percentile value (or lower ranking) indicating a stronger position in that measurement.

General Fund Health	589th of 1205 51st percentile
General Fund Ratio	528th of 1205 56th percentile
General Fund Cash Ratio	640th of 1027 38th percentile
Property Tax Health	366th of 1236 70th percentile
Debt Health	418th of 538 22nd percentile
Governmental Net Position Ratio	458th of 822 44th percentile

What are your next steps?

- Review your current and historical general fund balance ratio
- Discuss with governing body potential unexpected events or planned expenditures in the next 5 years
- Have governing body adopt a fund balance policy
- Develop 5-year budget forecast to ensure your fund balance ratio does not go below established minimum

Resources & Contact Information

**Michigan Department of Treasury
Community Engagement and Finance Division**

www.Michigan.Gov/CEFD

MI Community Financial Dashboard:

<http://MiCommunityFinancials.Michigan.Gov/>

Fiscally Ready Communities:

www.Michigan.Gov/FiscallyReady

Email: TreasLocalGov@michigan.gov

Phone: 517-335-7469



What Local Governments Need to Know about Single Audits

January 28, 2021

Presented by:



Stephen W. Blann, CPA, CGFM, CGMA
Director of Governmental Audit Quality
Rehmann

Outline

- The Uniform Guidance
- When is a single audit required?
- What does a single audit entail?
- Can my existing auditor perform my single audit?
- How do I prepare for a single audit?
- Q&A

The Uniform Guidance

- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Applicable to non-federal entities receiving federal awards:
 - State, local, and tribal governments
 - Colleges and universities
 - Not-for-profit organizations

The Uniform Guidance

- Major requirements of recipients of federal awards:
 - Financial management systems to separately identify, track, and effectively control each source of federal funds
 - Written procedures covering at a minimum: cash management, allowability of costs, procurement, and compensation and benefits
 - Establish and maintain effective internal control over both financial reporting and compliance with federal requirements
 - In certain circumstances, recipients must have a “single audit” conducted

When is a single audit required?

- In general, a single audit is required for any fiscal year in which a non-Federal entity expends at least \$750,000 of federal awards. This is typically based on when federal money was expended (not when the award was made). However, this can be complicated by the fact that not all federal programs are subject to the single audit.

When is a single audit required?

- Treasury - CARES Programs
 - Coronavirus Relief Local Government Grants (CRLGG) Program
 - First Responder Hazard Pay Premiums Program (FRHPPP)
 - Public Safety and Public Health Payroll Reimbursement Program (PSPHPR)

What does a single audit entail?

- A single audit begins with a traditional financial statement audit, conducted in accordance with *Government Auditing Standards*. In addition, the auditor will identify one or more “major programs”. Each major program is subjected to rigorous compliance testing for adherence to Federal regulations. The results of the audit are posted to a public website.

Can my existing auditor perform my single audit?

- Possibly. A single audit must be conducted in accordance with *Government Auditing Standards*. Only certain CPA firms have undergone the industry-specific training necessary to conduct a single audit.
- Consider looking for a firm that is a member of the AICPA's Government Audit Quality Center
 - <https://www.aicpa.org/interestareas/governmentalauditquality/membership/findamemberfirm.html>

How do I prepare for a single audit?

- The first step is developing and implementing appropriate policies and procedures. If you haven't received federal financial assistance in the past, you may need assistance in identifying the key compliance areas and best practices for ensuring a clean audit.
- In addition, obtaining appropriate training for the members of your organization responsible for expending federal funds may be helpful.

How do I prepare for a single audit?

- Free training from the AICPA's GAQC:

<https://www.aicpa.org/interestareas/governmentalauditquality/resources/single-audit-archived-events.html>

Preparing for your First Single Audit: An Auditee Perspective ([Audio Playback](#)) ([Access Slides](#))

Originally presented on September 14, 2020. Open to public.

Questions?



Thank
You!