

MSU is an affirmative-action, equal-opportunity employer. Michigan State University Extension programs and materials are open to all without regard to race, color, national origin, sex, gender, gender identity, religion, age, height, weight, disability, political beliefs, sexual orientation, marital status, family status or veteran status.



In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, disability, and reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.)

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, and American Sign Language) should contact the responsible State or local Agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a complainant should complete a Form AD 3027, USDA Program Discrimination Complaint Form, which can be obtained online, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

mail:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

fax:
(833) 256-1665 or (202) 690-7442;

email:
program.intake@usda.gov.

This institution is an equal opportunity provider.

Conforme a la ley federal y las políticas y regulaciones de derechos civiles del Departamento de Agricultura de los Estados Unidos (USDA), esta institución tiene prohibido discriminar por motivos de raza, color, origen nacional, sexo, edad, discapacidad, venganza o represalia por actividades realizadas en el pasado relacionadas con los derechos civiles (no todos los principios de prohibición aplican a todos los programas).

La información del programa puede estar disponible en otros idiomas además del inglés. Las personas con discapacidades que requieran medios de comunicación alternativos para obtener información sobre el programa (por ejemplo, Braille, letra agrandada, grabación de audio y lenguaje de señas americano) deben comunicarse con la agencia estatal o local responsable que administra el programa o con el TARGET Center del USDA al (202) 720-2600 (voz y TTY) o comunicarse con el USDA a través del Servicio Federal de Transmisión de Información al (800) 877-8339.

Para presentar una queja por discriminación en el programa, el reclamante debe completar un formulario AD 3027, Formulario de queja por discriminación del programa del USDA, que se puede obtener en línea, en cualquier oficina del USDA, llamando al (866) 632-9992, o escribiendo una carta dirigida al USDA. La carta debe contener el nombre, la dirección y el número de teléfono del reclamante, y una descripción escrita de la supuesta acción discriminatoria con suficiente detalle para informar al Subsecretario de Derechos Civiles (ASCR, por sus siglas en inglés) sobre la naturaleza y la fecha de la presunta violación de los derechos civiles. La carta o el formulario AD-3027 completado debe enviarse al USDA por medio de:

correo postal:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; o

fax:
(833) 256-1665 o (202) 690-7442;

correo electrónico:
program.intake@usda.gov.

Esta institución ofrece igualdad de oportunidades.

Instructions for Webinar Participation

Getting Started: Fiscally Ready Communities will start soon

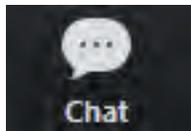
- The webinar will begin at 10 AM.
- Audio is through your computer speakers or headset: **You may not hear sound until webinar begins.**
- Use the **Audio Settings** option to do a sound check.
- During the webinar if you do not hear audio, make sure your sound is turned on then contact the **Help Desk**.

How to Ask Questions

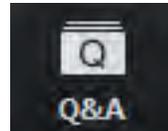
1. Click on the Q&A icon to submit a question to the presenters.
2. Type your question in the box and click the Send button.

Help Desk

Call the Distance Learning Help Desk (800) 500-1554 for technical support.



Chat

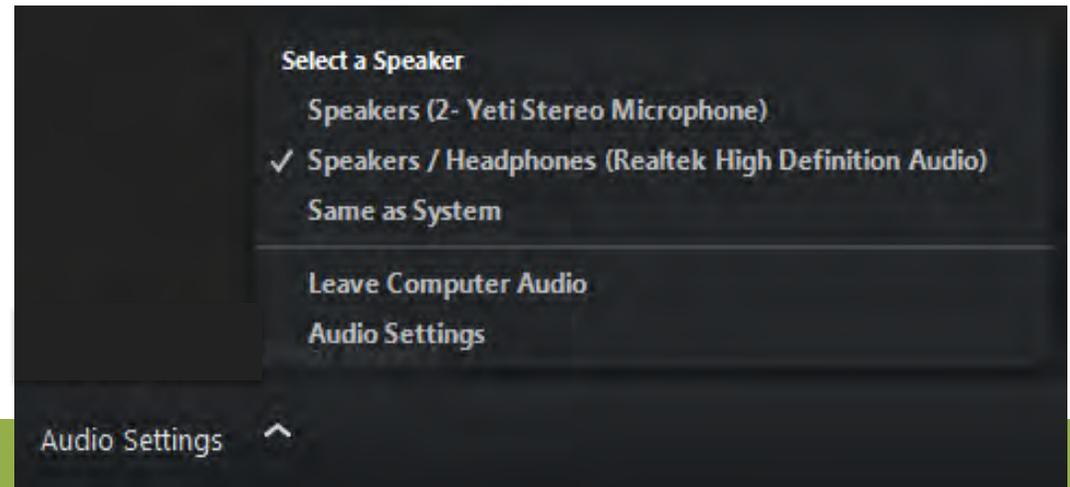


Q&A

Send Message

Ask Questions

Sound Check



Fiscally Ready Communities: Financial Best Practices

MICHIGAN STATE

UNIVERSITY

Extension



Michigan Department of

TREASURY



Today's Presenters

- Eric Walcott, John Amrhein
 - Michigan State University Extension
- Kayla Rosen, Roxanne Foster, Eric Cline
 - Michigan Department of Treasury



MSU Extension's Mission

Helping people to improve their lives through an educational process that applies knowledge to critical issues, needs and opportunities.



Government and Community Vitality

- Good Governance
- Leadership and Community Engagement
- Land Use
- Tourism
- Entrepreneurship
- www.canr.msu.edu/community





Michigan Department of
TREASURY

Engagement. Service. Improvement.

Fiscally Ready Communities:
Financial Best Practices Overview

Eric Cline, Community Services Division

Kayla Rosen, Community Engagement and Finance Division

Roxanne Foster, Community Engagement and Finance Division



Eric Cline,
Community
Services Division



Kayla Rosen,
Community
Engagement and
Finance Division



Roxanne Foster,
Community
Engagement and
Finance Division

Goals of the Fiscally Ready Communities Trainings

- Building resilient communities through strong operational and financial policies.
 - Providing guidance on operational and financial best practices.
 - Increasing educational fluency.
- Providing technical assistance.

Instructions for Webinar Participation

Getting Started: Fiscal Sustainability will start at

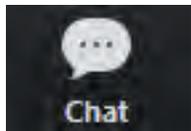
- The webinar will begin at (add time).
- Audio is through your computer speakers or headset: **You may not hear sound until webinar begins.**
- Use the **Audio Settings** option to do a sound check.
- During the webinar if you do not hear audio, make sure your sound is turned on then contact the **Help Desk**.

How to Ask Questions

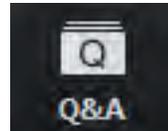
1. Click on the Q&A icon to submit a question to the presenters.
2. Type your question in the box and click the Send button.

Help Desk

Call the Distance Learning Help Desk (800) 500-1554 for technical support.



Chat



Q&A

Send Message

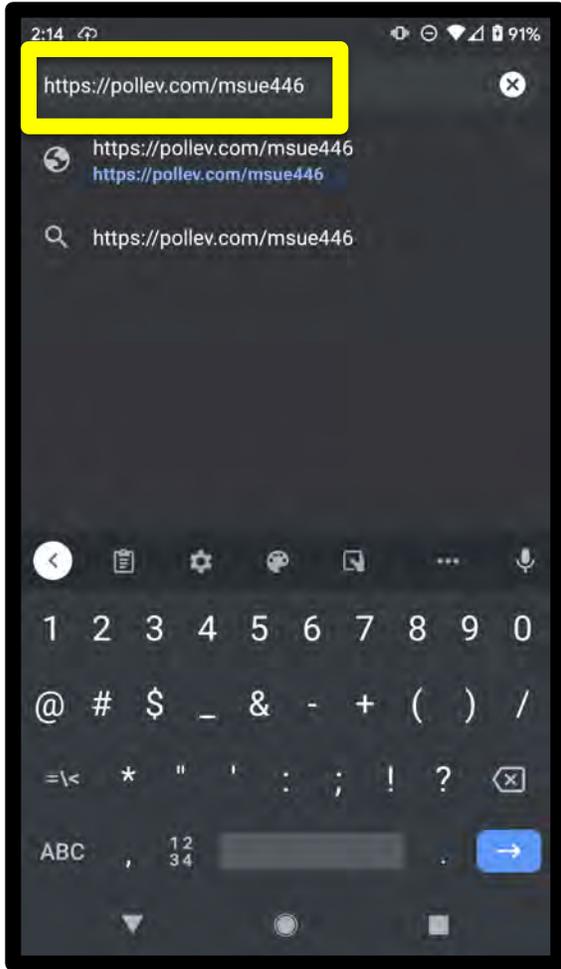
Ask Questions

Sound Check

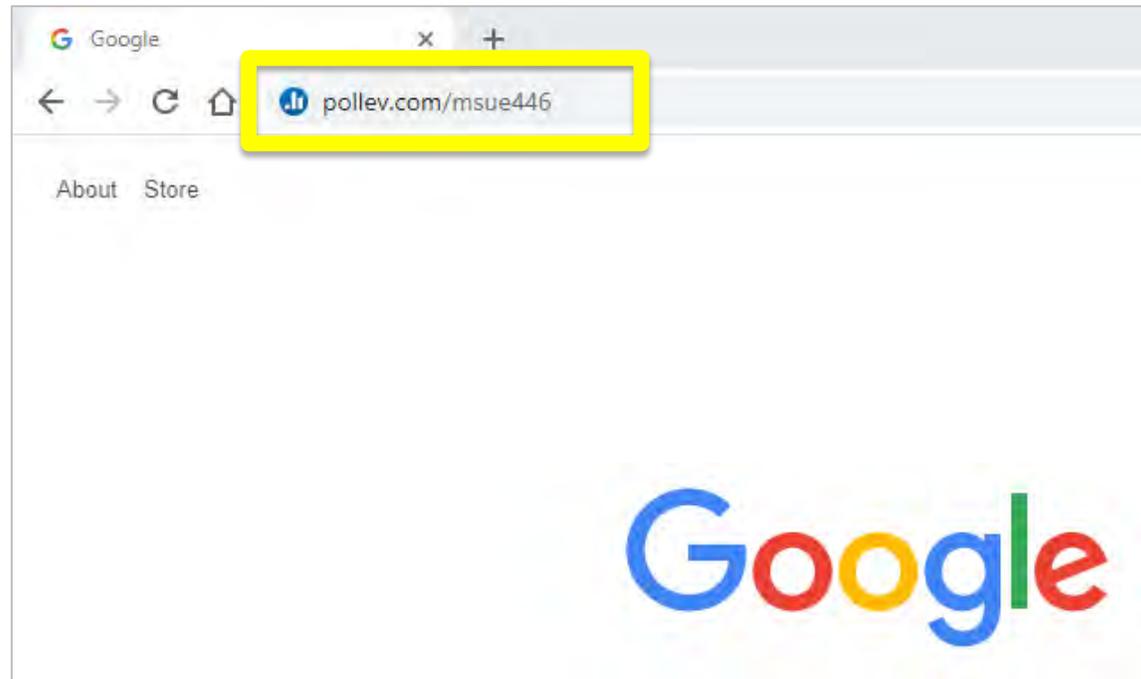


CONNECT TO POLL EVERYWHERE

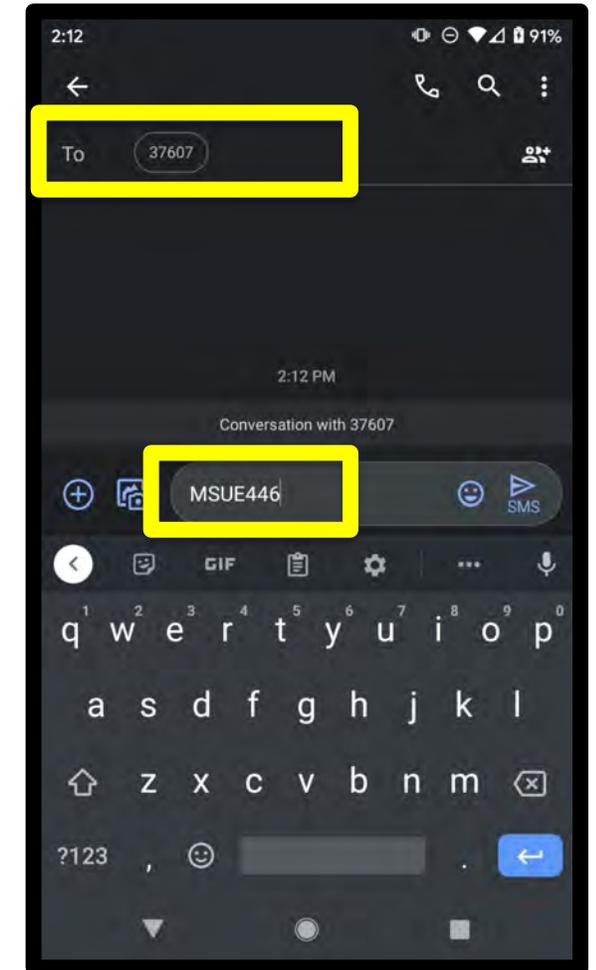
Web browser on phone



OR web browser on computer



OR text message



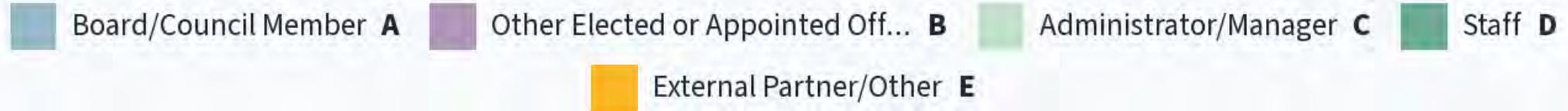
pollev.com/msue446



Where are you joining from today? (Touch the county where you live and serve)



Which role best describes you?



External Partner/Other

Board/Council Member

Staff

Other Elected or Appointed Official

Administrator/Manager

In one word, describe the purpose of a budget

Fiscally Sustainable Government

A government that can pay its bills now
and in the long term

- 1) without placing an undue burden on taxpayers;
- 2) while still ensuring the health, safety
and welfare of its residents



Fiscal Health

- Can be short-term or long-term
- **Solvency**: Does the government have the means available to cover its existing obligations in the long run?

Cash
solvency

Budgetary
solvency

Long-term
solvency

Service
solvency

Fiscal sustainability = long term fiscal health



The Fiscal Equation

Revenues = Spending

- Over what time period?
- What sources of revenue?
- Changes in spending pressures?

Fiscal Gap: Revenue < Spending

- Can be short-term (cash insolvency) or long-term



Four perspectives in government accounting

	Long term view (full accrual)	Short term view (modified accrual)
Stock (amount of assets and debt)	Statement of net position	Balance sheet
Flow (change in assets and debt)	Statement of activities	Statement of revenues, expenditures and fund balance



Assets and Liabilities

Assets

Resources with present service capacity that the government presently controls
(GASB Statement no.4)

Liabilities

Present obligations to sacrifice resources that the government has little or no discretion to avoid
(GASB Statement No.4).

Governments incur liabilities in order to address long-term needs and financing



Debt & Liability Condition

- Debt burden is treated as a future fixed cost
 - Usually a key issue in fiscal sustainability analysis
- Various types of debt



Debt and Liability Questions

- Debt levels as a relationship to population change
- What is the debt burden as a percent of spending?
 - How is it changing over time?
- What is debt being used for?



Types of Fund Balances

Restricted fund
balance

- To be spent only for the specific purposes stipulated by **constitution, external resource providers, or through enabling legislation.**

Committed fund
balance

- To be used only for the specific purposes determined by a **formal action of the government's highest level of decision-making authority.**

Assigned fund
balance

- To be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund
balance

- Residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.



General Fund Balance

- Sometimes called the “Rainy Day Fund”
- How big should it be?
- How do you protect it from use in non-emergencies?



Local Government Financial Reports

- Budget Progress Reports
 - Year-to-date expenditures/revenues
 - Investment report (county treasurer)
- Annual Reviews and Reports
 - Annual audits (State reviewed)
 - F-65 Local Unit Fiscal Report



Balance Sheet

- Snapshot of a moment in time
- Assets = Liabilities + Equity
 - Assets (what we have)
 - Liabilities (what we owe)
 - Equity (our net worth, usually expressed as fund balance in governmental statements)

Governmental Funds					
Balance Sheet					
June 30, 2017					
	General Fund	Major Street Fund	Grant Fund	Nonmajor Funds	Total
Assets					
Cash and investments (Note 3)	\$ 2,491,188	\$ 1,412,142	\$ 16,447	\$ 196,527	\$ 4,116,304
Receivables - Net (Note 4)	359,876	101,357	171,329	76,562	709,124
Due from component units (Note 6)	306	-	-	-	306
Due from other funds (Note 6)	133,225	-	-	-	133,225
Prepays and other assets	177,540	880	-	1,319	179,739
Total assets	\$ 3,162,135	\$ 1,514,379	\$ 187,776	\$ 274,408	\$ 5,138,698



Statement of Net Position

- Net position shows the difference between
 - Assets and deferred outflows
 - Liabilities and deferred inflows

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 4,533,385	\$ 1,407,756	\$ 5,941,141	\$ 915,646
Receivables - Net (Note 4)	710,623	657,875	1,368,498	3,305
Due from component units (Note 6)	306	-	306	-
Prepaid expenses and other assets	192,839	120,213	313,052	-
Restricted assets - Cash and investments (Notes 3 and 8)	-	485,733	485,733	-
Capital assets - Net (Note 5):				
Assets not subject to depreciation	2,823,727	164,936	2,988,663	214,777
Assets subject to depreciation	14,431,699	14,915,130	29,346,829	-
Note receivable (Note 1)	-	-	-	203,672
Total assets	22,692,579	17,751,643	40,444,222	1,337,400
Deferred Outflows of Resources				
Bond refunding loss being amortized	-	163,037	163,037	-
Deferred outflows related to pensions (Note 10)	1,107,187	279,449	1,386,636	-
Total deferred outflows of resources	1,107,187	442,486	1,549,673	-



Revenue and Expenditure Statement

- Shows movement of dollars over a defined period of time.
- Sources and amounts of revenue and expense
- Net income or loss for the period
- Allows you to compare performance over time and identify significant trends

**Governmental Funds
Statement of Revenue, Expenditures,
and Changes in Fund Balances (Deficit)
Year Ended June 30, 2017**

	General Fund	Major Street Fund	Grant	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 3,155,789	\$ 302,690	\$ -	\$ 197,335	\$ 3,655,814
Licenses and permits	40,748	-	-	-	40,748
Federal grants	575	-	14,300	-	14,875
State and local sources	1,091,513	537,148	-	194,292	1,822,953
Charges for services	353,019	-	-	-	353,019
Fines and forfeitures	26,732	-	-	-	26,732
Investment income	8,549	4,233	-	305	13,087
Other revenue	269,493	5,950	91,000	14,865	381,308
Total revenue	4,946,418	850,021	105,300	406,797	6,308,536
Expenditures					
Current:					
General government	516,184	-	-	-	516,184
Public safety	2,895,081	-	-	12,294	2,907,375
Public works	728,958	239,384	-	271,961	1,240,303
Community and economic development	222,239	-	68,903	2,214	293,356
Recreation and culture	219,043	-	-	-	219,043
Capital outlay	596,647	253,961	74,500	100,172	1,025,280
Debt service:					
Principal	52,312	-	-	180,000	232,312
Interest on long-term debt	5,028	-	-	103,006	108,034
Total expenditures	5,235,492	493,345	143,403	669,647	6,541,887
Excess of Revenue (Under) Over Expenditures	(289,074)	356,676	(38,103)	(262,850)	(233,351)
Other Financing Sources (Uses)					
Transfers in (Note 6)	-	-	-	95,968	95,968
Transfers out (Note 6)	(26,755)	(46,168)	-	(30,800)	(103,723)
Total other financing (uses) sources	(26,755)	(46,168)	-	65,168	(7,755)
Net Change in Fund Balances	(315,829)	310,508	(38,103)	(197,682)	(241,106)
Fund Balances (Deficit) - Beginning of year	2,899,821	1,198,640	(133,225)	422,704	4,387,940
Fund Balances (Deficit) - End of year	\$ 2,583,992	\$ 1,509,148	\$ (171,328)	\$ 225,022	\$ 4,146,834

The Notes to Financial Statements are an Integral Part of this Statement.



Statement of Activities

- Based on full accrual accounting basis
- Provides information about the revenues and expenses of the government as a whole

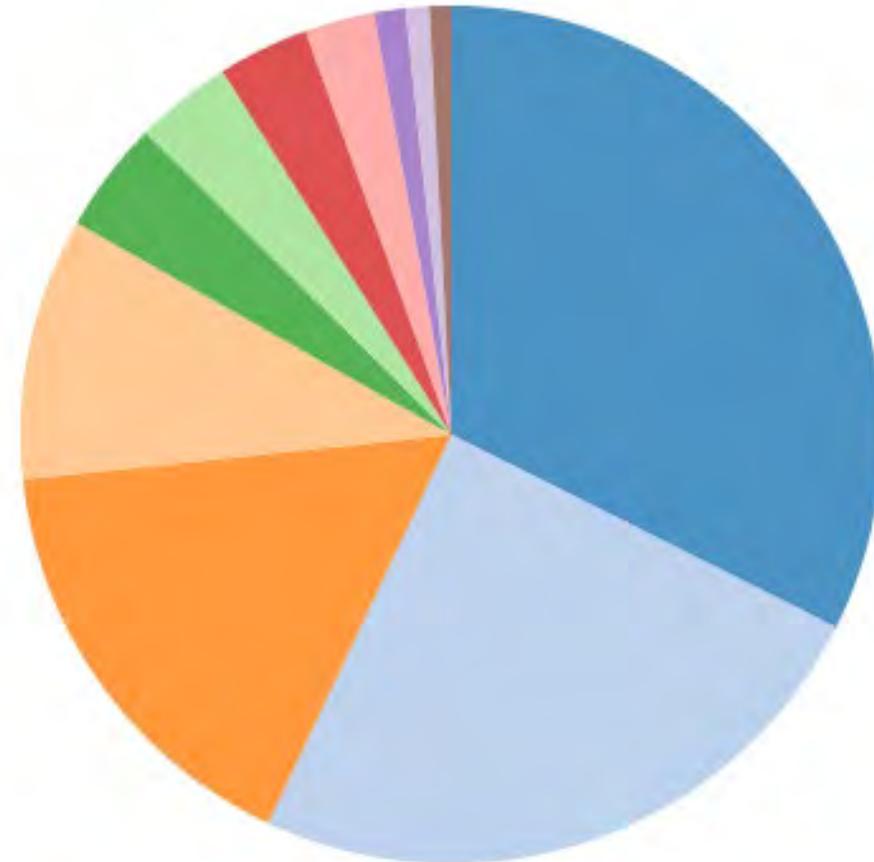
Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 773,727	\$ 155,466	\$ -	\$ -
Public safety	3,541,230	299,771	-	-
Public works	2,305,536	-	699,468	181,882
Community and economic development	393,845	-	-	14,300
Recreation and culture	319,348	-	-	138,407
Interest on long-term debt	107,323	-	-	-
Total governmental activities	7,441,009	455,237	699,468	334,589

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (618,261)	\$ -	\$ (618,261)	\$ -
(3,241,459)	-	(3,241,459)	-
(1,424,186)	-	(1,424,186)	-
(379,545)	-	(379,545)	-
(180,941)	-	(180,941)	-
(107,323)	-	(107,323)	-
(5,951,715)	-	(5,951,715)	-



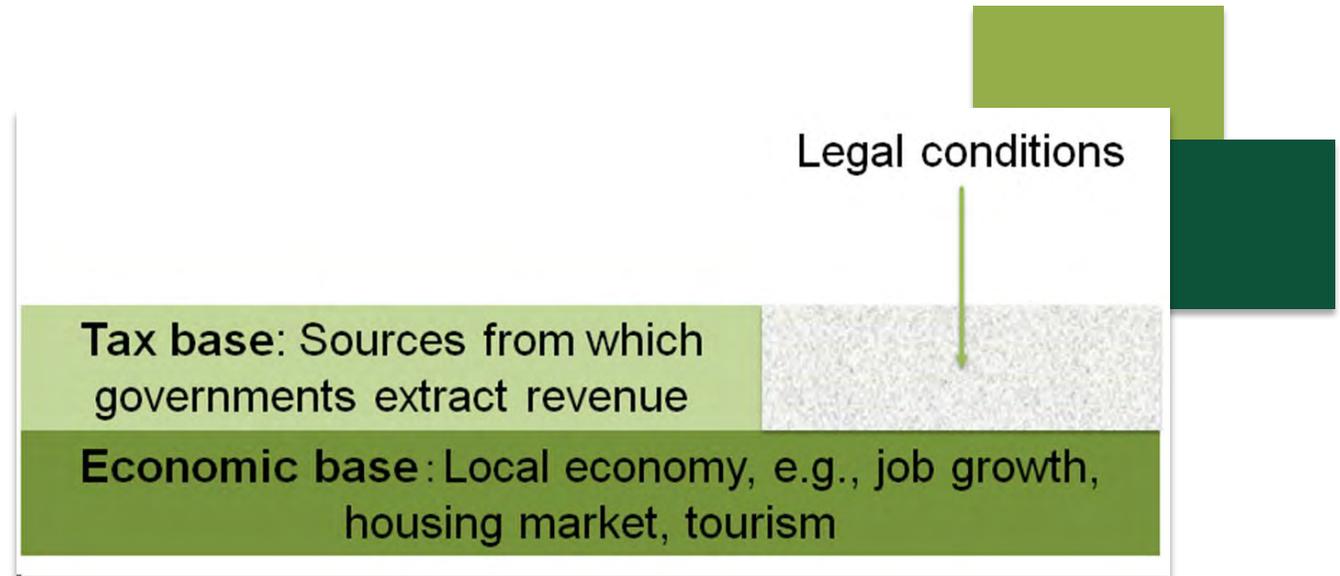
Total Local Government Revenue 2019

- Charges for Services
- Tax Revenues
- State Grants
- Other Financing Sources
- Federal Grants
- Contributions from Local Units
- Other Revenue
- Interest and Rents
- Licenses and Permits
- Fines and Forfeits
- Special Assessments



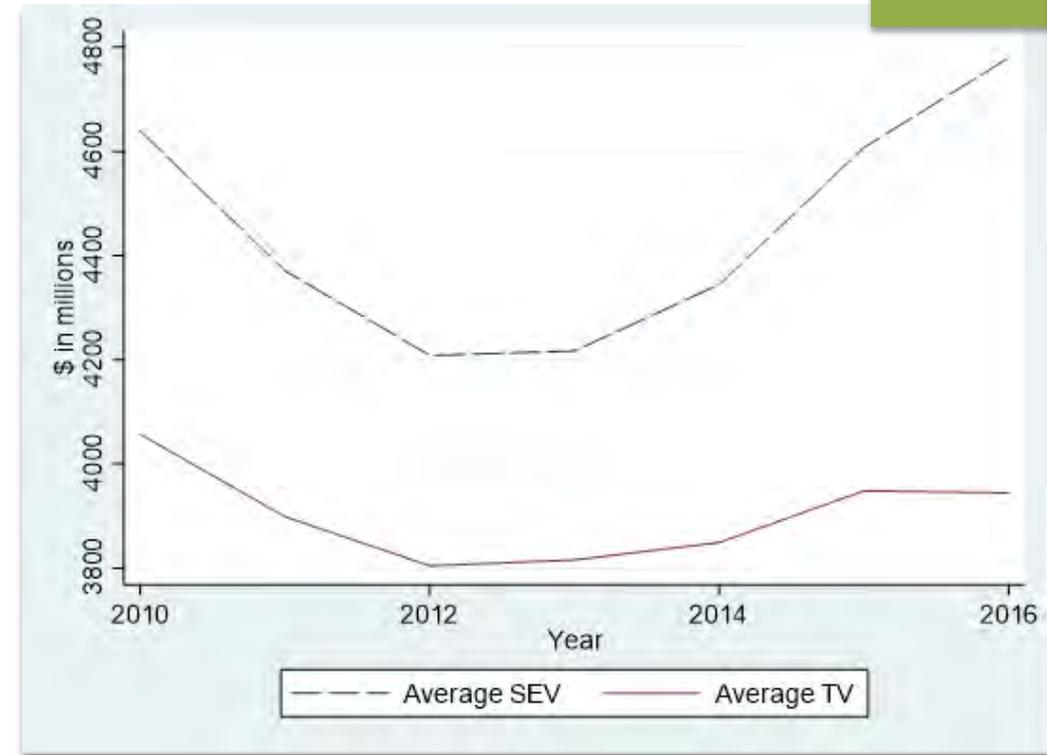
Revenues and Tax Base

- Tax Base condition = economic condition (SEV) + legal condition (Taxable Value)
- Economic conditions drive the potential revenue that can be collected (income, employment....)
- Legal conditions shape how much of this potential revenue can be realized and collected



Proposal A

- Created a change from SEV to Taxable Value as tax base for property taxes
 - SEV = 50% of true cash value
 - Increases or decreases annually based on market value



State Policy and County Revenues

- County Revenue Sharing
 - Important and potentially volatile
- County own source revenue options
 - Limited currently
- Can revenues grow adequately to maintain services?



Revenue Questions to Ask

- Do you rely heavily on one source of revenue?
- Are your revenues stable or volatile?



Total Local Government Expenditure 2019

- Public Works
- Public Safety
- Other
- Health and Welfare
- General Government
- Other Financing Uses
- Community/Economic Development
- Judicial
- Recreation and Culture



Spending and Service Questions to Ask

- How will spending pressures impact growth in spending over time?
- What will the impact of technology be on spending and new or altered services?
- What is the likely impact of state and federal mandates on spending?



A “Fiscally Sustainable” Budgeting Process

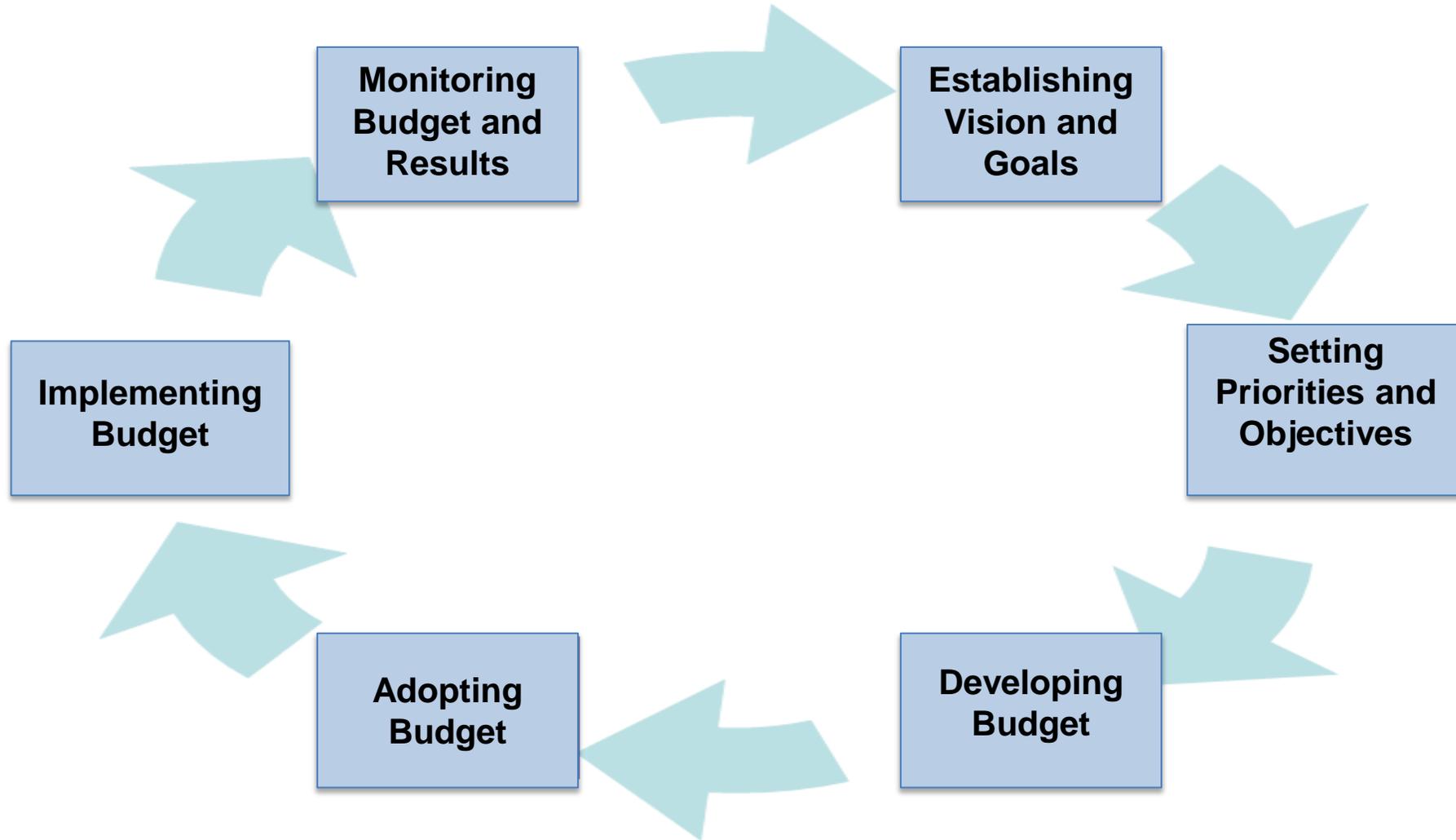
- Is multi-year in nature
- Addresses capital costs, legacy costs and reserves along operating costs
- Works at a strategic level rather than line-items (*performance measures included*)
- Is part of an overall strategic planning process



Best Practices for a Fiscally Sustainable Budget Process

- **Assess** Community Needs, Priorities, Challenges and Opportunities (*needs assessment*)
- **Establish** Broad Goals to Guide Governmental Decision Making (*strategic plan*)
- **Evaluate** policy options in addressing broad goals
- **Adopt** Financial Policies including multi-year budgeting and forecasting
- **Compare** actual to expected performance





Effective Budgeting, Four Principles

- From the National Advisory Council on State and Local Budgeting (NACSLB)
 - Set broad goals to guide decisions,
 - Develop strategies and financial policies to achieve goals,
 - Design a budget consistent with strategies and goals, and,
 - Continually evaluate performance and make adjustments toward achieving goals.

NATIONAL ADVISORY COUNCIL
ON STATE AND LOCAL BUDGETING
GOVERNMENT FINANCE OFFICERS ASSOCIATION



Effective Budgeting, Five Features

- A good budget process:
 - Incorporates a long term perspective
 - Establishes linkages to broad organizational goals
 - Focuses budget decisions on results and outcomes
 - Involves and promotes effective communication with stakeholders
 - Provides incentives to government management and employees.

NATIONAL ADVISORY COUNCIL
ON STATE AND LOCAL BUDGETING
GOVERNMENT FINANCE OFFICERS ASSOCIATION





Michigan Department of
TREASURY

Engagement. Service. Improvement.

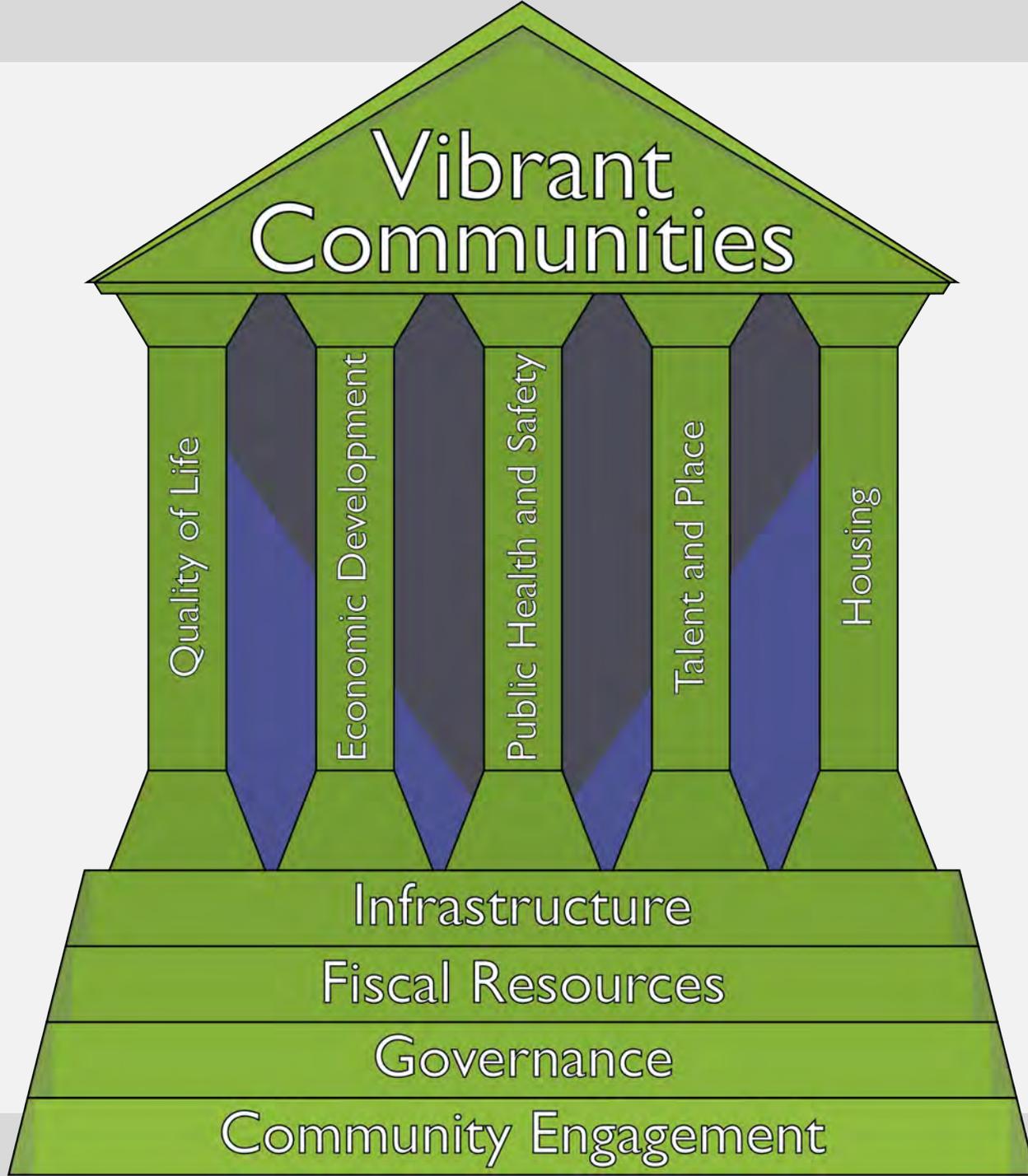
Fiscally Ready Communities:
Financial Best Practices Overview

Eric Cline, Community Services Division

Kayla Rosen, Community Engagement and Finance Division

Roxanne Foster, Community Engagement and Finance Division

What are the components of a vibrant community? (One per submission)



What financial policies does your local government have? (That you know of)

ACH Policy

Credit Card Policy

Investment Policy

Social Security Number Privacy Policy

Internal Controls Policy

Conflict of Interest Policy

Fund Balance Policy

Debt Management Policy

Tax Incentive Policy

Grants Policy

Budget Development Policy

Multiyear Forecast

Purchasing Policy

Receipting Policy

Policy Review Policy

Today's Discussion Topics

- Implementing Policies and Procedures for a Strong Financial Operation:
 - Internal Controls
 - Required Policies and Procedures
 - General Operational Procedures
 - Budget Development
 - Multiyear Forecasting
 - Purchasing and Receipting Policies
 - Next Steps and Financial Education

Policies: Why are they important?

- How do General Policies and Procedures; Purchasing Policies and Procedures; and Budgeting Policies and Procedures benefit the local government?
 - Helps to reduce the risk of inefficiencies and fraud.
 - Creates uniformity across departments and local governments.
 - Consistent internal operations.
 - Provides guidelines and procedures for employees.



Internal Controls



Internal Controls

- What are internal controls?
 - Written guidelines, allowances, and restrictions that aid in ensuring efficient and effective operations of a local government.
 - They protect resources against waste, misappropriation, and inefficiency.



Internal Controls

- Benefits of internal controls:
 - Internal controls enable a local government to sustain and improve their performance by adapting to changing environments, mitigate risk to acceptable levels, and support sound decision making.
 - Internal controls ensure accuracy, timeliness, and reliability in accounting and operating data.



Internal Control Policies

- The local government should:
 - Review and reconcile records routinely by someone other than the preparer to verify that transactions are properly processed.
 - This includes accounts payable, accounts receivable, cash receipts, and payroll.
 - Reconcile general ledger balances to the financial statements.



Internal Control Policies

- The local government should have the following policies:
 - A policy about the job descriptions of all key personnel.
 - A policy that states who is authorized to approve transactions.
 - A policy that forbids signing blank checks.
 - A policy that outlines the appropriate documentation that must be attached to support invoices and disbursements.
 - All personnel responsible for handling money should be bonded.



How often do you check your cash position?

Weekly

Monthly

Quarterly

Annually

I'm supposed to check that?

Internal Controls Examples

- Bank reconciliations must be performed monthly.
- Monitor cash position daily to ensure sufficient liquidity.
- Local governments shall ensure that all financial transactions are recorded in the accounting records and can be substantiated with evidence.



Statutorily Required Financial Policies and Procedures

- Local governments **must** have:
 - An ACH policy.
 - A credit card policy.
 - An investment policy.
 - A social security number privacy policy.



Required in Statute: ACH Policy

- Policies to include in your ACH policy:
 - A designated employee by the treasurer or Electronic Transactions Officer (ETO) is responsible for the ACH agreements.
 - The employee responsible for the disbursement of funds shall submit documentation detailing the goods or services purchased, the cost of said goods or services, payment date, and department levels serviced by the payment.
 - Minimize the use of ACH transactions.
 - Approve ACH invoices before payment.

Public Act 738 of 2002



Required in Statute: Credit Card Policy

- A named officer or employee is:
 - Responsible for the issuance, accounting, monitoring, retrieval, and compliance with the credit card policy.
 - The only person who can use the credit card for the purchase of goods or services.
 - These purchases must be for the official business of the local government.
 - The person submitting the documentation detailing the goods or services purchased, cost, date of the purchase, and the official business.
 - Responsible for its protection and custody.
 - Therefore, the named officer or employee shall immediately notify the local government if the card is lost or stolen.
 - Required to immediately surrender the card upon termination.



Required in Statute: Credit Card Policy Continued!

- A system of internal controls monitoring the use of the credit card.
- Approval of credit card invoices **before** payment.
- The total balance due under the credit card arrangement shall be paid within 60 days of the initial statement date.
- The policy must provide for disciplinary measures consistent with law for unauthorized use.

Public Act 266 of 1995 (issuing credit cards) & Public Act 280 of 1995 (accepting credit card payments)

Required in Statute: Investment Policy

- Your investment policy should address:
 - Investment objectives.
 - Investment scope, diversity, and delegation of authority.
 - Allowable investments, safekeeping and custody, and prudence.
 - Policy should be sent to each institution accepting deposits or investments.

Public Act 20 of 1943

Required in Statute:

Social Security Number Privacy Act

- A person in the ordinary course of business who obtains or retains information about one or more social security numbers must create a policy that does at least all of the following:
 - Ensures to the extent practicable the confidentiality of the social security numbers.
 - Prohibits unlawful disclosure of the social security numbers.
 - Limits who has access to information or documents that contain the social security numbers.
 - Describes how to properly dispose of documents that contain social security numbers.
 - Establishes penalties for violation of the privacy policy.
- The person that creates a privacy policy shall publish the privacy policy in an employee handbook, in a procedures manual, or in one or more similar documents, which may be made available electronically.

Public Act 454 of 2004

General Policies



Operational Procedures

- Utilized to monitor and control implementation of your financial operations.
- The local government shall follow all Michigan Department of Treasury standards and the **Governmental Accounting Standards Board (GASB)** accounting standards.



Recommended: Conflict of Interest Policy

- Policies to include:
 - General prohibition against entering into any business relationships that would put an employee or official into conflict with their obligations to the local government.
 - Requirement to disclose any personal transactions, in excess of a dollar threshold, entered into with any vendor that also does business with the local government.
 - Disclosure or prohibition of gifts received from vendors in excess of a dollar threshold.
 - The employee/official will work in the best interest of the local government.
 - An explicit expectation that all information provided will be truthful and complete.

General Recommended Policies

- Here are some additional policies to consider, based upon local circumstances:
 - A Fund Balance Policy.
 - A Debt Management Policy.
 - A Tax Incentive Policy.
 - A Grants Policy.



Grants Policies

- Prior to applying for a grant:
 - Have a section on identifying, evaluating, applying, and approving.
 - Ensuring grants align with the strategic goals of the local government.
 - Conducting a funding analysis.



Grants Policies

- Once a grant has been approved:
 - Have a section on monitoring grants.
 - This includes evaluating the grant.
 - Establishing a way to monitor grant progress and ensure that all reporting deadlines are met.
- Evaluating a grant, prior to renewal or grant continuation.



Budget Policies



In one word, describe the purpose of a budget

The Budget!

- More than a spreadsheet of numbers, it is:
 - A Policy Document.
 - An Operations Guide.
 - A Financial Plan.
 - A Communications Device.
- A plan that balances your immediate and long-term needs.



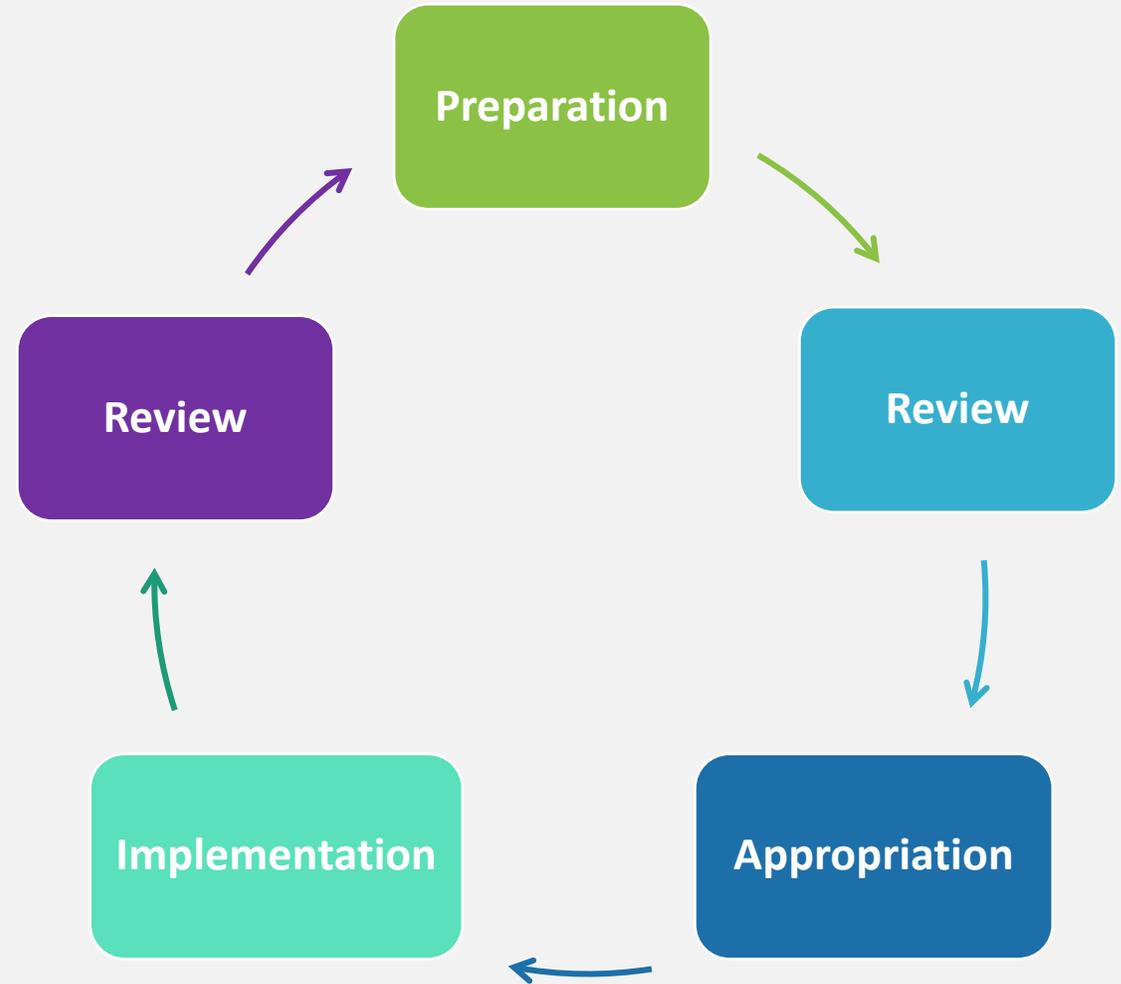
Budget Policy Benefits

- Having a strong budget policy ensures that a local government can maintain public services, while planning for their future, creating fiscal responsibility.
- This could include policies such as:
 - The budget articulating the priorities and issues for the budget cycle;
 - Having procedures in place for amending the budget after it is adopted.



Developing a Budget Document

- Charter and internal requirements.
- Legal requirements.
- Have a budget calendar.
- Have a document to explain the budget.
- Involve staff in draft developments.
- Have workshops with the elected body.
- Develop a balanced budget.



How to Adopt a Budget Document

- Provide enough time for review of the final draft.
- Required notification times.
- A public hearing.
- Have a formal presentation.
- Budget resolution.
- Distribute copies after approval.



TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

City Officials & Department Heads	1
Letter of Submittal	2
Vision Statement and Goals	8
Notice of Public Hearing	22
Budget Adoption Resolution	23
Appropriations Resolution	24
General Fund Graphs	29
Assessed and Taxable Values	31
Millage Reduction Fraction Estimated Calculation	32
Historical Millage Tax Rates Levied	34
Taxable Value History	35
Top 10 Taxpayers	36
Summary of Assessment Roll	37
History of Poverty Exemptions	38
History of Foreclosures	39
Water and Sewer Disposal System	40
City Organizational Chart	44
Administrative Salaries	45
City Council Compensation	46
Employee Wages by Department	47

FUNDS

General Fund Budget Summary	49
General Fund	
City Hall	52
Information Technology Department	54
Building Authority	56
Cemetery	57
Police	59
Fire/EMS	61
Public Works	65
Light Department	67
Parks and Recreation	69
Other Financing Uses	71
Major Street Fund	72
Local Street Fund	76
Marina Fund	79
Tree/Park Improvement Fund	81
Downtown Development Authority	82
Authority for Brownfield Redevelopment	86
Building Inspection	88
Budget Stabilization Fund	90

Sample Budget

Page No.

Building Authority Debt Fund	92
Capital Improvement Fund	94
Brownfield Capital Projects	96
Sewage Fund	99
Water Fund	103
Brownfield Remediation Revolving Fund	108
Equipment Fund	110
DPW Construction Fund	110
Public Safety Facility Construction Fund	111

GRANTS

Grants Summary	112
2018 Grants	114
2017 Grants	116
2016 Grants	119
2015 Grants	121
2014 Grants	124

FEES

Comprehensive Fee Schedule	126
----------------------------------	-----

CAPITAL IMPROVEMENT PLAN

Why are these budget policies and procedures important?

- Help to reduce the risk of inefficiencies and fraud.
- Allow regular review of your financial position.
- Allow you to adapt to changing circumstances.
- Minimize violations of Public Act 2 of 1968, as amended.



Multiyear Forecasting



Implementing Multiyear Forecasting

- Be proactive!
- Best Practices:
 - 5-year forecast;
 - 2-year budget adopted annually.
- How to begin:
 - Start with a 2-year forecast and build complexity overtime.
 - The first year should be the current fiscal year budget.
 - Update the forecast on a rolling basis, adopted with your budget annually.
- Link your forecast to your strategic plan and goals.
- Involve your staff in the forecasting process.



Best Practices: Implementing Multiyear Forecasting

- Revenue: Conservative estimates
- Expenditures: Conservative estimates
 - Prioritize required expenditures such as debt, payroll, pension & OPEB costs, etc.



How do you prioritize expenditures?

The Budget!

- More than a spreadsheet of numbers, it is:
 - A Policy Document.
 - An Operations Guide.
 - A Financial Plan.
 - A Communications Device.
- A plan that balances your immediate and long-term needs.



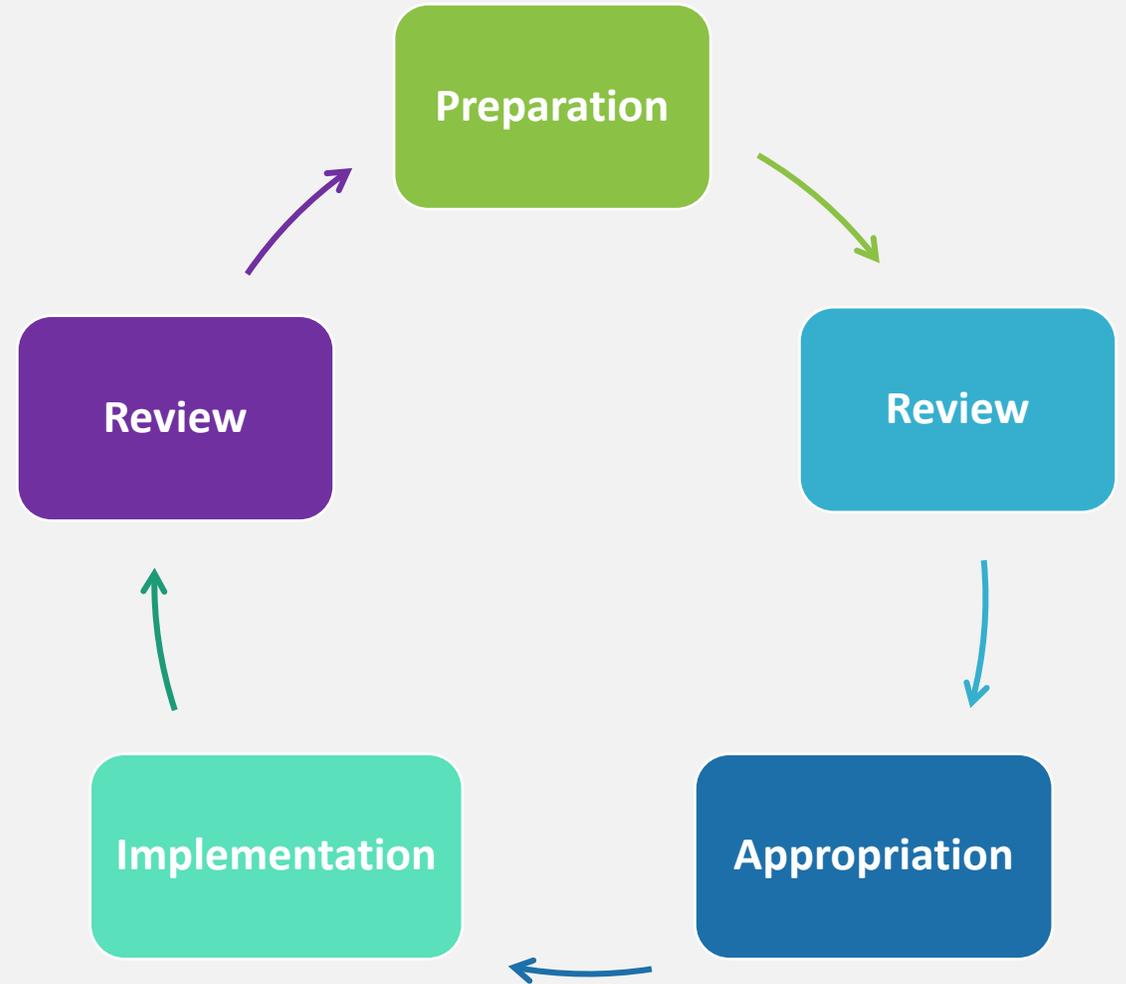
Budget Policy Benefits

- Having a strong budget policy ensures that a local government can maintain public services, while planning for their future, creating fiscal responsibility.
- This could include policies such as:
 - The budget articulating the priorities and issues for the budget cycle;
 - Having procedures in place for amending the budget after it is adopted.



Developing a Budget Document

- Charter and internal requirements.
- Legal requirements.
- Have a budget calendar.
- Have a document to explain the budget.
- Involve staff in draft developments.
- Have workshops with the elected body.
- Develop a balanced budget.



How to Adopt a Budget Document

- Provide enough time for review of the final draft.
- Required notification times.
- A public hearing.
- Have a formal presentation.
- Budget resolution.
- Distribute copies after approval.



TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

City Officials & Department Heads	1
Letter of Submittal	2
Vision Statement and Goals	8
Notice of Public Hearing	22
Budget Adoption Resolution	23
Appropriations Resolution	24
General Fund Graphs	29
Assessed and Taxable Values	31
Millage Reduction Fraction Estimated Calculation	32
Historical Millage Tax Rates Levied	34
Taxable Value History	35
Top 10 Taxpayers	36
Summary of Assessment Roll	37
History of Poverty Exemptions	38
History of Foreclosures	39
Water and Sewer Disposal System	40
City Organizational Chart	44
Administrative Salaries	45
City Council Compensation	46
Employee Wages by Department	47

FUNDS

General Fund Budget Summary	49
General Fund	
City Hall	52
Information Technology Department	54
Building Authority	56
Cemetery	57
Police	59
Fire/EMS	61
Public Works	65
Light Department	67
Parks and Recreation	69
Other Financing Uses	71
Major Street Fund	72
Local Street Fund	76
Marina Fund	79
Tree/Park Improvement Fund	81
Downtown Development Authority	82
Authority for Brownfield Redevelopment	86
Building Inspection	88
Budget Stabilization Fund	90

Sample Budget

Page No.

Building Authority Debt Fund	92
Capital Improvement Fund	94
Brownfield Capital Projects	96
Sewage Fund	99
Water Fund	103
Brownfield Remediation Revolving Fund	108
Equipment Fund	110
DPW Construction Fund	110
Public Safety Facility Construction Fund	111

GRANTS

Grants Summary	112
2018 Grants	114
2017 Grants	116
2016 Grants	119
2015 Grants	121
2014 Grants	124

FEES

Comprehensive Fee Schedule	126
----------------------------------	-----

CAPITAL IMPROVEMENT PLAN

Why are these budget policies and procedures important?

- Help to reduce the risk of inefficiencies and fraud.
- Allow regular review of your financial position.
- Allow you to adapt to changing circumstances.
- Minimize violations of Public Act 2 of 1968, as amended.



Multiyear Forecasting



Implementing Multiyear Forecasting

- Be proactive!
- Best Practices:
 - 5-year forecast;
 - 2-year budget adopted annually.
- How to begin:
 - Start with a 2-year forecast and build complexity overtime.
 - The first year should be the current fiscal year budget.
 - Update the forecast on a rolling basis, adopted with your budget annually.
- Link your forecast to your strategic plan and goals.
- Involve your staff in the forecasting process.



Best Practices: Implementing Multiyear Forecasting

- Revenue: Conservative estimates
- Expenditures: Conservative estimates
 - Prioritize required expenditures such as debt, payroll, pension & OPEB costs, etc.



Poll everywhere:

- How do you prioritize expenditures? (Word bubble)

Purchasing



Recommended: Purchasing Policies

- The policy should include:
 - Different procedures based on the total cost of the project (i.e. purchases under \$2,000; purchases between \$2,000-\$9,999; purchases over \$10,000, etc.).
 - Include competitive bidding for purchases over a specific dollar amount.
 - Include a detailed plan of action if two or more bids are equivalent, including who makes the decision and how.
 - A process for reporting instances of noncompliance and evaluations of those noncompliance items.
 - A section about being exempt from local, state, and federal excise tax and provide the necessary documents to any vendor upon request.
 - A statement that contracts and the contracting process shall be publicly available.

Travel Purchasing Policies and Procedures

- Local governments should have a detailed travel and expense reimbursement policy.
 - Breakfast, lunch and dinner costs;
 - Lodging expenses, maximum reimbursement;
 - Uniform submission process.



Receipting



Receipting Policies

- Local governments should have a policy on:
 - Accounting numerically for receipt books issued to other departments.
 - Prohibiting the use of generic or “dime store” receipts.
 - Indicating the method of payment on the receipt (cash, check, or credit card).
 - Classifying the revenue account in conformity with the Uniform Chart of Accounts.
 - Restricting endorsed (stamped for deposit only) checks at the time of collection.
 - Limiting authorized signers and keeping bank signature cards current.
 - Recording each individual cash transaction.



Receipting Policies

- Local governments should have a record of each transaction. The record should include:
 - The date of the transaction;
 - The dollar amount received;
 - The type of payment (cash, check, credit cards, etc.);
 - The purpose (garbage, labels, taxes, parcel number, etc.);
 - The person paying;
 - The department receiving the cash;
 - The person accepting the cash;
 - The receipt number, if applicable;
 - Invoice number, if applicable;
 - The account number the cash is being deposited into.



Cash Receipting



Cash Receipting Policies

- When cash is collected, the following policies shall be used:
 - Formal evidence must be created for each collection (e.g., sequentially numbered cash receipt ticket, cash register receipt, etc.) and provided to payors where applicable.
 - Each bank deposit (evidenced by a bank deposit slip or other documentation) must be in agreement with the cash receipts and the deposit slip (or other bank deposit support).
 - Deposits are required to be deposited in a reasonable timeframe (daily).
 - When the amount of cash on hand is minimal, deposits may be made less frequently (weekly).
 - Undeposited funds should be secured in a locked place such as a safe or vault.

Additional Cash Receipting Policies

- When cash is collected, the following policies shall be used:
 - Money to be deposited should be counted and reconciled to the summary of cash collections to be sent to the accountant or bookkeeper.
 - If there is a difference, a “cash overage/shortage” account should be used.
 - Never make up the difference from cash in the change drawer.
 - The change drawer should never be used to cash personal checks.



Cash Receipting Policies

- Responsibilities of the Treasurer:
 - Providing the accountant or bookkeeper a record of all money received and the purpose of the amounts received (such as the budgeted revenue account or the receivable account).
 - This may be done in summary form (example: department transmittal advices) or by individual receipt.
 - Responsible for all cash receipts, unless the authority has been delegated to another official in a home rule city or village.
 - If any employees other than the Treasurer (or delegated official) of the local government receive cash, they must do so with the approval of the Treasurer and in accordance with all cash handling policies.

Capital Assets



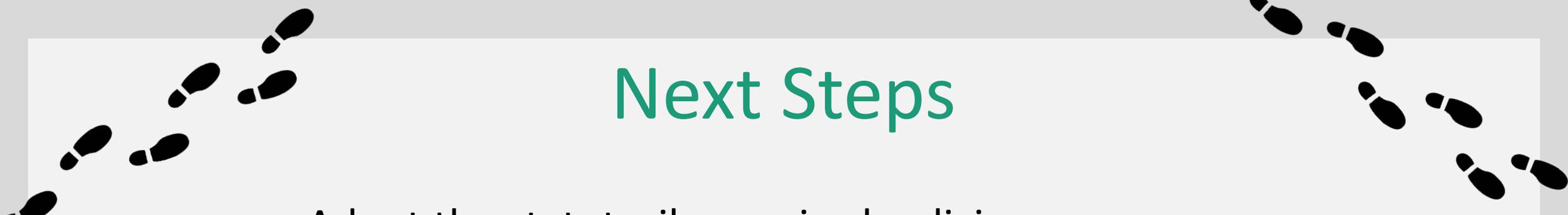
Capital Assets

- Each local government **shall** have a written capital asset policy that addresses asset capitalization and retirement.
- The purchase, addition, disposal, and sale of an asset **must** have prior approval from the appropriate local officials.
- The local government **shall** adopt a policy to inventory and assess the condition of all major capital assets.



Next Steps





Next Steps

- Adopt the statutorily required policies.
- Consider adoption of other, recommended policies.
- Enhance your budget format, development and adoption procedures.
- Document and follow your written procedures.
- Periodically review your policies for changes.
- Consider a “Policy Review” Policy.



But wait, there are more next steps!

- Consider the adoption of a multi-year financial forecast.
 - Local governments should provide training, resources, and guidance in order for staff to be able to successfully complete their duties.
 - Staff members should have the proper certifications for their positions and continue to take training courses when necessary or applicable.
 - Provide training to allow employees to grow in their positions, improving employee engagement.
 - Adopt a Training Policy that prioritizes these outcomes.
 - Attend other Fiscally Ready Communities Trainings!
- 

Resources



Treasury's website: www.michigan.gov/CEFD

The screenshot shows the Michigan Department of Treasury website. At the top, there is a blue header with the Michigan Department of Treasury logo and name on the left, and a search bar on the right. Below the header is a dark blue navigation bar with five categories: TAXES, UNCLAIMED PROPERTY, LOCAL GOVERNMENT, STATE AND AUTHORITY FINANCE, and REPORTS & LEGAL. The main content area is white. On the left, there is a sidebar menu under the heading 'LOCAL GOVERNMENT' with links to 'Community Engagement and Finance', 'Local Retirement Reporting', 'Revenue Sharing', 'State Tax Commission', 'School Review and Fiscal Accountability', and 'Local Fiscal Health'. The main content area features a breadcrumb trail: 'TREASURY / LOCAL GOVERNMENT / COMMUNITY ENGAGEMENT AND FINANCE'. Below this is a dark blue banner with a white icon of a building and the text 'Community Engagement and Finance'. Underneath the banner are four blue buttons: 'File and Search Reports', 'Local Retirement Reporting', 'Financial Emergency Information', and 'MI Community Financial Dashboard'. Further down, there is a 'Mission Statement' section with a paragraph of text. To the right of the mission statement is a 'Contact Information' box with an email address and phone number, and a link for 'More Contact Information'. Below the mission statement is a 'Stay Informed' section with social media icons for Twitter and Email, and text for following on Twitter and signing up for email alerts. At the bottom, there are two dark blue sections: 'News, Notices and Resources' with links to COVID-19 updates, fiscally ready communities program, webinar resources, and prosperity region field teams; and 'Upcoming Events' with a link to upcoming webinars.

Michigan Department of Treasury

TAXES UNCLAIMED PROPERTY LOCAL GOVERNMENT STATE AND AUTHORITY FINANCE REPORTS & LEGAL

LOCAL GOVERNMENT

Community Engagement and Finance

Local Retirement Reporting

Revenue Sharing

State Tax Commission

School Review and Fiscal Accountability

Local Fiscal Health

TREASURY / LOCAL GOVERNMENT / COMMUNITY ENGAGEMENT AND FINANCE

Community Engagement and Finance

File and Search Reports Local Retirement Reporting Financial Emergency Information MI Community Financial Dashboard

Mission Statement

The Community Engagement and Finance Division (CEFD) is a division within the Bureau of Local Government, at the Michigan Department of Treasury. Our mission is to partner with Michigan municipalities, helping them to be fiscally resilient through financial, operational, and regulatory support services.

Contact Information

Email: TreasLocalGov@michigan.gov
Phone: 517-335-7469

[More Contact Information](#)

Stay Informed: Follow us @MiTreasury Sign-Up for Email Alerts

News, Notices and Resources

[COVID-19 Updates for Local Governments and School Districts](#) [Fiscally Ready Communities Program](#)

[Webinar, Education, & Training Resources](#) [Fiscal Health of Michigan's Local Governments 2018](#)

[Prosperity Region Field Teams](#)

Upcoming Events

[Upcoming Webinars](#)

Questions



Thank You!

www.michigan.gov/CEFD
www.michigan.gov/treasury

@MITreasury

 Michigan Department of
TREASURY