

Accounting and Payroll: Techniques and Solutions

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Agenda

Workshop designed for newer officials or those wanting a refresher:

- **Basic Bookkeeping Concepts**
- **Use of the Uniform Chart of Accounts**
- **Fund Accounting-Overview**
- **Reports-What Should We Run and When?**
- **Internal Control Considerations**
- **Payroll Administration**

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Survey of Current Use

- **How many use ‘off the shelf’ products like QuickBooks or Peachtree?**
- **Integrated packages such as BS&A, FundBalance?**
- **Manual systems?**

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Learning Objectives-Bookkeeping

1. Understand basic accounting terminology.
2. Explain double-entry rules.
3. Identify steps in the accounting cycle.
4. Record transactions in journals, post to ledger accounts, and prepare a trial balance.
5. Explain the reasons for preparing adjusting entries.

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Accounting Information System

Accounting Information System

- Basic terminology
- Debits and credits
- Basic equation
- Financial statements

The Accounting Cycle

- Identification and recording
- Journalizing
- Posting
- Trial balance
- Adjusting entries
- Adjusted trial balance
- Preparing financial statements
- Closing
- Post-closing trial balance
- Financial statements

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Basic Terminology

- Event
- Transaction
- Account
- Real Account
- Nominal Account
- Ledger
- Journal
- Posting
- Trial Balance
- Adjusting Entries
- Financial Statements
- Closing Entries

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Transactions and Events

- **What to Record?-GAAP “transactions and other events and circumstances that affect a business enterprise”**
- **Types of Events:**
 - **External – between a business and its environment.**
 - **Internal – event occurring entirely within a business**

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Review “Transactions and Events”

	External	Internal	Not Recorded
1. A supplier of a Township is paid an amount owed on account.	External		
2. A resident pays their current property bill.	External		
3. A fireman is hired.			Not Recorded
4. The biweekly payroll is paid.	External		
5. DDA tax capture is calculated.		Internal	
6. A new auditing firm is hired.			Not Recorded
7. Property taxes are transferred from the tax collection fund to the general fund.		Internal	

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Debits and Credits-and Accounts

- **An account shows the effect of transactions on a given asset, liability, equity, revenue, or expenditure account.**
- **Double-entry accounting system (two-sided effect).**
- **Recording done by debiting at least one account and crediting another.**
- **DEBITS must equal CREDITS.**

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Accounts

- Posted to accounts either directly to the general ledger (QuickBooks) or summarized in batches (manual systems and integrated packages).
- The structure of the chart of accounts is defined by the State of Michigan, Department of Treasury.
- Use of the “Uniform Chart of Accounts” is required by State Law-specifics to follow.

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Debits and Credits

Account



- An arrangement that shows the effect of transactions on an account.
- Debit = “Left”
- Credit = “Right”

An account can be illustrated in a T-Account form.



Cash 101-000-001	
Debit / Dr.	Credit / Cr.

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Debits and Credits

If debit entries are greater than credit entries, the account will have a debit balance.

Cash 101-000-001		
	Debit / Dr.	Credit / Cr.
Transaction #1	\$10,000	\$3,000
Transaction #3	8,000	
Balance	\$15,000	

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Debits and Credits

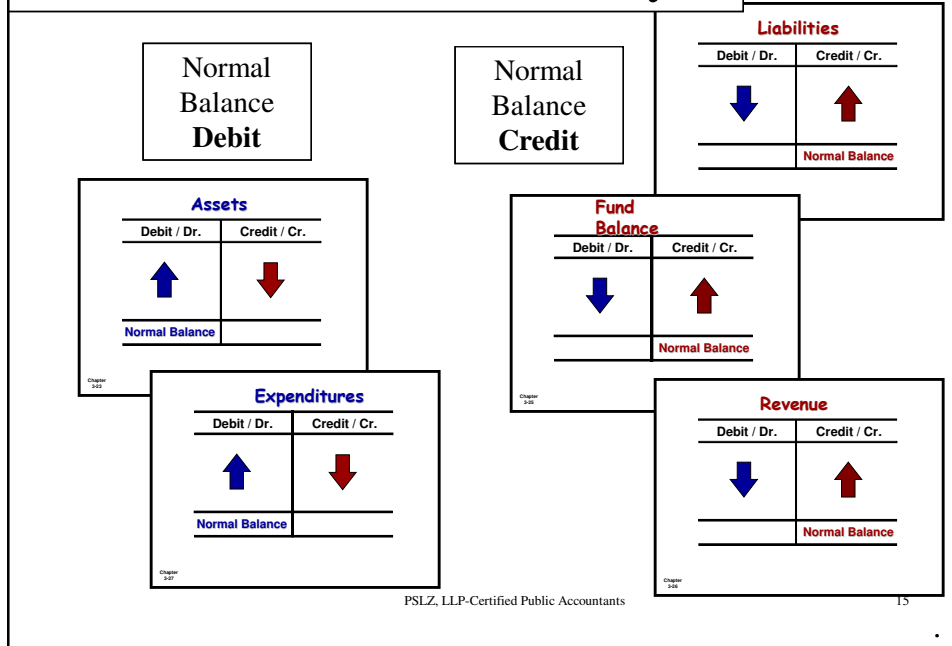
If credit entries are greater than debit entries, the account will have a credit balance.

Acc. Pay. 101-000-201		
	Debit / Dr.	Credit / Cr.
Transaction #1	\$10,000	\$3,000
		8,000
Balance		\$1,000

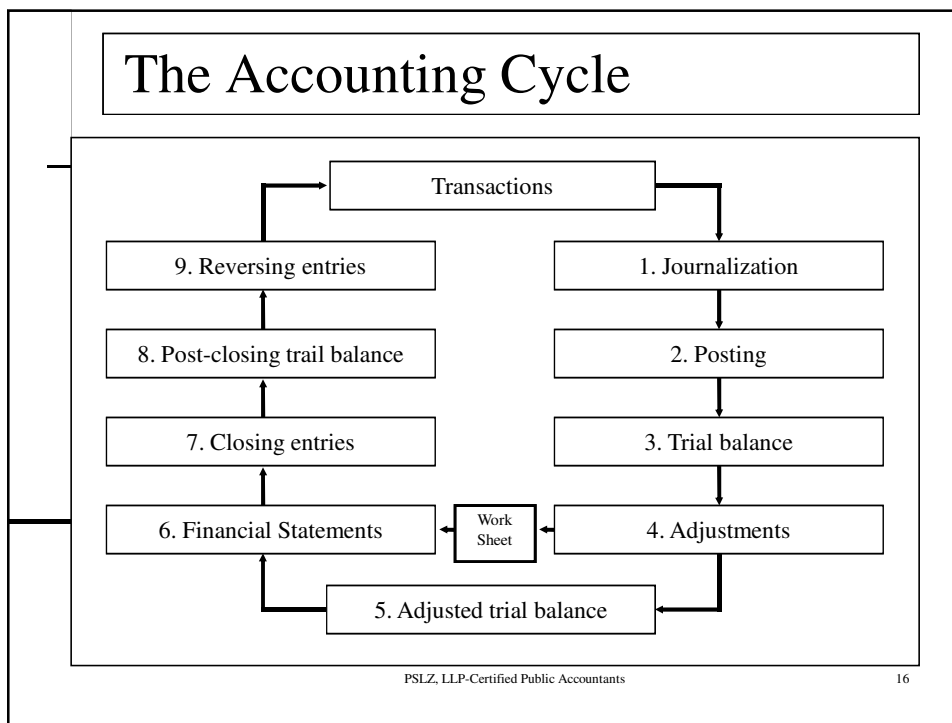
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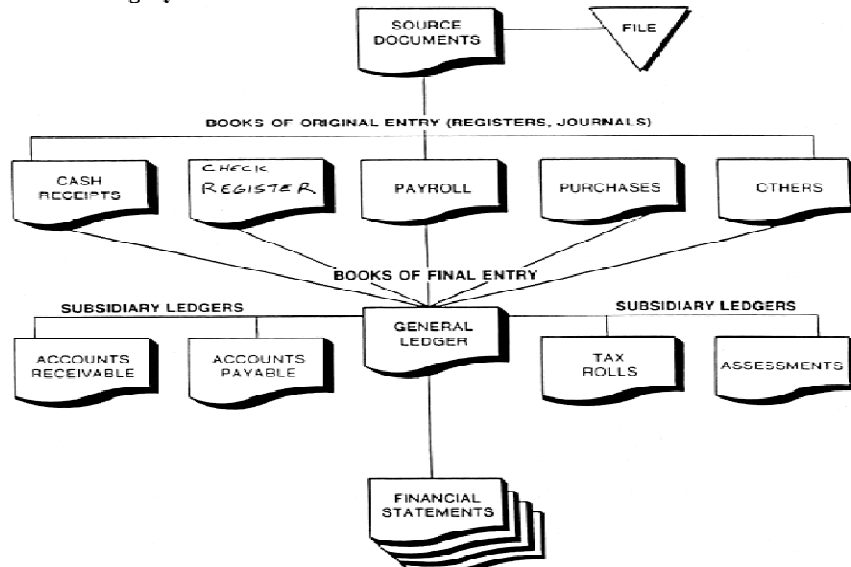
Debits and Credits Summary



The Accounting Cycle



Overview of Accounting System Data Flow



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General Ledger

- The township's main financial records
- Normally maintained by the clerk
- Posted from "books of original entry"
- Cash receipts journal, check register, payroll journal and general journal
- The general ledger is the backbone of all financial accounting and reporting and is normally posted on a monthly basis

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Books of Original Entry

- Cash Receipts
- Cash Disbursements
- Payroll Journal
- Purchase or Voucher Journal
- General Journal

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Manual Cash Receipt

OFFICIAL
RECEIPT

CHERRY LANE TOWNSHIP
GENERAL FUND

NO: 103

DATE: 6-30-2013

RECEIVED FROM: Bank Of Cherry Lane \$ 1,243.22

TWO THOUSAND EIGHT HUNDRED EIGHT AND NO/100'S DOLLARS

FUND	ACCOUNT NO.	AMOUNT
GENERAL	101-000-664	1,243.22

IN PAYMENT FOR: INTEREST

AUTHORIZED SIGNATURE

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Cash Receipts Journal-Non Taxes

Receipt Number	Date	Amount	Description	Lice. And Permit 101-000-450	Interest 101-000-664	State Share 101-000-539
101	6/15/2013	225.00	Fees	225.00		
102	6/18/2013	44,279.00	State of Michigan			44,279.00
103	6/30/2013	1,243.22	Bank of Cherry Lane		1,243.22	
Total		45,747.22		225.00	1,243.22	44,279.00

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Cash		Fund Balance	
101-000-001		101-000-390	
12,000.00		BB	12,000.00
45,747.22			
57,747.22		EB	12,000.00
101-000-450		101-000-539	
	225.00		44,279.00
101-000-664			
-	1,243.22		
		total debits	total credits
		57,747.22	57,747.22

Net Payroll Check

Pay to the
Order of Sherry L Myway \$ 1,821.00

One thousand eight hundred twenty-one and 00/100***** Dollars

Address Sherry L Myway
Cherry Lane, MI 48111

Memo

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Check Detail

Earnings			
Name	Rate	Hours	Customer/Job
Clerk's Salary	2,000.00		

Sick Available	0.00
Vacation Avail.	0.00

Other Payroll Items		
Name	Rate	Quantity

Employee Summary		
Name	Amount	YTD
Clerk's Salary	2,000.00	24,000.00
Federal Withholding	-100.00	-1,200.00
Medicare Employees	-29.00	-348.00
MI - Withholding	-50.00	-600.00

Company Summary		
Name	Amount	YTD
Medicare Township	29.00	348.00

Check Amount:	1,821.00
---------------	----------

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Cash Disbursement Journal

Date	Num	Payee	Amount	Account no.			amount	Account
				229.001	229.002	228		
6/10/2013	3379	Lenawee County Treasu	1,793.98				1,793.98	101-446-818
6/10/2013	3380	Doubleday Bros.	120.00				120.00	101-190-726
6/10/2013	3382	MTA	500.00				500.00	101-101-958
6/10/2013	3383	City of Cherry Lane	3,500.00				3,000.00	101-336-818
							500.00	101-301-818
6/10/2013	3384	Patrick Pushover	985.50	0	-14.5		1,000.00	101-171-706
6/10/2013	3385	Shery Myway	1,821.00	-100	-29	-50	2,000.00	101-215-706
6/10/2013	3386	Tammy Tresurer	1,697.00	-100	-153	-50	2,000.00	101-253-706
6/10/2013		EFTPS	593.00	200	196.5		196.50	01-250-715
Totals			11,010.48	0	0	-100	11,110.48	
		Credit to cash	11,010.48					
		credit to due to						
		State	100.00					
		Debits to various						
		expenditure accts	11,110.48					
		Balance	-					

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Cash Disbursement Entry

Account	Debit	Credit
101-446-818 Highw ays and Street	1,793.98	
101-190-726 Election Supplies	120.00	
101-101-958 Membership	500.00	
101-336-818 Fire Protection Con	3,000.00	
101-301-818 Law Enforcement Con	500.00	
101-171-706 Supervisor Salary	1,000.00	
101-253-706 Treasurer Salary	2,000.00	
101-215-706 Clerk Salary	2,000.00	
101-000-228 Due to State W/H		100.00
101-000-001 Cash-checking		11,010.48
101-250-715 Payroll Taxes	196.50	
	11,110.48	11,110.48

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Cash		Due to State	
101-000-001		101-000-228	
12,000.00		BB	-
	11,010.48		100.00
989.52		EB	100.00
Due to Federal		Fund Balance	
101-000-229		101-000-390	
BB	-	BB	12,000.00
	396.50		
396.50			
EB	-	EB	12,000.00
101-101-958		101-190-726	
500.00		120.00	
101-171-706		101-215-706	
1,000.00		2,000.00	
101-250-715		101-253-706	
196.50		2,000.00	
101-301-818		101-336-818	
500.00		3,000.00	
101-446-818		total	total
1,793.98		debits	credits
		12,100.00	12,100.00

General Journal

General Fund received \$100,000 in State Shared Revenues
Through the ACH System

Assets

=

Liabilities

+

Fund
Balance

+ 100,000

+ 100,000

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1. Journalizing

General Journal – a chronological record of transactions. **Journal Entries** are recorded in the journal.

date	Acct desc	number	debit	credit
12/31/2012	Cash	101-000-001	100,000	
	State Shared Revenue	101-000-574		100,000

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Posting to Ledger

Posting - the process of transferring amounts from the journal to the ledger accounts.

General Journal					GJE1
Date	Account Title	Ref.	Debit	Credit	
12/31/2012	Cash	GJE 1	100,000		
	State Shared	GJE 1		100,000	

General Ledger			CASH			101-000-001
Date	Explanation	Ref.	Debit	Credit	Balance	
12/31/2012	Beginning Balance				43,000	
12/31/2012	State Shared	GJE 1	100,000		143,000	

Posting to Ledger

Posting - the process of transferring amounts from the journal to the ledger accounts.

General Journal					GJE1
Date	Account Title	Ref.	Debit	Credit	
12/31/2012	Cash	GJE 1	100,000		
	State Shared	GJE 1		100,000	

General Ledger					
State Shared					101-000-574
Date	Explanation	Ref.	Debit	Credit	Balance
12/31/2012	Beginning Balance				-
	State Shared	GJE 1		100,000	100,000

Trial Balance

Trial Balance – a list of each account and its balance; used to

Acct. No.	Account	Debit	Credit
101-000-001	Cash	\$ 143,000	
101-000-201	Accounts Payable		\$ 3,000
101-000-390	Fund Balance		88,000
101-000-401	Property Tax Revenue		62,000
101-000-574	State Shared Revenue		100,000
101-000-664	Interest Income		16,000
101-171-706	Supervisor Salary	38,000	
101-215-706	Clerk's Salary	38,000	
101-253-706	Treasurer's Salary	38,000	
101-260-910	Insurance Expense	12,000	
		<u>\$ 269,000</u>	<u>\$ 269,000</u>

Adjusting Entries-Why?

- **Revenues** - recorded in the period in which they are “measurable and available”.
- **Expenditures** - recognized in the period in which they are incurred.
- **Adjusting entries** - needed to ensure that revenue and expenditure recognition required by GAAP are followed- they are also used to correct errors made in posting from source journals like payroll, accounts payable, cash receipt , and cash disbursements. These are sometimes also referred to as ‘reclassification’ adjustments.

Classes of Adjusting Entries

Prepayments

1. **Prepaid Expenses.**
Expenses paid in cash and recorded as assets before they are used or consumed.
2. **Deferred Revenues.**
Revenues received in cash and recorded as liabilities before they are “available”

Accruals

3. **Accrued Revenues.**
Revenues measurable/available but not yet received in cash or recorded
4. **Accrued Expenses.**
Expenses incurred but not yet paid in cash or recorded.

Payment of cash that is recorded as an asset because service or benefit will be received in the future.

BEFORE

Prepayments often occur in regard to:

- insurance
- supplies
- Consulting
- rent
- maintenance on equipment
- fixed assets

Example: On Dec. 1, 2012, Cherry Lane Township paid \$12,000 for 2013 insurance coverage. The payment was posted to Insurance Expense-Show the journal entry to reclassify payment to proper account prior to closing the books for December.

101-000-123 Prepaid Ins.		101-260-910 Insurance Exp.	
Debit	Credit	Debit	Credit
12,000			12,000

Adjusting Entries–“Prepaid Insurance”

Example: Show the adjusting journal entry required at Jan. 31st.

Jan. 31	Insurance expense	1,000	
	Prepaid insurance		1,000

101-000-123Prepaid Ins		101-260-910 Insurance exp	
Debit	Credit	Debit	Credit
12,000	1,000	1,000	
11,000			

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Adjusting Entries – “Deferred Revenues”

Receipt of cash that is recorded as a liability because the revenue isn't "available".

Cash Receipt

BEFORE

Revenue Recorded

Deferred revenues often occur in regard to:

- Property Taxes
- Advances on Grants
- Customer Deposits

Deferred Revenue

Received \$3,200 from Property Tax Fund- Dec. (winter roll)-township year end is Dec. 31-General Fund Entry

Assets	=	Liabilities	+	Fund Balance
+ 3,200		+ 3,200		

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Recording Deferred Revenue

date	Acct desc	number	debit	credit
12/31/12	Property Taxes	* 101-000-401	3,200	
	Deferred			
	Revenue	101-000-339		3,200
*(Assuming the original cash receipt was posted to current revenue)				
1/1/2013	Deferred			
	Revenue	101-000-339	3,200	
	Property Taxes	101-000-401		3,200
To "reverse" December entry and recognize revenue in 2013				

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Adjusting Entries–“Accrued Payroll”

Expenses incurred but not yet paid in cash or recorded.

Adjusting entry results in:

Expense Recorded

BEFORE

Cash Payment, if any*

Accrued expenses often occur in regard to:

- Payroll taxes ● Salaries and Wages

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Adjusting Entries–“Accrued Expenses”

Example: On Jan. 2, Cherry Lane Township paid the payroll for the period ending December 31:

Dec. 31	Payroll Expense	2,000	
	Accrued Payroll Payable		2,000

General Service 101-260-700		Acc'd Payroll 101-000-257	
Debit	Credit	Debit	Credit
2,000			2,000

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Adjusting Entries–“Accrued Expenses”

Example: On Jan 2, Cherry Lane Township paid the Dec.. 31 payroll

Jan. 2	Accrued Payroll Payable	2,000	
	Cash		2,000

Acc'd Payroll 101-000-257		Cash 101-000-001	
Debit	Credit	Debit	Credit
2,000			2,000

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Adjusting Entries-Why?

- **Revenues** - recorded in the period in which they are “measurable and available”.
- **Expenditures** - recognized in the period in which they are incurred.
- **Adjusting entries** - needed to ensure that revenue and expenditure recognition required by GAAP are followed- they are also used to correct errors made in posting from source journals like payroll, accounts payable, cash receipt , and cash disbursements. These are sometimes also referred to as ‘reclassification’ adjustments.

Before Producing Monthly Statements-Bank Reconciliation

- **Key part** - of internal control – ideally performed by someone NOT involved in cash receipts or disbursements
- **Involves** comparison of information coming from the bank to the books of the township, specifically the general ledger account(s) Cash in the Bank.

Bank Reconciliation Specifics

- **Monthly Bank Statement**- listing of all the deposits, checks, other debits and credits which *cleared* the bank.
- **General ledger**-shows all cash received and paid within the month according to the 'books'.
- **Reconciling items**- include timing differences, such as checks issued compared to those presented to the bank, and error corrections, and bank charges not posted in the books, but clearing the bank known as reconciling items.

Bank Reconciliation Steps

- **Monthly Bank Statement-** listing of all the deposits, checks, other debits and credits which *cleared* the bank.
- **General ledger-**shows all cash received and paid within the month according to the 'books'.
- **Reconciling items-** include timing differences such as checks issued compared to those presented to the bank, deposits recorded in the books, compared to those credited by the bank, error corrections, and bank charges not posted in books, but clearing the bank. "Book" adjustments will generally be correct by an adjusting journal entry.

Bank Reconciliation Steps

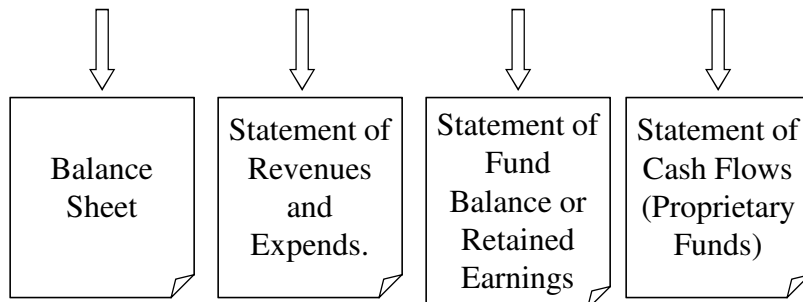
- **Checks-** should be reconciled to cancelled checks clearing the account, not to the listing on the statement. It is important to review the checks clearing for agreement to date, amount, payee and endorsement.
- **Unusual Items-**require follow up at the appropriate level-e.g. check clears for correct amount, different payee than register.
- **Deposits in Transit-**should clear within a few days of month end.

Bank Reconciliation Steps

- **Review Worksheet Bank Reconciliation Example Attached.**
- **Very Important-Bank Reconciliation is performed to GENERAL LEDGER balance, NOT Treasurer's Cash Record.**

Preparing Financial Statements

Financial Statements are prepared directly from the Adjusted Trial Balance.



Preparing Financial Statements

Assume the following Adjusted Trial Balance

Balance Sheet

Adjusted Trial Balance	Debit	Credit
Cash	\$ 143,000	
Prepaid Insurance	12,000	
Accounts Payable		3,000
Accrued Payroll		2,000
Deferred Revenue		3,200
Fund Balance		88,000
Property Tax Rev.		58,800
State Shared		100,000
Interest Income		16,000
Supervisor Salary	38,000	
Clerk Salary	38,000	
Treasurer Salary	38,000	
Gen. Serv. Payroll	2,000	
	<u>\$ 271,000</u>	<u>\$ 271,000</u>

Assets	
Cash	\$ 143,000
Prepaid Insurance	12,000
Total Assets	<u>\$ 155,000</u>
Liabilities	
Accounts Payable	3,000
Accrued Liabilities	2,000
Deferred Revenue	3,200
Equity	
Fund Balance	146,800
Total Liab. & Equity	<u>\$ 155,000</u>

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Preparing Financial Statements

Adjusted Trial Balance	Debit	Credit
Cash	\$ 143,000	
Prepaid Insurance	12,000	
Accounts Payable		\$ 3,000
Accrued Payroll		2,000
Deferred Revenue		3,200
Fund Balance		88,000
Property Tax Revenue		58,800
State Shared Revenue		100,000
Interest income		16,000
Supervisor Salary	38,000	
Clerk Salary	38,000	
Treasurer Salary	38,000	
General Serv. Payroll	2,000	
	<u>\$ 271,000</u>	<u>\$ 271,000</u>

Revenues:	
Property Taxes	\$ 58,800
State Shared	\$ 100,000
Interest income	16,000
Total revenue	<u>174,800</u>
Expenditures:	
Supervisor Salary	38,000
Clerk Salary	38,000
Treasurer Salary	38,000
General Service Salary	2,000
Total expenses	<u>116,000</u>
Excess of Revenues	\$ 58,800
Beginning Fund Balance	88,000
Ending Fund Balance	<u>\$ 146,800</u>

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Closing Entries

- To reduce the balance of the income statement (**revenue** and **expenditures**) accounts to zero (Nominal Accounts)
- Balance sheet (**asset**, **liability**, and **equity**) accounts are not closed (Real Accounts)

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Post-Closing Trial Balance

Acct. No.	Account	Debit	Credit
101-000-001	Cash	\$143,000	
101-000-123	Prepaid Insurance	12,000	
101-000-201	Accounts Payable		\$ 3,000
101-000-257	Accrued Payroll		\$ 2,000
101-000-339	Deferred Revenue		\$ 3,200
101-000-390	Fund Balance		146,800
101-000-401	Property Tax Revenue		-
101-000-664	Interest income		-
101-171-706	Supervisor Salary	-	
101-215-706	Clerk Salary	-	
101-253-706	Treasurer Salary	-	
		<u>\$155,000</u>	<u>\$155,000</u>

Accounting Methods

- Cash method-used by many small townships; recognize revenues when received, expenditures when paid.
- Modified accrual-required by GAAP for “governmental fund types”, revenues recorded when “measurable and available”, expenditures generally recognized when incurred.
- Accrual method-required by GAAP for proprietary funds. Requires capitalization and depreciation of long lived assets, recognition of long term liabilities on the books.

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State of Michigan-Chart of Accounts

- All Michigan Townships must use the State mandated general ledger number system called the Uniform Chart of Accounts-available at:
http://www.michigan.gov/documents/uniformchart_24524_7.PDF

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State Chart of Accounts

The Michigan chart of accounts uses nine digits, with an option for an additional three numbers for “sub accounts”:

- The first three digits indicate the fund number.
- The next three indicate the department (no departments for balance sheet accounts or revenues).
- The last three digits are line item.

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State Chart of Accounts

101-000-001	General Fund Cash
206-000-001	Fire Fund Cash
101-253-706	Treasurer's Salary
206-336-706	Fire Fund Salaries

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Michigan Chart of Accounts

Structure is left mostly up to individual governmental units; only a limited number of “required accounts”:

- **Revenues-401 Taxes, 450 Licenses and Permits, 501 Federal Grants, 539 State Grants, 580 Contribution from Local Units, 600 Charges for Services 655, Fines and Forfeits, 664 Interest and Rents, 671 Other Revenue**

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Michigan Chart of Accounts-detail

Only six mandatory expenditure line items:

- **701 Personal Services, 726 Supplies, 800 Other Services and Charges, 970 Capital Outlay, 990 Debt Service, 999 Transfer Out**
- **Must balance simplicity with needs of the township. More accounts may be necessary to assist in budgeting and analysis.**

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Departments or Activities

- **“Balance Sheet accounts (Assets, Liabilities, and Equity) are always “000” for the middle grouping of account numbers.**
- **Expenditures-have to be grouped in departments or activities**
- **The number of activities depends upon the complexity of the township’s operations. However, the fewest number of departments don’t necessarily provide the best data.**

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Departmental Examples

- **101-Township Board**
- **171- Supervisor**
- **191-Accounting Department**
- **215-Clerk**
- **247-Board of Review**
- **253-Treasurer**
- **257-Assessor**
- **260-General Government**
- **265-Building and Grounds**
- **266-Attorney/Corporation Counsel**
- **276-Cemetery**

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Departmental Examples

- PUBLIC SAFETY
 - 301-439
 - 301-Police/Sheriff
 - 336-Fire Department
 - 371-Building Inspection Department
- PUBLIC WORKS
 - 441-599
 - 446-Highways, Streets, Bridges (Not Act 51)
 - 448-Street Lighting

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Departmental Examples

- OTHER FUNCTIONS-
 - 851-899
 - 851-Insurance and Bonds
 - 852-860-Various Employee Fringe Benefits
- CAPITAL OUTLAY
 - 901-904
- DEBT SERVICE
 - 906-929
- TRANSFERS IN AND OTHER SOURCES
 - 931-964

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Cost Allocation Considerations

- **Classifying all fringe benefits to “Other” may not capture all departmental costs necessary to measure compliance (e.g., Property Tax Administrative Fees, Code Enforcement Revenues).**
- **General office expenses—may wish to set up central department to pay for postage, copier, fax, and computer expenses, if internal resources aren’t available to allocate.**
- **Should consider cost allocation to millage supported funds.**

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Fund Accounting

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Nature and Purpose of Fund Acct.

- The fund accounting system was developed to provide the public with results which demonstrate stewardship over restricted resources.
- Initially, this effort was limited to establishment of separate bank accounts, known as “funds”.
- This concept has evolved into maintenance of separate accounting records, for financial resources dedicated for specific purposes, known as “fund accounting”.

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Funds and Fund Types

- Governmental funds used to account for the government’s “governmental operations”
- Proprietary funds proprietary funds are used to account for the “business” type activities of a government
- Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others

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Governmental Fund Types

- **Fund 101—the general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.**
- **Funds 201-299—the special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.**

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Governmental Fund Types

- **Funds 301-399—the debt service funds account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.**
- **Funds 401-499—the capital project funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.**

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Proprietary Fund Types

- **Funds 501-599**—enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business.
- **Funds 601-699**—internal service funds account for operations that provide services to other departments or agencies of the government.

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Trust and Agency Funds

- **Trust funds** are used to account for assets held by the government in a trustee capacity.
- **Agency funds** are custodial in nature and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity.

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Review of Governmental Funds

- Assets generally consist of cash and assets expected to be liquidated within the governments bill paying cycle (60-90).
- Special Assessments to be collected are recorded as an asset, but offset by deferred revenue, since they won't be collected within the bill paying cycle.
- Liabilities shown are only those to be liquidated with current resources.
- Goal: measure net current assets, not cost of services.

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Proprietary Fund Types

- Attempt to measure cost of services.
- Revenues recorded when “earned”; expenses when incurred.
- Long lived assets acquired are expensed over the useful lives (in governmental funds they are immediately expensed).
- Long-term liabilities are recognized on the fund's balance sheet as a liability (in governmental funds, only the current debt service costs are recognized).

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Property Tax Fund

- Books should be maintained by both clerk and treasurer.
- Treasurer's records tracks monies collected and disbursed by tax roll, usually totaled by deposit, by month.
- Clerk should post General Ledger by month.

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Suggested/Required Reports

- State Treasurer Recommends:
 - Monthly Treasurer's Statement
 - Balance Sheet for Each Fund
 - Budget to Actual Comparison
- State Law Requires:
 - Warrant or Disbursement Report Before Releasing Payments
 - Quarterly Financials (Charter Townships)

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ACCOUNT	PREV BALANCE	DEP/INTEREST	DISBURSEMENTS	CURRENT BALANCE	
SNB PUBLIC FUNDS NOW SAV03300180	\$ 10,947.42	\$ 139.07		\$ 11,086.49	2%
SNB GEN FUND CKING 303388617	\$ 90,946.70	\$ 73,995.16	\$ 40,394.57	\$ 124,547.29	2%
RIVVALLEY BLDG MAINT MM100294081	\$ 2,616.64	\$ 1.64		\$ 2,618.28	0.76%
RIVVALLEY REASSESSING MM100294073	\$ 1,469.50	\$ 2.69		\$ 1,472.19	2.23%
GENERAL FUND TOTAL	\$ 105,980.26	\$ 74,138.56	\$ 40,394.57	\$ 139,724.25	
Treasurer's report					
GARBAGE ACCOUNTS					
RANGE CKING 75221	\$ 67,288.95	\$ 248.32	\$ 11,295.66	\$ 56,241.61	1.74%
RIVVALLEY CD700299134	\$ 19,085.56	\$ 452.04	\$ -	\$ 19,537.60	12/18/08 3%
RIVVALLEY MM 100282896	\$ 50,938.97	\$ 95.88		\$ 51,034.85	2.29%
GARBAGE GRAND TOTAL	\$ 137,313.48	\$ 796.24	\$ 11,295.66	\$ 126,814.06	
HVFD SNB PUBLIC FUND SAV303300199	\$ 56,496.17	\$ 92.67	\$ 363.75	\$ 56,225.09	2.00%
HVFD CKING, SAV, CD	\$ 14,621.90	\$ 457.29	\$ 278.00	\$ 14,801.19	HFD Bkpr
BJVFD SNB PUBLIC FUND 303300164	\$ 56,533.41	\$ 92.93		\$ 56,626.34	2%
BJVFD RANGE SAV 250149	\$ 4,390.50	\$ 1.80		\$ 4,392.30	0.50%
DOLLAR BAY SNB PUBLIC FUND 30330156	\$ 722.75	\$ 0.60		\$ 723.85	1%
TLT WATER FUND CD SNB600601073	\$ 60,384.40	\$ 722.96	\$ -	\$ 61,107.36	12/20/08 4.75%
TLT WATER FUND SAV RANGE2013803	\$ 12,191.14	\$ 7.51		\$ 12,198.65	0.75%
L TRAVERSE RD ASSESSMENT SNB303300201	\$ 4,358.99	\$ 3.58	\$ -	\$ 4,362.57	1%
TOTAL ASSESSMENT ACCOUNTS	\$ 209,699.26	\$ 1,379.34	\$ 641.75	\$ 210,437.35	
GRAND TOTAL TOWNSHIP FUNDS & ACTIVITY	\$ 452,993.00	\$ 76,314.14	\$ 52,331.98	\$ 476,975.66	

COMPARATIVE BALANCE SHEET SAMPLE TOWNSHIP			
GL Number	Description	PERIOD ENDED 03/31/2012	PERIOD ENDED 03/31/2013
Fund 101 - GENERAL FUND			
*** Assets***			
101-000-001.000	Cash-Checking	12,637.31	59,338.54
101-000-004.000	Money Market	279,724.33	235,464.12
101-000-026.000	TAXES RECEIVABLE-DELINQUENT-REAL	4,789.89	4,798.96
101-000-035.000	OTHER CURRENT ACCOUNT RECEIVABLES	8,431.00	12,379.80
101-000-056.000	Interest Receivable	185.13	0.00
101-000-084.000	Due From Other Funds	1,692.02	4,730.63
	Total Assets	307,459.68	316,712.05
*** Liabilities ***			
101-000-202.000	Accounts Payable	13,011.99	8,065.96
101-000-257.000	Salaries Payable	15,362.50	8,797.13
	Total Liabilities	28,374.49	16,863.09
*** Fund Balance ***			
101-000-395.000	Unrestricted Net Assets	279,085.19	299,848.96
	Total Liabilities And Fund Balance	307,459.68	316,712.05

05/30/2013		REVENUE AND EXPENDITURE REPORT FOR EXAMPLE TOWNSHIP			
		PERIOD ENDING 03/31/2013			
			2012-13	2012-13	
		END BALANCE	ORIGINAL	AMENDED	END BALANCE
GL NUMBER	DESCRIPTION	03/31/2012	BUDGET	BUDGET	03/31/2013
Fund 101 - GENERAL FUND					
Revenues					
Dept 000-NONE					
101-000-403.000	Current Property Taxes	112,943.65	110,000.00	112,700.00	112,696.31
101-000-404.000	425 PROPERTY TAX	69,308.15	72,000.00	74,000.00	73,213.53
101-000-407.000	Delinquent Personal Property Taxes	1,475.22	0.00	700.00	357.83
101-000-478.000	Cable TV Franchise Fee	9,309.01	9,000.00	12,000.00	11,543.91
101-000-479.000	Building Permits	4,334.00	4,000.00	6,500.00	6,457.00
101-000-480.000	Zoning Permits	700.00	800.00	800.00	595.00
101-000-574.000	State Revenue Sharing	246,906.00	230,000.00	258,000.00	257,903.00
101-000-627.000	Fire Runs	14,825.00	12,000.00	25,500.00	23,414.14
101-000-628.000	Civil Infractions	49.50	100.00	100.00	0.00
101-000-664.000	Investment Interest	4,664.08	2,500.00	3,500.00	3,443.38
TOTAL Revenues		464,514.61	440,400.00	493,800.00	489,624.10
Expenditures					
Dept 101-GOVERNING BODY					
101-101-705.000	Trustee Salary	8,229.84	9,000.00	9,000.00	8,246.80
101-101-958.000	Dues & Subscriptions	2,924.03	3,000.00	3,000.00	2,874.76
101-101-960.000	Educational Meetings	4,709.83	5,000.00	7,000.00	6,542.66
Total Dept 101-GOVERNING BODY		15,863.70	17,000.00	19,000.00	17,664.22

Note Excerpt See Handout

Township of Sample-Check Register			
Number	Check Date	Name	Amount
1003	7/2/2012	BLUE CROSS BLUE SHIELD OF MICHIGAN	2,573.00
1004	7/9/2012	POSTMASTER	567.74
1005	7/9/2012	AT & T GLOBAL	459.25
1006	7/9/2012	JOESPH CONSTRUCTION	1,885.00
1007	7/9/2012	ELECTION SYSTEMS & SOFTWARE	174.00
1008	7/9/2012	US SIGNAL COMPANY, LLC	350.00
1009	7/9/2012	CHIEF SUPPLY CORPORATION	35.07
1010	7/9/2012	CITY PRINTING COMPANY INC	269.00
1011	7/9/2012	DTE	2,667.64
Total general Fund			8,980.70

Other Reports to Run

- **General Ledger for the Period (Also called “Posted Transactions” or “GL Activity Report”).**
- **Payroll Registers and Payroll Related Reports.**
- **A/P & A/R Aging and other Subsidiary Journals.**
- **Billing Registers for Utility and other operations.**
- **Cash Receipts and Disbursement Reports.**

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Preparing for Annual Audits

- **Best preparation is good monthly closings.**
- **Indication that more resources need to be applied to accounting/bookkeeping areas:**
 - **Large number of annual audit adjustments**
 - **Delays in completing reports**
 - **Differences (un-reconciled) between clerk and treasurer**

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What Do Our Auditors Really Need?

Both the Clerks' Guide to Township Government and Treasurers' Guide to Township Government published by MTA, contain listing of items generally needed, here is a summary of the more pertinent information:

- Bank statements and cancelled checks of all township bank accounts for the 12 months under audit and the month subsequent to audit.
- Cash receipt books and journals.

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What Do Our Auditors Really Need?

- **Property tax documents, including the L-4029 millage rate request funding the current years' budget, tax warrant, county settlement worksheet, and listing of disbursements by the township to the various tax collecting authorities with totals by tax roll.**
- **Spreadsheet of disbursements of delinquent personal property tax collected by the township and deposited into the trust and agency account. This spreadsheet should be totaled by tax collecting unit.**

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What Do Our Auditors Really Need?

- **Listing (or print out) of all accounts receivable of the township as of year-end. This includes special assessments (both current and deferred amounts due) water, sewer charges, rubbish charges, and other township services such as rescue billings.**
- **Invoices for all bills paid during the audit period**

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What Do Our Auditors Really Need?

- **Copies of 941 quarterly tax returns for the periods covered by audit, and forms W-2 and W-3 for the calendar year closing during the audit.**
- **General Ledger, cash disbursement journal and trial balances of all funds.**
- **Listing of accounts payable by fund, as of the date of year-end.**
- **Cash disbursement journal for the month following year-end.**

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What Do Our Auditors Really Need?

- **Copy of approved budgets and amendments during the year**
- **Original signed minutes for all meetings held during the fiscal year, and those meetings subsequent to year-end up to the last date of audit field work**
- **All insurance policies and bonds in force during the audit period**
- **Significant contracts and agreement entered into during the fiscal year, as well as any federal or local grant contracts, or agreements.**

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What Do We Have to File?

Not an all inclusive list but generally townships have to file:

- 1. Annual audits (populations over 4,000), due six months after year-end.**
- 2. Municipal qualifying statements (bond issues) due six months after year-end.**
- 3. F-65 Annual Reports, due six months after year-end-email excel spread sheet or use MDT portal**

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Auditing Procedures Report

*—Required Fields

Issued under Public Act 2 of 1960, as amended, (V's.00)

Unit Name*	County*	Type*	MuniCode*
Option Date/Use Calendar*	Audit Submitted/Use Calendar*	Fiscal Year End Month*	Fiscal Year*

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, not the first audit, a separate audit, or review (for name(s), address(es), and a description(s) of the audit by either commission)

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/>	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:

General Fund Expenditure:

Major Fund Deficit Amount:

General Fund Balance:

Governmental Activities

Long Term Debt (see instructions):

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deficiencies).

CPA (First Name)*	Last Name*	Ten Digit License Number*
CPA Street Address*	City*	State* Zip Code* Telephone*
CPA Firm Name*	Units Street Address*	Units City* Units Zip*

Appropriate for any municipal security filed within the previous 12 months contains information that is materially false or misrepresents

MUNICIPALITY INFORMATION

Legal Name of Municipality	County(ies)			
Municipality Type	Most Recently Completed Fiscal Year End Date (month/year)			
Most Recent State Equalized Value	Year	Most Recent Taxable Value	Year	Most Recent Population

GENERAL INFORMATION

1. Has the local unit been in default on any security/debt, excluding IDR bonds, EDC bonds, bonds issued by a local hospital finance authority, or any other debt for which the municipality is not financially liable?	<input type="checkbox"/> Yes
2. Was the local unit required to levy a tax as a result of a court order or judgment during the preceding fiscal year?	<input type="checkbox"/> Yes
3. Are all outstanding securities of the municipality authorized by statute? If there are no outstanding securities, answer "YES"	<input type="checkbox"/> Yes
4. Is the municipality in violation of any provision in the covenants for an outstanding security, including but not limited to short-term municipal security set-aside requirements; statutory debt limitations for short-term municipal securities; and required funding levels for revenue bond reserve accounts	<input type="checkbox"/> Yes
5. Did the municipality submit a qualifying statement or an application for any other security in the preceding 18 months that was materially false or incorrect?	<input type="checkbox"/> Yes
6. Did the municipality issue a refunding security in the preceding fiscal year to avoid a potential default on an outstanding security?	<input type="checkbox"/> Yes

AUDIT REPORT (most recent as required by statute)

7. Was the most recent audit report filed with Treasury within 6 months from the end of the fiscal year?	<input type="checkbox"/> Yes
8. Are there any unreserved fund balance deficits in ANY funds or retained earnings deficit for any enterprise funds? If "NO," go to question #10	<input type="checkbox"/> Yes
9. If there were deficits, has a deficit elimination plan been filed with Treasury?	<input type="checkbox"/> Yes
10. Enter the total fund balance remaining in all unlimited tax levy funded debt retirement funds at the end of	

Local Unit Identification				Special Instructions:			
Unit Type: <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village				Please read the enclosed instructions before completing this report. This report is based on descriptions from the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan. The manual must be used in preparing this report.			
IMPORTANT: If address label is used, correct any error in name, address, and ZIP Code. Do NOT cover the numbers above address or use form for a different local unit than indicated on label.				IMPORTANT: The information supplied in this report will be used by the Michigan Department of Treasury and by the U.S. Census Bureau in its ongoing statistical programs. It also will be used by many State departments and agencies to analyze the impact of proposed legislation, to provide early warnings of financial difficulties, and for many other types of analysis.			
County Name:				DATE: This report is due 6 months after the close of the fiscal year, but may be extended if an approval has been granted for the local unit's annual audit report.			
Local Unit Name:				Failure to file or failure to file timely may result in loss of revenue sharing under Public Act 140 of 1971.			
Address:							
Return your completed report to: Michigan Department of Treasury Local Audit and Finance Division Treasury Building - PO Box 38728 Lansing, MI 48303-3228				FISCAL YEAR END: Month: Day: Year:			
Part I: STATEMENTS OF OPERATIONS							
Line No.	Description of Account	Account Number	General Fund (a)	All Other Governmental Funds (b)	Enterprise Funds (c)	Component Units (d)	Total (e)
101	REVENUES		101-Funds	102-499 Funds	500-500 Funds		101-500 Funds - (d)
102	TAX REVENUES						
103	Property Tax (includes delinquent taxes, penalties, interest, fees)	400-449					TH
104	Tax Reverted Property	424					TH
105	Commercial Facilities Tax (Act 255 of 1979)	434					TH
106	Trailer Taxes (Act 341 of 1999)	434					TH
107	Hotel/Motel Tax (Act 252 of 1974)	435					TH
108	Industrial Facilities Tax (Act 196 of 1974)	437					TH
109	Income Tax	438					TH
110	LICENSES AND PERMITS						
111	Business Licenses and Permits	450-475					TH
112	Non-Business Licenses and Permits	476-500					TH
113	INTERGOVERNMENTAL REVENUE FROM OTHER GOVERNMENT						
114	General Government	501-504					TH
115	Public Safety	505-509					TH
116	Streets and Highways	510-512					TH
117	Sanitation	513-516					TH
118	Health and/or Hospitals	516-518					TH

Internal Controls

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Internal Control & Fraud Prevention

- **Most fraud is detected internally (70%).**
- **An ounce of prevention is worth a pound of cure.**
- **Investing in resources that improve internal controls will pay significant dividends in problems and costs that are avoided.**
- **External auditors have responsibility to detect material amounts of fraud and report deficiencies to “those charged with governance”.**

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Michigan Law Requires

- **Generally the clerk maintains the accounting records.**
- **The treasurer maintains physical custody of the assets.**
- **All disbursements, except the property tax collection, require approval of the Board.**

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Internal Control & Fraud Prevention

- **Treasurer must complete a formal receipt for all revenues coming into the township.**
- **This can be accomplished by:**
 - **computerized point-of-sales systems**
 - **cash registers**
 - **manual three-part receipts**

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Michigan Law Requires

- **Receipts are posted by the clerk to the General Ledger through:**
 - **Cash Receipts Journal (manual system)**
 - **Automated postings (point-of-sales systems)**
 - **General Journal Entry (cash register)**

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Michigan Law Requires

- **Dual signatures are required for all checking accounts (except the separate tax collection checking account). The dual signatures MUST be the clerk (or deputy clerk) and the treasurer (or deputy treasurer).**
- **The separate tax collection bank account statutorily only requires the signature of the treasurer. We recommend that the clerk post activity and reconcile banks to the General Ledger.**

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Michigan Law Requires

- **Banks should be reconciled *timely* by an individual not involved in the receipt/bank deposit process**
- **Note: Revisions to the UCC in 1990 increased payer's check-fraud prevention responsibilities. Banks no longer assume sole responsibility. Townships now share the risk; the guiding doctrine is that the bank must exercise "ordinary care" in processing checks, but the township has an equal obligation, such as establishing systems and controls to prevent check fraud. The township could be held liable for losses due to check fraud in situations involving signature forgery, dollar amount alteration or delayed account reconciliation.**

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Michigan Law Requires

- Adequate security must be provided over unused checks.
- Checks must NOT be signed prior to being completely filled out.
- All functions (i.e. deposit, write checks, issue checks, reconcile account) regarding a checking account should NOT be performed by the same individual.

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Michigan Law Requires

- Numerically controlled, pre-numbered checks must be used.
- Actual checks must be returned to the township (electronically stored checks should meet this requirement).
- Appropriate documentation (supporting invoices) must be attached for all disbursements.
- Original bills, not copies, must be used for documentation.

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Michigan Law Requires

- **All disbursements must be approved by the legislative body.**
- **The board may establish a formal policy to authorize payments prior to approval to avoid finance or late charges and to pay appropriated amounts and payroll (including related payroll taxes and withholdings).**

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GFOA Recommendations

- **Use Positive pay on All Disbursement Accounts.**
- **Use Controlled Disbursement Accounts.**
- **Implement Stronger Internal Controls for ACH Transactions.**

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2012 AFP Survey Results

- **71 % of organizations experienced attempted or actual payments fraud**
- **29 % had increased incidents of fraud**
- **46 % reporting fraud experienced 1-5 instances of attempted or actual fraudulent activities**
- **29 % of victims experienced financial loss**
- **Among those that experienced loss, typical loss was \$18,400**

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Liability Who Pays for Fraud?

- **UCC Revisions define responsibilities for check issuers and paying banks under “ordinary care.”**
- **Under 3-406, if the account holder fails to exercise ordinary care, they may be restricted from seeking restitution from fraud.**
- **UCC 4-406 requires customers to reconcile bank statements in a reasonable time-frame (soon after received)-or ACH transactions DAILY**

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What is Positive Pay

- **An Electronic check register is sent to the bank as often as checks are issued.**
- **Whenever a check is presented for payment but there is no record of it being issued, or a difference in the amount, the bank refers the check to its customer client for a pay/no pay decision, or is rejected for payment.**
- **According to the GFOA, only 15% of the governments under 50,000 use positive pay, even though many of these smaller units have poor internal control.**

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Positive Pay Benefits

- **Fraud Protection**
- **Account Reconciliation Services-outstanding items are calculated by the bank for you, and in some cases, (e.g. use of imprest accounts) bank reconciliation.**
- **Must review costs and determine feasibility, remember fraud expensive, bank charges are not!**

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ACH Payments

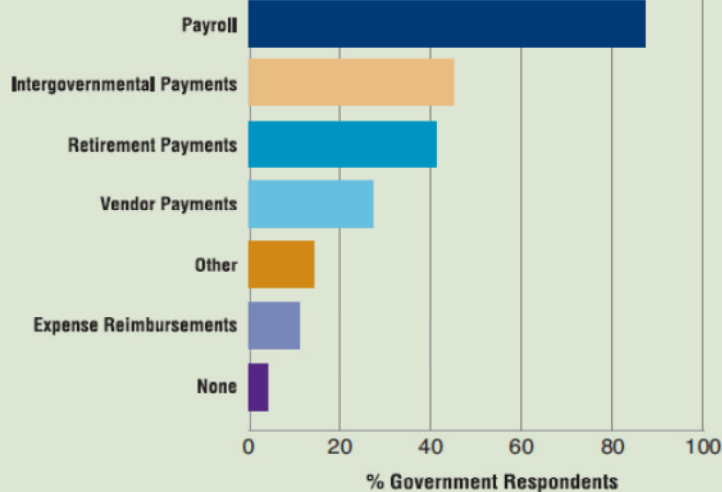
■ **PA 738 of 2002 (MCL 124.301) requires the governing body of all local units of government to approve a resolution authorizing payments of “automated clearing house (ACH) transactions,” which is a way to process electronic payments or receipts to external parties. The act requires the resolution the following:**

- an ACH policy;
- designation of electronic transfer officer;
- documentation of payments, and
- The establishment of internal controls system.

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Typical Electronic Payments Made By Governments



Protecting ACH Payments

- **Prior to commencing electronic payments and receipts, townships should work with their banks, data processing professionals and auditors to ensure that the township is protected from fraud.**
- **A recent study conducted by the Government Finance Officers Association (2004) showed that governments are using the ACH system more frequently, *but lag in implementing fraud protection.***

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Suggestions ACH

- **Use ACH Filters and Blocks-in the GFOA study, only 34% of the governments use ACH filters and blocks. These tools would allow the township to “block” all ACH transactions in specified accounts, or “filter” the ACH transactions to allow payments and receipts from authorized sources only.**
- **Use separate ACH bank account-only 24% of the governments surveyed in the GFOA study use separate bank accounts.**

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Payroll Administration

- This section is designed to help elected officials understand and administer payroll
- Overview of payroll tax and withholding filing and payment requirements
- Software Options

Agenda

- Payroll basics-review of accounting concepts
- Social Security-who is covered and why
- Tax payments
- Required tax forms
 - Pre-Employment
 - Quarterly
 - Annual
- Software Options

Accounting Concepts

- **Gross Pay is the amount that is due to be paid to the individual employee. This can be expressed as an annual, quarterly, or monthly salary, or hourly wages.**
- **Gross Pay is then reduced for required Federal and State income taxes, and Social Security and Medicare taxes (if applicable).**

Other Withholdings

- **Can include voluntary and mandatory pension withholdings, deferred compensation, insurance co-pays, etc.**
- **Net pay=Gross pay-the aforementioned withholdings.**

Accounting for payroll

- **Gross Pay should be posted to salary and wage expenditure accounts**
- **Withholdings are “IOU’s” and should be posted to liability accounts**
- **Net pay as a reduction of cash**

		Clerk:	Supervisor:
		Sherry Myway	Patrick Pushover
Gross Pay	101-215-701	10,000.00	-
Gross Pay	101-171-701		12,000.00
457 Plan ded.	101-000-231	1,000.00	1,200.00
Med. W/H	101-000-229.001	-	174.00
S.S. W/H	101-000-229.002	-	-
FIT W.H.	101-000-229.003	325.00	-
S.I.T. W/H	101-000-228	230.00	300.00
Net Pay	101-000-101	8,445.00	10,326.00

Federal and State Payments

- **EFTPS**
- **Payment with Form 941**
- **160 (monthly and quarterly) or 165 (annual) Sales, Use and Withholdings (MICHIGAN)**

Federal Tax Payments

- **On a quarterly basis with IRS Form 941, if the total amount of these taxes is under \$2,500 for the quarter.**
- **EFTPS-Generally all employers are required to pay taxes electronically – unless they meet the exception above. Enroll on line at www.eftps.gov or by phone 1-800-555-4477**

Federal Tax Payments (continued)

- Rules for this are outlined on Pages 18-22 of IRS Circular E and are complex. We recommend that you make your deposit on the same day you issue payroll checks to avoid late penalties and interest.

EFTPS
Electronic Federal Tax Payment System

HOME | ENROLLMENT | MY PROFILE | PAYMENTS | HELP & INFORMATION | CONTACT US | LOGIN

LOGIN

Login

In order to make, view or cancel a Payment, you must first login.

Please enter your Employer Identification Number (EIN) or your Social Security Number (SSN), PIN, and Internet password in the fields below. If you do not have a PIN, please [enroll](#) first.

EIN (for Business) -

or

SSN (for Individual) - -

PIN

Internet Password

[Need a Password](#)

CANCEL LOGIN ►

WARNING!
You are using an Official United States Government System, which may be used only for authorized purposes. Unauthorized modification of any information stored on this system may result in criminal prosecution. The Government may monitor and audit the usage of this system, and all persons are hereby notified that the use of this system constitutes consent to such monitoring and auditing. Unauthorized attempts to upload information and/or change information on this web site are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986 and Title 18 U.S.C. Sec. 1001 and 1030.

Make sure the security lock is closed on your browser.

State Tax Payments

- **Purpose:** Serves as transmittal for taxes due. Generally for Townships this is limited to Michigan Income Tax withheld from employee pay checks.
- **Filing requirements:** Determined by the State of Michigan based on their estimate of your annual taxes collected. This information is initially gathered from the registration forms (MI 518) and is updated by actual experience with the Township.

CT YOUR FILING FREQUENCY ☒ Monthly ☐ Quarterly

Michigan Dept. of Treasury
100 (Rev. 9-11)

PRINT **Clear Form**

[Click on \(i\) for instructions](#)

Combined Return for Michigan Taxes

*File this return even if no tax is due.
Use form 163 for address changes.*

Account Number	Office Use
-	91
Return Period	
Select Month Period	Year
Due Date	
Company Name	
Taxpayer's Signature	Phone Number

Sales Tax (i)01	0.00	Michigan Withholding (i)06	0.00
Sales Tax Discount (i)02	0.00	CIT Estimates (i)07	0.00
Use Tax (Sales/Purchases) (i)03	0.00	97	
Use Tax Discount (i)04	0.00	97	
Use Tax (Purchases) (i)05	0.00	97	
Voucher Payment (i)98	0.00	Penalty & Interest (i)99	0.00

Do not subtotal lines on this return.

Mail to: Michigan Dept. of Treasury, Dept. 77003, Detroit, MI 48277-0003
Make checks payable to: "State of Michigan" and include your account number on your check.

(i)Total Payment

Michigan Tax Due Dates

- **Most Townships will be on a quarterly or monthly payment system. Payments and return filings are due as follows:**

Monthly Filers – 20th day of the following month.

**Example: October Michigan Income Tax is due
November 20th.**

**Quarterly Filers – 20th day of the month following close
of a calendar quarter.**

- **Large taxpayers (annual w/h=\$40,000) must pay electronically, under advanced payment guidelines**

Why are some of the employees
covered by Social
Security/Medicare, and others are
not?

Answer

- Prior to March 31, 1986, Township's participation in the "Social Security System" was voluntary.
- These voluntary arrangements were covered by agreements known as "218 Agreements".
- Federal law made Medicare Tax coverage mandatory for all employees hired after 3-31-86.

Social Security Coverage

- Budget Act of 1990 required Social Security and Medicare coverage of all township employees with exceptions:
- Exception #1 - Employees covered by public retirement system (PRS) may be excluded from the social security portion (6.2%) if they are "covered" by a "public retirement system".
- Exception #2 – Payments to "election workers" not exceeding \$1,600 per calendar year are exempt from Social Security and Medicare taxes.

Social Security Coverage (continued)

To qualify for the “PRS” exception:

- **Defined benefit plan-employees must end up with an accrued benefit comparable to the basic benefit they would have had under social security- Per IRS Revenue Procedure 91-40, the benefits must be at least 1.5% of average compensation received in the last three years of employment multiplied by the number of years of service.**

Social Security Coverage (continued)

- **A defined contribution plan (such as a 457 plan). If an allocation of at least 7.5 percent of the employee's compensation is made to their account.**
- **Contributions by employee and employer count toward this calculation.**
- **Note: Exception for Election Workers previously noted apply, even if covered by a 218 agreement, effective 1-1-2003 (modification 975)**

FICA Tax Rates

- **FICA=Social Security PLUS Medicare Taxes**
- **Both Funded By Employer and Employee “Contributions”**
- **Social Security for 2013=6.2% Employer and Employee (12.4%) wages up to \$113,700**
- **Medicare for 2013=1.45% Employer and Employee (2.9%) on all taxable wages.**
- **Extra Medicare Taxes for 2013-high earners pay additional .9%(no employer match) on wages over \$200,000)**

Payroll Tax Forms

- **Pre Employment**
- **Quarterly Filings**
- **Annual Filings**

PRE-EMPLOYMENT

- **IRS Form W-4**
- **Michigan Form W-4**
- **US DOJ Form I-9**
- **State Of Michigan New Hire Form**
- **SSA 1945**

IRS Form W-4

- **Purpose:** To document employee's selected number of federal withholding allowances. All taxpayer's are entitled to a certain number of "allowances" which reduce the federal income tax withheld from employee's pay.
- **Federal income tax deductions for personal and dependants exemptions**
- **Large itemized deductions.**

Filing Requirements

- This form is generally not filed with the IRS (unless requested by the IRS). It should be retained with the employee's payroll or personnel records. All employees should be given the opportunity to review their withholding allowances annually.

• If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.

Separate here and give Form W-4 to your employer. Keep the top part for your records.

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate OMB No. 1545-0074 2012	
1 Your first name and middle initial		2 Your social security number	
Last name		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.	
Home address (number and street or rural route)		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. <input type="checkbox"/>	
City or town, state, and ZIP code		5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	
6 Additional amount, if any, you want withheld from each paycheck		6 \$	
7 I claim exemption from withholding for 2012, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here.		7	
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.			
Employee's signature (This form is not valid unless you sign it.)		Date	
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)	
10 Employer identification number (EIN)		10	

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form W-4 (2012)

Michigan W-4

Purpose

- Same as IRS W-4. Important to Note: Since Michigan Income Tax does not allow for itemized deductions, and is a flat rate (not graduated), employees should generally only claim exemptions for their exact number of dependency exemptions.

- Filing Requirements-See IRS W-4

MI-W4 <small>(REV. 9-08)</small> <i>This certificate is for Michigan income tax withholding purposes only. You must file a revised form within 10 days if your exemptions decrease or your residency status changes from nonresident to resident. Read instructions below before completing this form.</i>		EMPLOYEE'S MICHIGAN WITHHOLDING EXEMPTION CERTIFICATE STATE OF MICHIGAN - DEPARTMENT OF TREASURY	
<small>Issued under P.A. 261 of 1997.</small>		1. Social Security Number	2. Date of Birth
3. Type or Print Your First Name, Middle Initial and Last Name		4. Driver License Number	
Home Address (No., Street, P.O. Box or Rural Route)		5. Are you a new employee? <input type="checkbox"/> Yes If Yes, enter date of hire <input type="checkbox"/> No	
City or Town	State	ZIP Code	
6. Enter the number of personal and dependent exemptions you are claiming 6.		7. Additional amount you want deducted from each pay (if employer agrees) 7. \$00	
8. I claim exemption from withholding because (does not apply to nonresident members of flow-through entities - see instructions): a. <input type="checkbox"/> A Michigan income tax liability is not expected this year. b. <input type="checkbox"/> Wages are exempt from withholding. Explain: c. <input type="checkbox"/> Permanent home (domicile) is located in the following Renaissance Zone:			
EMPLOYEE: If you fail or refuse to file this form, your employer must withhold Michigan income tax from your wages without allowance for any exemptions. Keep a copy of this form for your records.		Under penalty of perjury, I certify that the number of withholding exemptions claimed on this certificate does not exceed the number to which I am entitled. If claiming exemption from withholding, I certify that I anticipate that I will not incur a Michigan income tax liability for this year.	
INSTRUCTIONS TO EMPLOYER: Employers must report all new hires to the State of Michigan. Keep a copy of this certificate with your records. If the employee claims 10 or more personal and dependent exemptions or claims a status exempting the employee from withholding, you must file their original MI-W4 form with the Michigan Department of Treasury. Mail to: New Hire Operations Center, P.O. Box 85010, Lansing, MI 48908-5010.		9. Employee's Signature Date 10. Employer's Name, Address, Phone No. and Name of Contact Person 11. Federal Employer Identification Number	


Bureau of Immigration I-9

Purpose:

- Documents pre-employment efforts by employers required by the Federal government relative to legal immigration status.

Filing Requirements

- Not filed, should be retained for all employees hired after 11-6-1986 for potential inspection by the Bureau of Immigration. All new employees should be subject to this review.
- “Fillable” forms on line at <http://www.uscis.gov/files/form/i-9.pdf>

	Employment Eligibility Verification Department of Homeland Security U.S. Citizenship and Immigration Services		USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016	
	<p>▶START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.</p> <p>ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.</p>			
Section 1. Employee Information and Attestation <i>(Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)</i>				
Last Name (Family Name)		First Name (Given Name)	Middle Initial	Other Names Used (if any)
Address (Street Number and Name)		Apt. Number	City or Town	State Zip Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	E-mail Address		Telephone Number

E-Verify

- Established by US Department of Homeland Security for employers to voluntarily augment the efforts with I-9 to ensure employees are eligible to work
- Enrollment is free, and simple: <https://e-verify.uscis.gov/enroll/StartPage.aspx?JS=YES>

State of Michigan New Hire Form

Purpose

- Assist in locating recipients of public assistance and unemployment benefits who fail to report earnings and parents who owe child support
- Can file on line at
<http://mi-newhire.com/MI-newhire/instruct.aspx>

Michigan Department of Treasury
3201 (9-09)

**STATE OF MICHIGAN
NEW HIRE REPORTING FORM**

Federal legislation, effective October 1, 1997, requires all Michigan employers, both public and private, to report all newly hired, rehired, or returning to work employees to the State of Michigan. This form is recommended for use by all employers who do not report electronically. Free electronic reporting software can be downloaded from the New Hire web site: www.mlnhw-hires.com.

This form may be photocopied as necessary. Many employers preprint employer information on the form and have the employee complete the necessary information during the hiring process.

For optimum accuracy, please print neatly in capital letters and avoid contact with the edge of the box. The following will serve as an example:

A	B	C	D	E	F	G	H	I	J	K	L	M
N	O	P	Q	R	S	T	U	V	W	X	Y	Z

(Note: When reporting new hires with special exemptions, please use the MI-W4 to report.)

EMPLOYEE INFORMATION (Mandatory): Social Security Number: [] - [] - []

First Name: [] M.I. []

Last Name: []

Address: []

City: [] State: []

Zip Code: [] - []

EMPLOYER INFORMATION (Mandatory): Federal EIN: [] - []

Employer: []

Address: []

City: [] Date: []

Zip Code: [] - []

OPTIONAL EMPLOYEE INFORMATION:

Date of Hire: [] - [] - [] Date of Birth: [] - [] - []

Driver's License No.: []

Reports must be submitted within 20 calendar days of date of hire
REPORTS WILL NOT BE PROCESSED IF REQUIRED INFORMATION IS MISSING

Send Reports To: Michigan New Hire Operations Center
P.O. Box 85010
Lansing, MI 48908-5010
Fax: 517-318-1665

Questions?
Call 1-800-524-9846

20700

Filing Requirements

- The information must be sent to the State within 20 days of an employee's date of hire. The information must be reported for all township employees hired, rehired or returning to work after any break in employment. The number of hours worked or compensation received does not affect this requirement.

How to get forms

- The “State of Michigan New Hire Reporting Form” *Mail reports to:*
Michigan New Hires Operation Center
P.O. Box 85010
Lansing, MI 48908-5010
- *Fax reports to:*
(877) 318-1659

SSA 1945

- Required for all new hires not covered by Social Security, after January 1, 2005
- Employee must sign a statement that they are aware that they are not covered by Social Security
- Employer must forward statement to pension plan administrator
- Available at
<http://www.socialsecurity.gov/form1945>

Statement Concerning Your Employment in a Job Not Covered by Social Security

Employee Name Employee ID #

Employer Name Employer ID#

Your earnings from this job are not covered under Social Security. When you retire, or if you become disabled, you may receive a pension based on earnings from this job. If you do, and you are also entitled to a benefit from Social Security based on either your own work or the work of your husband or wife, or former husband or wife, your pension may affect the amount of the Social Security benefit you receive. Your Medicare benefits, however, will not be affected. Under the Social Security law, there are two ways your Social Security benefit amount may be affected.

Windfall Elimination Provision

Under the Windfall Elimination Provision, your Social Security retirement or disability benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security tax. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension from this job. For example, if you are age 62 in 2005, the maximum monthly reduction in your Social Security benefit as a result of this provision is \$313.50. This amount is updated annually. This provision reduces, but does not totally eliminate, your Social Security benefit. For additional information, please refer to the Social Security publication

Quarterly Filings

- UA 1028 (effective 9-25-2012)
- US 941

Question: Any “taxable employers” for Unemployment?

UA 1028

- **Purpose:** To report to the UA employees worked in each month of the calendar quarter and the total "non exempt" payroll for the quarter.
- **Due quarterly by the 25th day following close of a calendar quarter:**
 - April 25th
 - July 25th
 - October 25th
 - January 25th

Employees not reported:

1. **Elected officials.**
2. **Members of legislative bodies.**
3. **Those serving with local units of government on a temporary basis in case of fire, storms, snow, earthquakes, floods or similar emergencies.**
4. **Those who serve in posts, under the laws of Michigan, that are designated as major non-tenured policymaking or advisory positions or in policymaking or advisory posts.**

On Line Registration Information UIA 1028

- <https://miwam.unemployment.state.mi.us/mip/webdoc/ /#1>
- Follow instructions on the site, there is also a video explaining how to upload files to avoid manual entry.
- <http://www.michigan.gov/uia/0,4680,7-118-53900-219609--,00.html>

IRS Form 941

- **Purpose:** This form is completed by the Township and is used by the IRS to determine:
- All federal tax deposits were made in a timely and accurate fashion.
- Method to gather information on amounts paid to employees subject to federal income tax, Medicare tax, and Social Security withholding.

Filing Requirements-Form 941

- The IRS 941 is a quarterly "settlement" with the IRS for taxes withheld and the Township's matching payroll taxes payable for "Medicare" and Social Security taxes, due:

<u>Tax Period</u>	<u>Due Date</u>
First Quarter - (3/31)	April 30
Second Quarter - (6/30)	July 31
Third Quarter - (9/30)	October 31
Fourth Quarter - (12/31)	January 31

Note on Filing 941's:

- Due dates referred above are filing date not payment due dates. Taxes (both withholding and Township matching) must be paid within time prescribed by IRS in order to avoid penalties.
- For reference please see pages 20-21 of Circular E, Employer's Tax Guide, published by the IRS.
- Larger Townships (annual liability \$50,000) have to file schedule B, along with form 941

Form 941 for 2012: Employer's QUARTERLY Federal Tax Return
(Rev. January 2012) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0047 970112

Employer identification number (EIN) 38-1111111
Name (not your trade name) Cherry Lane Township
Trade name (if any) _____
Address 123 Main Street
Cherry Lane, MI 48111

Season for this quarter of 2012 (you must check one)
☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☒ 4: October, November, December
Please see Form 941 instructions at www.irs.gov/form941.

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4) ... 1 2

2 Wages, tips, and other compensation 2 19800.00

3 Income tax withheld from wages, tips, and other compensation 3 325.00

4 If no wages, tips, and other compensation are subject to social security or Medicare tax ☐ Check and go to line 6.

	Column 1	Column 2
5a Taxable social security wages.....		x .104 =
5b Taxable social security tips.....		x .104 =
5c Taxable Medicare wages & tips...	<u>12000.00</u>	x .076 = <u>348.00</u>
5d Add Column 2 line 5a, Column 2 line 5b, and Column 2 line 5c 5d <u>348.00</u>		
5e Section 512(c)(9) Excess and Demand—Tax due on unreported tips (see instructions)..... 5e _____		
6 Total taxes before adjustments (add lines 3, 5d, and 5e) 6 <u>673.00</u>		
7 Current quarter's adjustments for fractions of cents 7 _____		
8 Current quarter's adjustments for sick pay 8 _____		
9 Current quarter's adjustments for tips and group-term life insurance 9 _____		
10 Total taxes after adjustments. Combine lines 6 through 9 10 <u>673.00</u>		

Annual Filings

■ IRS/SSA Form W2/W3

■ Michigan Annual Return for Sales, Use, and Withholding Taxes (Form C-165)

IRS Form W-2 and W-3

Purpose: To transmit annual calendar information to employees and governmental agencies which shows gross income and withholdings. Governmental copies of the W-2's are distributed as follows:

Copy A – U.S. Social Security Administration.

Copy 1 or 2 - State of Michigan Department of Treasury (along with form 165).

Other copies for the employees and the Township's records.

Filing Requirements-W2/W3

- **Form W-2 - employee copies - Due 1-31**
- **Copies to Social Security Administration - Due February 28**
- **Copies to State of Michigan (along with form C-165) - Due February 28**

Suggestion - If you manually prepare W-2's, consider filing on line on Social Security Web site <http://www.ssa.gov/employer/#a0=0>

22222		Void <input type="checkbox"/>		a Employee's social security number 777-77-7777		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 38-1111111				1 Wages, tips, other compensation 9000.00		2 Federal income tax withheld 325.00	
c Employer's name, address, and ZIP code Cherry Lane Township 123 Main Street Cherry Lane, MI 48111				3 Social security wages 0.00		4 Social security tax withheld 0.00	
				5 Medicare wages and tips 0.00		6 Medicare tax withheld 0.00	
				7 Social security tips 0.00		8 Allocated tips 0.00	
d Control number				9		10 Dependent care benefits 0.00	
e Employee's first name and initial Sherry		Last name Myway		Suff. 11 Nonqualified plans 0.00		12a See instructions for box 12 G 1000.00	
f Employee's address and ZIP code 126 Main Street Cherry Lane, MI 48111				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
MI	38-1111111	9000.00	230.00	0.00	0.00		

22222		Void <input type="checkbox"/>		a Employee's social security number 888-88-8888		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN) 38-1111111				1 Wages, tips, other compensation 10800.00		2 Federal income tax withheld 0.00	
c Employer's name, address, and ZIP code Cherry Lane Township 123 Main Street Cherry Lane, MI 48111				3 Social security wages 0.00		4 Social security tax withheld 0.00	
				5 Medicare wages and tips 12000.00		6 Medicare tax withheld 174.00	
				7 Social security tips 0.00		8 Allocated tips 0.00	
d Control number				9		10 Dependent care benefits 0.00	
e Employee's first name and initial Patrick		Last name Pushover		Suff. 11 Nonqualified plans 0.00		12a See instructions for box 12 G 1200.00	
f Employee's address and ZIP code PO Box P Cherry Lane, MI 48111				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
MI	38-1111111	10800.00	300.00	0.00	0.00		

33333		a Control number		For Official Use Only ▶ OMB No. 1545-0008	
Kind of Employer (Check one)	941-SS <input checked="" type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	944 <input type="checkbox"/>	Third-party sick pay (Check if applicable) <input type="checkbox"/>
	Hshld. emp. <input type="checkbox"/>	Medicare govt. emp. <input type="checkbox"/>			
Kind of Employer (Check one)	None apply <input type="checkbox"/>	501c non-govt. <input type="checkbox"/>			
	State/local non-501c <input checked="" type="checkbox"/>	State/local 501c <input type="checkbox"/>	Federal govt. <input type="checkbox"/>		
Total number of Forms W-2 2		d Establishment number		1 Wages, tips, other compensation 19800.00	2 Income tax withheld 325.00
Employer identification number (EIN) 38-1111111				3 Social security wages 0.00	4 Social security tax withheld 0.00
Employer's name Cherry Lane Township				5 Medicare wages and tips 12000.00	6 Medicare tax withheld 174.00
123 Main Street Cherry Lane, MI 48111 Employer's address and ZIP code				7 Social security tips 0.00	8
				9 0.00	10
				11 Nonqualified plans 0.00	12a Deferred compensation 2200.00
Other EIN used this year				13 For third-party sick pay use only	12b
Employer's territorial ID number				14 Income tax withheld by payer of third-party sick pay	
				18 Check the appropriate box Type of Form ▶ W-2AS <input type="checkbox"/> W-2CM <input type="checkbox"/> W-2GU <input type="checkbox"/> W-2VI <input type="checkbox"/>	

Michigan Annual S.U.W. 165

- **Purpose:** Serves as transmittal for Michigan copies of form W-2, shows total withheld per W-2's and total paid and reconciles any differences.
- **Filing requirements-Annual-due 2-28.**

Michigan Dept. of Treasury, 165, formerly C-3204 (Rev. 10/00)
ANNUAL RETURN FOR SALES, USE AND WITHHOLDING TAXES

Place Label from Your Coupon Book Here or Enter Taxpayer Name _____ Account Number _____
 Return Year _____ Date Due* _____ **File this return by February 28**

Do not use this form to replace a monthly or quarterly return.
 *If your business is discontinued during the year, this return is due 30 days after the business is discontinued.

A. Use Tax: Sales & Rentals		B. Sales Tax	
8%	4%	6%	4%
1. Gross sales (including sales by out-of-state vendors subject to use tax).....	1.	1.	
2. Rentals of tangible property and accommodations	2.	2.	
3. Communications services	3.	3.	
4. Add lines 1, 2 and 3	4.	4.	
ALLOWABLE DEDUCTIONS			
5a. Resale	5a.	5a.	
b. Industrial processing or agricultural producing	b.	b.	
c. Interstate commerce	c.	c.	
d. Exempt services	d.	d.	
e. Sales on which tax was paid to Secretary of State	e.	e.	
f. Food for human/home consumption	f.	f.	
g. Said debts	g.	g.	
h. Michigan motor fuel or diesel fuel tax	h.	h.	
i. Other. Identify:	i.	i.	
j. Tax included in gross sales (line 1)	j.	j.	
k. Total allowable deductions. Add lines 5a - j	k.	k.	
6. Taxable balance. Subtract line 5k from line 4	6.	6.	
7. Tax Rate	7.	7.	
8. Gross tax due. Multiply line 6 by line 7	8.	8.	
9. Tax collected in excess of line 8	9.	9.	
10. Add lines 8 and 9	10.	10.	
11. TOTAL discount allowed (see instructions)	11.	11.	
12. Net tax due. Subtract line 11 from line 10	12.	12.	
13. Sales tax license fee (due with annual return)	13.	13.	
14. Tax payments in current year (after discounts)	14.	14.	
Use Tax on Items Purchased for Business or Personal Use (see back)			
15. Enter your purchases taxable at the 6% rate		15a.	
15b. Tax payments made in the current year		15b.	
Withholding Tax			
17. Gross Michigan payroll and other taxable compensation for the year		17.	
18. Number of W2s enclosed		18.	
19. Total Michigan income tax withheld per W2s		19.	
20. Total Michigan income tax withholding paid during current tax year		20.	
Summary			
21. Total sales, use and withholding taxes due. Add lines 12A and B (both rate columns), 13B, 15b and 19		21.	
22. Total sales, use and withholding taxes paid. Add lines 14A and B (both rate columns), 16 and 20		22.	
23. If line 22 is greater than line 21, enter overpayment		23.	
24. Amount of line 23 to be credited to your account		24.	
25. We will notify you when your credit is verified and available		25.	
26. Amount of line 23 to be refunded to you		26.	
27. If line 22 is less than line 21, enter balance due		27.	
28. If this return is filed late, enter penalty and interest. (See instructions.)		28.	
29. TOTAL PAYMENT DUE. Add lines 26 and 27. Make checks payable to "State of Michigan."		29.	

www.treasury.state.mi.us Complete and sign the back of this return.

Other Requirements-W-2 Reporting –Affordable Care Act

- IF your Township pays for health insurance, the act requires you to distribute a summary of benefits and coverage to participants and the obligation to report the cost of an employee's health coverage on the 2012 Forms W-2 issued in January 2013.

Small Employer Exception

- *Note: Employers are exempt if they were required to file fewer than 250 Forms W-2 for the preceding calendar year.*
- *The IRS reserves the right to eliminate this exemption. If it does so, it will do so only for future years, after the further guidance, if any, is issued.*

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Tips for “Fool Proof” Payroll Reporting

- “Balance” employee earnings records to general ledger or cash disbursement totals.
- Recommend that you maintain a “control sheet”, where the totals for all employee earnings records are recorded and compared to the general ledger or cash disbursement journal on a quarterly or monthly basis as appropriate.
- Use “control sheet” to prepare payroll tax returns.

Tips for “Fool Proof” Payroll Reporting

- Reconcile amounts reported on 941 to W-2/W-3 totals prior to filing fourth quarter 941 and W-2/W-3s. We have tool on our web site PSLZ.com
..\Technical Materials\payroll\Master Payroll recap sheet.xls
- Each employee file should contain:
 - I-9 (if applicable)
 - New Hire Form (if applicable)
 - W-4, MI-W4
 - Authorization for other withholdings
 - SSA 1945 (if applicable)

Software Options

- Third Party and “On Line” Processor
- In house processing-using “integrated programs” designed specifically for local governments
- In house processing using low end “off the shelf software”

Third Party Processors-Batch Processing

- Companies can handle payrolls for all types of businesses including government
- Potential Internal Control Improvements
- Cost effective way of managing payroll process- no update fees or forms to buy
- Many processors offer tax filing and payment systems, benefit administration

One Line Payroll Processing

- Software is “cloud based” doesn’t reside on your PC or network
- Most offer general ledger integration-download directly to your software
- Many vendors also offer tax filing and payment systems, benefit administration

Caution-regarding “outsourcing”

- **All companies not created equally-be careful who you partner with!**
- **Many cases of fraud prosecuted by the FBI/IRS in past few years.**
- **You are responsible for unpaid taxes, if third party fails to pay on your behalf-See December 2011 Financial Forum.**

Integrated Applications

- **“Integrated” means that all modules, such as accounts payable, purchasing, payroll, point of sales, etc., post to the general ledger.**
- **Integrated applications require much higher technical accounting skills to successfully operate. These packages include Fund Balance, BS&A, Versis, Cogitate, and others.**

Integrated Applications

- These applications allow users to post transactions in “real time” to the general ledger.
- Issues: acquisition costs, maintenance costs, technical expertise to run, sometimes outweigh benefits.
- Best for townships with needs for multiple operating funds, utilities and special assessments.

“Off the Shelf Software”

- Not recommended as a replacement for integrated packages, needs point in that direction.
- Some “Low End” (cheap) off the shelf packages have been successfully used as an intermediate step by townships looking to computerize some of the accounting functions, or those whose budget does not allow for integrated packages.