



LIVINGSTON COUNTY, MICHIGAN
LIVINGSTON COUNTY TREASURER

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Memorandum

To: Livingston County Board of Commissioners
From: Jennifer M. Nash, Treasurer
Date: July 24, 2023
Re: RESOLUTION AUTHORIZING CREATION OF FUNDS 234
AND 235 FOR RECORDING OF FEDERAL, STATE AND
OTHER GRANTS

Our current chart of accounts includes two Special Revenue Funds (Fund 238 and 239) used for the recording of Federal, State and other grants. Prior to 2011 each grant was assigned its own unique fund for a variety of reasons. For the trained eye, individual funds for each grant gave a quick and clear financial picture of the individual grant. In addition, the language of the grant agreements more often than not include a requirement that the funds be separate and not comingled with any other funds.

In 2011, there was a desire to reduce the number of funds within the chart of accounts. That desire led to the creation of the existing funds 238 and 239. One fund was designated the Federal Grant Fund and the other was designated the State and Other Grant Fund. In hindsight, we should have never agreed to a set up of this fashion. These two funds have been used since 2011 to record numerous grant revenue and expense activity but have all shared the same balance sheets accounts. In other words, the balance sheets for the grants are NOT separate from one another. This has made reconciling each individual grant a less efficient process.

In 2022, with the conversion of the chart of accounts to the State's new version, we took the opportunity to modify the Chart of Accounts within Munis to provide us a means of utilizing the sub-fund functionality in a broader fashion. We have been using this functionality since 2013 for the Drain Commissioners 400 drainage districts. The functionality works beautifully. It allows for sub-funds, each with their own respective balance sheet and revenue/expense accounts, to be contained all in one fund. Essentially, it is miniature funds within a main fund. However, our initial set up in 2013 limited our ability to use the functionality. That limitation was addressed during the 2022 chart of accounts conversion and is a great solution for the recording of grant activity.

In order to use the sub-fund functionality for the grants we will have to create new funds. We cannot convert an existing fund into a sub-fund structure.

The resolution before you will establish Funds 234 and 235 as our new grant funds, replacing funds 238 and 239. These two new funds will be created with the sub-fund structure in which each grant will have its own unique sub-fund which will ensure compliance with the various grant agreement requirements and provide a more usable financial picture of each grant.

Thank you for your consideration and I am happy to answer any further questions you may have.