

Michigan Township Focus

NOVEMBER 2018

OFFICIAL PUBLICATION OF THE MICHIGAN TOWNSHIPS ASSOCIATION

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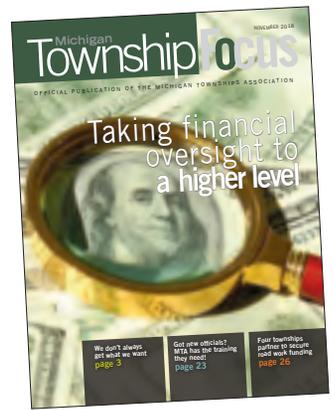


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MTA Official Publication of the Michigan Townships Association
MICHIGAN TOWNSHIPS ASSOCIATION

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mission statement

The Michigan Townships Association advances local democracy by fostering township leadership and public policy essential for a strong and vibrant Michigan.



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Taking financial oversight to a higher level

The township board plays an integral role in the township's financial management. Township officials who take their fiduciary duties seriously include financial oversight as a regular element of their board meetings. And boards that frequently engage in full fiduciary mode reach higher levels of public service than those that limit themselves to basic financial oversight.

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Smooth ride: Four townships partner to secure funding for road construction

Neighboring townships banded together to accomplish a unique road construction project that has residents celebrating in the street.



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mta board of directors

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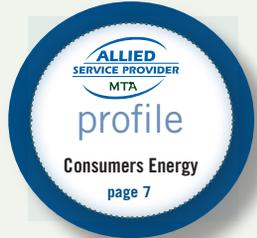
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We don't always get what we want

To Michigan Townships Association members opposed to a bill pending in the Michigan Legislature, a “neutral” MTA position can appear at best as tone deafness, and at worst perhaps ineptness. Association members are likely frustrated when they appear at committee meetings or express concerns to lawmakers only to be told, “Well, MTA is neutral on the legislation, so I’m going to vote for the bill.”



“Doesn’t MTA understand we don’t like this bill?” Why would MTA be neutral on a bill that takes away township authority or money, or adds more work?

The Association currently confronts having a legislative position that appears out of sync with a segment of members and inconsistent with its stated values of local control. Senate

Bills 637 and 894 would limit local government authority over telecommunications providers such as AT&T, Sprint, Verizon and others installing “small cell” equipment in public-owned rights-of-way and set permit fees below the costs typically incurred by local jurisdictions.

So why would MTA be neutral? What’s up with that?

MTA opposes in principle what these bills attempt to do. Not only is local control usurped, they impose arbitrary and artificially low fees, and allow companies to use public resources for their own profit without adequate compensation to the public.

In the current legislative climate, bills that reduce regulations on businesses get a sympathetic ear—even those that preempt local control. Prior to bill introduction, proponents will have set the stage to achieve their legislative objectives through getting influential bill sponsors, having their bills assigned to supportive committees, and investing considerable time and other resources building relationships with key lawmakers.

When MTA has the votes, or the outcome is not pre-ordained, we’ll fight the good fight. But when the opposition has the votes to get what it wants, our efforts and those of our members to defeat the bill can only slow down the inevitable. When bill passage as introduced is a virtual certainty, MTA will negotiate for the best public policy outcome obtainable for our members. So, if legislative

concessions to make the bill less onerous can be achieved, MTA may remove its opposition and instead “go neutral” in exchange for hard-won policy concessions. If the gains are so slight that neutrality is too high a price, our opposition stands. Bills earn our “support” if they help townships, not legislation that merely isn’t as bad as it could have been.

What would happen if lawmakers make improvements to a bill and then MTA remains opposed? If the Association agrees to the changes but doesn’t keep its end of the bargain to shift to “neutral,” the improvements are stripped from the bill, and the Association earns a reputation for bad faith negotiations.

MTA learned that, as introduced, the small cell bills had the necessary votes to sail through the Legislature to the governor’s desk, despite the public safety and cost concerns of local officials. Many lawmakers see emerging technology like 5G internet speed as indispensable in the modern economy, and are less sympathetic to local officials who, industry proponents argue, are unreasonably depriving them of the ability to provide these services. And the public craves better internet connectivity, of course.

Decisions to “go neutral” based on concessions achieved through negotiations is a judgement call based on years of legislative experience and relationships that yield solid, reliable intel that nothing more can be gained. We recognize that these decisions are subject to being second-guessed, but Association effectiveness on other bills can be impacted by its reputation for reasonableness and integrity. Obstinace and obstruction comes with a heavy price.

In the current legislative climate, the Rolling Stones’ “You Can’t Always Get What You Want” could be the anthem of local government advocacy groups like MTA. But with strategic advocacy and accurately reading the legislative climate, “You get what you need.”

news¬es

a compendium of noteworthy items

ASKED TO SERVE

Officials appointed to governor's councils

Several MTA Board members and member township officials have recently been appointed by Gov. Rick Snyder to serve on various state boards and commissions:

Burt Township (Cheboygan Co.) Supervisor **Harold Koviak**, MTA District 5 director, was appointed to a four-year term on the Michigan Board of Counseling, which assists the Michigan Department of Licensing and Regulatory Affairs with the licensing and oversight of more than 9,000 counselors in Michigan.



Koviak

Said Koviak, "I hope to bring my common-sense approach to management to the table. Along with my financial background in accounting, I am sure I can contribute to benefit the board in any discussion they have."

Don Rogers, Coldwater Township (Branch Co.) supervisor and MTA District 23 director, was reappointed to a six-year term on the Local Community Stabilization Authority. The authority is responsible for coordinating access to public rights-of-way and the payment of maintenance fees by telecommunications providers, and for distributing personal property replacement revenue to municipalities.



Rogers

Said Gov. Rick Snyder, "Donald has shown great initiative on this council, and I look forward to seeing how he will continue to impact it over the next few years."

Chocolay Charter Township (Marquette Co.) Manager **Jon Kangas** was selected to be on the governor's Michigan Infrastructure Council. The Michigan Infrastructure Council was created within the state Treasury Department to bring together local utility and infrastructure owners, regional representatives, finance and policy experts, and state department leaders to coordinate infrastructure-related goals and develop a long-term strategy for Michigan's infrastructure assets. The council will construct the statewide asset management database, facilitate the data collection strategy, and produce a 30-year infrastructure investment and management strategy.

Cameron Van Wyngarden, superintendent for **Plainfield Charter Township** (Kent Co.), will represent MTA on the Water Asset Management Council, which advises the infrastructure council on water-related infrastructure topics, including asset management strategy and planning.

GO GREEN

Townships recognized as 'green communities'

Seven townships—the highest number ever—have been honored for their efforts to become more sustainable communities.

The Michigan Green Communities Challenge awarded 29 local units with gold, silver and bronze rankings at an awards ceremony this fall, plus one honorable mention award.

Receiving gold rankings were:

Delhi Charter Township (Ingham Co.)—The township's department of community development encourages developers to incorporate renewable energy components in their projects.

Pittsfield Charter Township (Washtenaw Co.)—The township's revised zoning ordinance reflects an emphasis on natural resources protection. Pittsfield Charter Township also established a sustainability committee to hard-code a focus on environmental stewardship into the DNA of the township's work processes and products.

Receiving silver rankings were:

Clinton Charter Township (Macomb Co.)—Made green infrastructure investments to improve water quality in the Clinton River and to benefit the health of residents.

Delta Charter Township (Eaton Co.)—Welcomed energy sustainability with the largest tracking solar array project in the state.

Meridian Charter Township (Ingham Co.)—Developed a greenspace protection plan, which prioritizes areas for preservation.

Receiving bronze rankings were:

Hartland Township (Livingston Co.)—Formalized green infrastructure to educate and encourage developers, using engineering design standards and natural resources.

West Bloomfield Charter Township (Oakland Co.)—LEED certification design is required for buildings more than three stories high located within the township center overlay district. Currently, two buildings within the district are under construction.

MTA is among the partnering organizations that make up Michigan Green Communities, a network of local government organizations and state departments that collaborate to promote innovative solutions and move sustainability initiatives forward. Each year, communities can participate in the challenge to measure their progress toward meeting current and future energy needs. The challenge provides communities with a roadmap for sustainability initiatives and helps them benchmark their progress, while also showing them how they compare to other local units. Learn more at <http://migreencommunities.com>.





ATTENTION TREASURERS

Reminder for tax collection office hours

The township treasurer must be in his or her office from 9 a.m. to 5 p.m. to receive tax payments on the last day taxes are due and payable before being returned as delinquent under MCL 211.55. (MCL 211.44(2)(b)) MCL 211.55 refers to the last day of February as the last day that taxes are due and payable before being returned as delinquent to the county treasurer, and provides for the unpaid taxes to be returned as delinquent to the county treasurer the next day.

In addition, the treasurer must be in his or her office from 9 a.m. to 5 p.m. one day between Dec. 25 and Jan. 1. However, the requirement to hold hours in December is waived if the township has an agreement with a local financial institution to collect taxes on behalf of the township, and the township provides timely notification to the taxpayers of their ability to pay their taxes at this financial institution.

For 2018, the available days for required December office hours are **Wednesday, Dec. 26 through Monday, Dec. 31**. Treasurers **must** choose one day (unless a bank assists in collection). (MCL 211.44(2))

The last day to pay 2018 property taxes without incurring any interest or penalty is **Thursday, Feb. 14, 2019**. Treasurers **may** choose to hold office hours.

The last day to pay 2018 property taxes before they are returned as delinquent is **Thursday, Feb. 28, 2019** (the last day of February). (MCL 211.45) Treasurers **must** hold office hours.

Attention treasurers! MTA is holding our full-day Treasurer's Guide to Tax Collection workshops in November. Turn to page 25 for details. Townships with new incoming treasurers, be sure to register your newly elected treasurer for this timely, comprehensive overview of a critical township function.

Looking for additional resources? Purchase MTA's Treasurer's Guide to Township Government (order online at www.michigantownships.org or by calling 517-321-6467). Or visit the "Tax Collecting" Web pages on the members-only portion of www.michigantownships.org (access via the "Index of Topics" under the "Answer Center" tab after logging in).

LOCAL UPDATES FROM ACROSS MICHIGAN

Township happenings

Sherman Township (Osceola Co.) developed a new flag to celebrate the township's sesquicentennial. Each image used was carefully selected, and represents and honors an important element of



the community, such as its abundant wildlife, agricultural roots, healthy environment, the iconic fire tower, and its designation as lower Michigan's highest point. A flag dedication was held at the township's celebration picnic this summer.

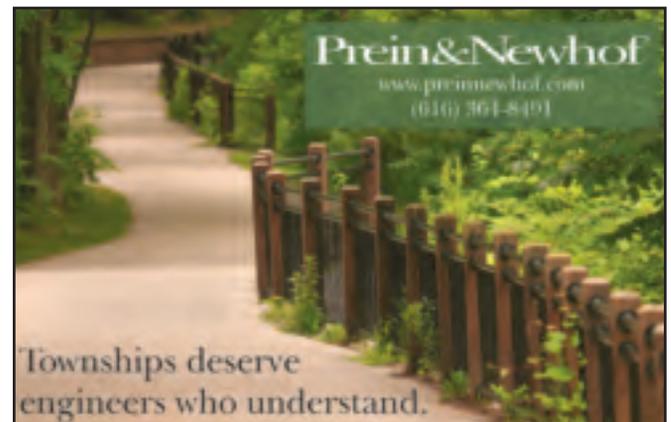
The Michigan Department of Environmental Quality awarded **Denton Township** (Roscommon Co.) a brownfield grant to redevelop a blighted, vacant former gas station. The property will be evaluated for potential environmental contamination with the help of \$42,700 in grant money. Once the property is evaluated, the township plans to purchase the land and turn it into a park.

Lyon Charter Township (Oakland Co.) Fire Department recently received a Federal Emergency Management Agency grant for \$122,000 for exhaust removal systems for both township fire stations. The township will match 5 percent of the federal contribution toward the project.

Valley Township (Allegan Co.) hosted a township-wide clean-up day to help residents dispose of items that are otherwise hard to get rid of, including large furniture, mattresses, appliances and other household items.

Memorial Park in **Port Huron Charter Township** (St. Clair Co.) offers some of the first Americans with Disabilities Act-friendly swings in the county, after a recent park upgrade. The township continues efforts to make its parks more accessible.

Email YOUR Township Happenings to jenn@michigantownships.org. Add MTA to your newsletter mailing list! Mail to MTA, Attn. Jenn Fiedler, PO Box 80078, Lansing, MI 48908-0078, or email to jenn@michigantownships.org.



THE SEARCH IS ON

Is your township owed unclaimed property?

The state's new Michigan Unclaimed Property website will make reporting and searching for unclaimed property easier. Michigan's Uniform Unclaimed Property Act, Public Act 2 of 1995, MCL 567.221, *et seq.*, requires holders of unclaimed

property, including uncashed checks or forgotten bank accounts, to report and remit property belonging to owners who cannot be located or for whom there is no known address.

Townships holding unclaimed property are required to comply with PA 2 by providing the

Michigan Department of Treasury's Unclaimed Property Division with complete and accurate information on an annual unclaimed property report.

Even townships may be owed unclaimed property! A quick search of the Unclaimed Property online database for "Twp" and "Township" shows that more than 1,200 townships have unclaimed money waiting for them. Is your township one of them? Visit <https://unclaimedproperty.michigan.gov/> to find out!



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Waterford Charter Township earns 'Township of Excellence' Certificate of Achievement

Waterford Charter Township

(Oakland Co.) has earned a Certificate of Achievement in multiple categories of MTA's prestigious "Township of Excellence" program.



A certificate of achievement in one or more areas is awarded to townships that complete a rigorous application process and successfully meet the high-level criteria in each area, as defined by the Association and its members. The township is being recognized for its commitment to excellence and best practices in the areas of Financial Stewardship, Tax Collection, Election Administration, Emergency Services, Utilities, Transportation and Cemeteries.

"The Township of Excellence program is a great way for townships to do an in-depth review of all their processes, procedures, plans and ordinances," Clerk **Sue Camilleri** said. "The residents of Waterford should be proud that their township government has achieved this very high level of operation. Accomplishing this goal is definitely a team project."

The recognition honors the work of the Waterford Charter Township board for its efforts during the 2016-2020 term of office. Board members include Supervisor **Gary Wall**, Camilleri, Treasurer **Margaret Birch**, and Trustees **Anthony Bartolotta**, **Arthur Fresca**, **Karen Joliat** and **Steve Thomas**.

MTA defines a "Township of Excellence" as a strong, vibrant community governed by a township board that adheres to best practices to deliver quality programs and services to accomplish community-driven goals. Waterford Charter Township board members have demonstrated a willingness to distinguish the township through consistently meeting the highest standards in the areas recognized by the program.

Visit www.michigantownships.org (look under "About MTA") to learn more about the program.

profile



Advertorial

Consumers Energy

Powering Michigan's success

As Michigan's largest utility, Consumers Energy is uniquely positioned to be a driving force for



good. The company, which has served the state for more than 130 years, is focused on the triple bottom line—People, Planet and Prosperity—as it provides clean, affordable, reliable energy to homes and businesses in every county in Michigan's Lower Peninsula.

Earlier this year, the company announced plans to reduce carbon by 80 percent and eliminate the use of coal to generate electricity by 2040. Consumers Energy is working to provide a cleaner energy future for Michigan by developing energy storage and adding more renewable energy, including wind and solar, while also helping the state transition to electric vehicles.

Consumers Energy believes that when Michigan wins, everyone wins. Since 2009, Michigan homes and businesses have saved more than \$1.5 billion on their energy bills with energy efficiency programs from Consumers Energy. The company also works with local, regional and national organizations to develop and retain diverse talent and support economic development that creates jobs, drives business growth and builds sustainable communities.

Consumers Energy cares for the communities it serves by supporting Michigan nonprofits, encouraging volunteerism and providing "energy ready" infrastructure to boost the state's economy.

To learn more about Consumers Energy and its vision for Michigan's energy future, visit ConsumersEnergy.com/sustainability.

Opinions expressed within do not represent the views of MTA, its Board or members. Participation in the Allied Service Provider program does not constitute or imply MTA's endorsement of the company or its products/services. For more information, turn to the Allied Service Provider Index on page 2 or visit www.michigantownships.org/asp.asp.



MTA Legal Defense Fund support granted

MTA Legal Defense Fund support has been approved in the following cases:

Michigan Association of Home Builders, et al v. City of Troy—In this case, the plaintiffs alleged the city's collection of building department revenue exceeded that which was owed under its contract, and the deposit of this excess into the city's general fund violated MCL 125.1522(1) of the Single State Construction Code Act. Plaintiffs also stated that the city's excess collection of fees violated the Headlee Amendment, as it was disguised as a tax. The state Court of Appeals ruled in favor of the city, and on appeal, the state Supreme Court remanded the case to trial court, which found no violation of the Headlee Amendment or MCL 125.1522(1). The appeals court ruled in favor of the city, and the plaintiffs have filed leave to appeal in the Supreme Court. The Supreme Court has scheduled oral argument on whether to grant leave and invited MTA and other groups to file briefs on the issues presented.

DeRuiter v. Byron Township—When a primary caregiver established a marijuana growing facility in Byron Township's commercial zoning district, the township sent a cease and desist letter as its zoning ordinance requires that primary caregivers operate only as a permitted home occupation. The Circuit Court ruled that the township zoning ordinance is preempted by the Michigan Medical Marihuana Act. The Court of Appeals ruled in favor of the plaintiff. The township is in the process of filing an application for leave to appeal to the Michigan Supreme Court. An *amicus curiae* brief will be filed in support of the township's application for leave to appeal to the Supreme Court.

Charter Township of Van Buren v. Visteon—In this Michigan Supreme Court case, the township issued tax increment finance bonds to help finance Visteon's national headquarters located in the township. Visteon had agreed to spend \$270 million toward the build-out of its Visteon Village and the taxes would be used to make the bond payments. The taxable value of the project never came to fruition and the township brought a complaint against the

company, alleging breach of contract for failure to negotiate to determine the amount Visteon would be required to pay as a result of the projected shortfall, anticipatory repudiation of its obligation to pay any amount of the bond-payment shortfall, and requesting declaratory judgement determining the rights and obligations of both parties pursuant to the agreement. The state Court of Appeals affirmed the Circuit Court grant of summary disposition to Visteon in a published decision. A potential statewide impact from the case would concern when declaratory judgments are appropriate. An *amicus* brief will be filed.

Federal Communications Commission—LDF support was approved in this case, regarding proposed Federal Communications Commission rules that would preempt right-of-way authority to the benefit of the telecommunications industry. The FCC proposes to declare Michigan's seasonal road restrictions as a violation of federal law, which would result in additional road damage from telecom equipment installation vehicles not being subject to seasonal load limits. There is also concern that there will be an attempt to preempt local governments' ability to negotiate rental fees on telecom equipment installed on non-right-of-way property such as water and communication towers owned by local governments, allowing locals to only seek reimbursements for their incremental costs.

SAVE THE DATE
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for a vibrant Michigan



Reminder: Keep your contact info up to date with MTA

Ensure that your township's important MTA resources and information are coming to the correct person and address by helping MTA keep its database up to date with your current contact information. Will any new officials be elected to your township board in the November election? Be sure to let us know!

MTA-member officials can directly update their profile information via our website, www.michigantownships.org. Simply log in to the members-only portion of the website using your email address on file with MTA and password. After logging in, select "My Profile" under the "My MTA" tab to get started.

Got a new township board member? The township clerk can make adjustments to the profile information—including adding a new official whenever a new township official joins the board, or marking a former official for removal from the database. (When adding a new official, **do not** to overwrite the former official's information with the new official's name and information. Contact MTA with questions.) These efforts will help ensure that the right information goes to the right person.

Keeping up-to-date information—including email addresses—on file with MTA is critical to ensure all officials are getting the most out of their Association membership. If we have the incorrect email address, officials are missing out on valuable legislative updates and information in our e-newsletters, *Township Insights* and *Township Voice*, as well as notices about educational seminars and other opportunities for today's township officials. Your email address also serves as your username to access the members-only portion of MTA's website, as well as *Community Connection*, our private online networking community exclusively for MTA member officials.

Changes can also be submitted to elsa@michigan-townships.org, or by calling (517) 321-6467 or faxing to (517) 321-8908.

Member input sought on 2019 MTA Policy Platform

MTA members play an important role in shaping the Association's legislative policy—both by voting on the MTA Legislative Policy Platform at the MTA Annual Meeting each year and also by providing suggestions and input for consideration by MTA legislative policy committees.

MTA is seeking your input for the 2019 Policy Platform. The deadline for submissions for consideration for MTA's 2019 Legislative Policy Platform by the MTA Legislative Policy and Resolutions Committee is Monday, Nov. 5. Proposed policies are reviewed by MTA committees for word selection and legality, and to ensure they conform with the Association's overall goals and objectives.

The proposed policy platform for 2019 will be presented for membership approval at the 2019 MTA Annual Meeting, to be held Thursday, April 4 in conjunction with the 66th MTA Annual Educational Conference & Expo in Grand Rapids.

View MTA's 2018 Policy Platform on MTA's website, www.michigantownships.org, under the "Advocacy" tab.

Contact the MTA Government Relations Department at (517) 321-6467 or email legislation@michigantownships.org with suggestions or questions.



mta events | November

| | |
|----|--|
| 13 | Treasurers' Guide to Tax Collection workshop, Okemos |
| 14 | Treasurers' Guide to Tax Collection workshop, Gaylord |
| 28 | Township Finances workshop, Mt. Pleasant |
| 29 | Land Use: Defining Your Township's Future workshop, Mt. Pleasant |

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The search is on for a new MTA executive director

As announced in the October issue of Township Focus, MTA's Executive Director Larry Merrill is retiring from his 38-year career with the Association, effective June 30, 2018. While we know it will be hard to fill Larry's shoes, the search is on for a new executive director. The following is the job posting for the position:

The Michigan Townships Association, which serves 99 percent of the township officials in the state and is recognized as being one of the most progressive associations in the country representing township governments, is seeking a new executive director to start July 1, 2019. The retiring executive has served for more than 18 years. The executive director is responsible for MTA's advocacy, education, communications and knowledge center, and daily operations.

MTA serves 6,500-plus elected officials, and thousands of township employees and appointed officials. Headquartered in **Delta Charter Township** (Eaton Co.), the 501(c)(4) not-for-profit organization has an operating budget of \$4 million and 20 staff. MTA advances local democracy by fostering township leadership and public policy essential for a strong and vibrant Michigan.

The organization needs a passionate servant leader who has expertise in association management, understands and appreciates public service and the role of local governments, and can form legislative strategy. This charismatic individual will have strong communication skills, both written and presentation, and have the ability to build relationships and foster collaboration. This individual will foster an engaged team culture for the 20 employees. Sixty percent of the revenue is from dues and 40 percent from member services, such as books and training. The executive director spends more than a third of their time on Board and committee activities. The Board operates under the Policy Governance® Model.

Master's degree preferred, along with CAE designation. At a minimum a bachelor's degree, with leadership experience. Professional travel and evening meetings are required to represent the organization. Position requires knowledge and utilization of current technologies. CAE and/or additional relevant certification is desired.

The job description is available at: <http://msae.org/MSAE-Executive-Search/MTA>

Interested candidates should send a cover letter, salary expectations, and resume by Nov. 9 to:

MSAE/Cheryl Ronk, CAE
 Attention: MTA Executive Search Committee
 420 Northlawn Ave.
 East Lansing, MI 48823
 Fax 517-332-6724
 MTAExecutiveSearch@gmail.com

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| 11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities. If none, check box <input checked="" type="checkbox"/> None Full Name Complete Mailing Address | | | |
| 12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rates) (Check one) The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes: <input type="checkbox"/> Has Not Changed During Preceding 12 Months <input type="checkbox"/> Has Changed During Preceding 12 Months (Publisher must submit explanation of change with this statement) | | | |

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* If you are claiming electronic copies, go to line 16 on page 3. If you are not claiming electronic copies, skip to line 17 on page 3.

PS Form 3526, July 2014 (Page 2 of 4)

NOVEMBER

By 1 Public accuracy test must be conducted by local election commission. (R 168.778) Notice of test must be published at least 48 hours before test. (MCL 168.798)

1 Deadline for filing principal residence exemption (PRE) affidavits (Form 2368) for exemption from the 18-mill school operating tax to qualify for a PRE for the winter tax levy. (MCL 211.7cc(2))

Deadline for filing the initial request of a conditional rescission of a PRE (Form 4640) for the winter tax levy. (MCL 211.7cc(5))

Deadline for filing a foreclosure entity conditional rescission of a PRE to qualify for the winter tax levy. (MCL 211.7cc(5))

3 Electors who wish to receive an absentee voter ballot for Nov. 6 election by mail submit applications by 2 p.m. (MCL 168.759)

By 5 Township supervisor shall notify the treasurer of the amount of county, state and school taxes apportioned in township to enable treasurer to obtain necessary bond* for collection of taxes. (MCL 211.43(1))

5 Electors qualified to obtain an absentee voter ballot for Nov. 6 election may vote in person in clerk's office until 4 p.m. (MCL 168.761)

6 Emergency absentee voting for election until 4 p.m. (MCL 168.759b)

General election.

7 Local clerk delivers results of Nov. 6 election to county clerk by 11 a.m. (MCL 168.809)

15 Form 600/L-4016, Supplemental Special Assessment Report, due to the State Tax Commission.

By 20 Boards of county canvassers complete canvass of Nov. 6 general election; county clerks forward results to secretary of state within 24 hours. (MCL 168.822)

By 26 Board of State Canvassers meet to canvass Nov. 6 general election. (MCL 168.821)

By 28 Township treasurer gives county treasurer a bond* running to the county in the actual amount of the county, state and school taxes. (MCL 211.43(2))

30 *Dec. 1 is a Saturday.* On or before Dec. 1, county treasurer delivers to township supervisor a signed statement of approval of the bond and the township supervisor delivers the tax roll to the township treasurer.

Deadline for foreclosing governmental units to transfer list of unsold 2018 tax foreclosure parcels to the clerk of the city, township or village in which the parcels are located. (MCL 211.78m(6))

**May be handled by the county treasurer. See MCL 211.43(2) or call MTA at (517) 321-6467 for further guidance.*

DECEMBER

1 2018 taxes due and payable to treasurer are a lien on real property. (MCL 211.40)

Results of equalization studies should be reported to assessors of each township.

By 6 Post-general election campaign statements filed. Books closed Nov. 26.

11 *Tuesday after the second Monday in December.* Special board of review meeting may be convened by assessing officer to correct qualified errors. (MCL 211.53b) The township may authorize, by adoption of an ordinance or resolution, an alternative meeting date during the week of the second Monday in December. (MCL 211.53b(7))

An owner who owned and occupied a principal residence on May 1 for taxes levied before Jan. 1, 2012, for which the exemption was not on the tax roll may file an appeal with the December board of review in the year for which the exemption was claimed or the immediately succeeding three years. (MCL 211.7cc(19))

An owner of a property that is qualified agricultural property on May 1 may appeal to the December board of review for the current year and the immediately preceding year if the exemption was not on the tax roll. (MCL 211.7ee(6))

December board of review to hear appeals for current year poverty exemptions only, but not poverty exemptions denied by the March board of review. (MCL 211.7u, STC Bulletin 6 of 2017)

31 Tax day for 2019 property taxes. (MCL 211.2(2))

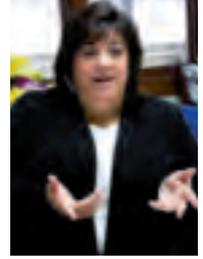
All taxes due and liens are cancelled for otherwise unsold 2018 foreclosure parcels purchased by the state or transferred to the local unit or the Michigan Land Bank Fast Track Authority. (MCL 211.78m(12) and (13))

The Michigan Department of Treasury may appeal the 2018 classification of any assessable property to the Small Claims Division of the Michigan Tax Tribunal. (MCL 211.34c(7))

Deadline for an owner that had claimed a conditional rescission of a PRE to verify to the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of a conditional rescission of PRE (Form 4640). (MCL 211.7cc(5))

Deadline for a land contract vendor, bank, credit union or other lending institution that had claimed a foreclosure entity conditional rescission of a PRE to verify to the assessor that the property still meets the requirements for the conditional rescission through the filing of an annual verification of a foreclosure entity. (MCL 211.7cc(5))

A rescission affidavit (Form 5277) shall be filed with the assessor of the township in which the personal property is located, no later than Dec. 31 of the year in which the exempted property is no longer eligible for the eligible manufacturing personal property tax exemption.



When should a person elected to a township office at the mid-term November 2018 election take the oath of office?

A number of township positions were up for election to fill a vacancy at the November 2018 mid-term election. If a vacancy occurs in an elective or appointed township office more than seven days before the 15th Tuesday prior to the August mid-term primary, then the appointed official must run for office to fill the remainder of the unexpired term at the August primary and November general election.

Every person elected in November 2018 will be fulfilling the remainder of the 2020 unexpired township office term. Those elected to fill the township office must take the oath of office before assuming the office for the remainder of the unexpired term.

Any person appointed to fill the vacancy *serves only until the November 2018 election is certified*, which could be prior to Nov. 20. The winner (it can be the person appointed to fill the vacancy) can take the oath of office as soon as the election is certified. The winner serves out the remainder of the term.



Who performs the duties of the office if a person elected to a position on the township board does not take the oath of office right away?

Between the certification of the election and Jan. 1, 2019, the person who held the office going into the election “holds over” in the office until the person elected takes the oath and assumes the office. The person “holding over” is still holding office and has the same statutory authorities until the person elected qualifies for office by taking the oath. If they do not take the oath of office on or by Jan. 1, 2019, then the position becomes vacant on Jan. 2, 2019, for failing to take the oath.

A person “holding over” is still entitled to the salary of the office (as established in the salary resolution), pro-rated to the day the new person takes the oath or until Jan. 1, 2019.



What can a township do to ensure a smooth transition if any new board members are elected in November?

Depending on which official is new, the following steps should be taken:

- An outgoing official must, by law, turn over to his or her successor all of the paper records, digital files (including email), computer passwords, keys, equipment and other materials related to the office he or she held (including township records on private computers or devices). This should be done after the county board of canvassers certifies the election and notifies the candidates, and certainly once the successor has taken the oath of office. **Note:** All documents, records or files created while in office are township property, and the willful withholding or destruction of township books, papers or records is a misdemeanor, punishable by up to two years in prison or a fine of up to \$1,000. (MCL 750.491)
- New treasurers should notify each banking institution that does business with the township that the previous treasurer’s signature is no longer valid. Establish the new official’s signature as the one of record. The same applies to a new deputy treasurer. (If the bank also requires the clerk/deputy clerk’s signature on the bank cards, update those as well, although the clerk or deputy clerk’s signature should never be honored by the bank.)
- The clerk and treasurer are each required by law to appoint a deputy as soon as possible after taking the oath of office. The supervisor has the option to appoint a deputy. A deputy must also take the oath of office.
- A treasurer, deputy treasurer, clerk or constable must be bonded before taking the oath of office. Contact the township’s bond insurance representative immediately after the election is certified to add new names to the bond. Some companies offer a “blanket” bond that covers all township employees who handle funds.
- An “exit” audit of township finances is not required simply because township offices have changed hands. A township board may choose at any time to contract to have an audit done if there are concerns about financial irregularities, but it will be in addition to any regularly scheduled audit and will have an additional cost.
- If township mail is received at an official’s home, fill out a change of address card for the post office to ensure that mail will be forwarded to the appropriate new official.
- Give new officials copies of any policy manuals or documents explaining township procedures.
- Notify MTA so we can ensure that new officials receive *Township Focus*, *Township Insights*, *Township Voice*, workshop brochures and other appropriate information including details on our *New Officials Training* workshops held in December.

- Most importantly, welcome a new board member to the township “team” as a colleague and an equal on the board, regardless of political differences or experience. The new person may look at the job with an entirely new perspective. Sitting board members may be comfortable with each other and may have developed an understanding of how they work together, but adding a new member can be a positive opportunity to explore why you do what you do.



Must current board of review members be reappointed by the township board if we want them to continue in the new board of review term?

Yes. All current appointments to every township board of review will expire on Dec. 31, 2018.

Every township board must appoint a new board of review for the new two-year term that begins Jan. 1, 2019. Both new and previously appointed board of review members must be appointed and **take the oath of office within 10 days after appointment.**

Under MCL 211.28, a member of the township board may not serve on the board of review or fill any vacancy.

A spouse, mother, father, sister, brother, son or daughter, including an adopted child, of the assessor is not eligible to serve on the board or fill any vacancy. MTA Legal Counsel recommends that a board take a prudent approach and use a similar prohibition on appointing the same relatives of the supervisor.

At least two-thirds of the board of review members must be property taxpayers of the township. (*Michigan Election Law (MCL 168.342) requires all members to be taxpayers, however, the State Tax Commission has stated that is not necessary. MTA Legal Counsel suggests taking a prudent approach.*)

Alternate members may be appointed: MCL 211.28 authorizes a township board to appoint not more than two alternate members for the same term as regular members of the board of review. An alternate member may be called to perform the duties of a regular member of the board of review in the absence of a regular member. An alternate member may also be called to perform the duties of a regular member of the board of review for the purpose of reaching a decision in issues protested in which a regular member has abstained for reasons of conflict of interest.

Hello, MTA ... ? provides general information on typical questions asked by township officials. Readers are encouraged to contact an attorney when specific legal guidance is needed. Member township officials and personnel may contact MTA Member Information Services with questions or requests from 8 a.m. to 5 p.m., weekdays, at (517) 321-6467 or fax (517) 321-8908.

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|--|--|--|--|
|  Steven Mann +1.313.496.7509 mann@millercanfield.com |  Patrick McGow +1.313.496.7684 mcgow@millercanfield.com |  Thomas Colis +1.313.496.7677 colis@millercanfield.com |  Katrina Pilgion Desmond +1.313.496.7665 desmond@millercanfield.com |
|  Steve Frank +1.313.496.7503 frank@millercanfield.com |  Jeffrey Aronoff +1.313.496.7678 aronoff@millercanfield.com |  Ronald Liscombe +1.313.496.7906 liscombe@millercanfield.com |  Ian Koffler +1.517.483.4904 koffler@millercanfield.com |

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Legislative lowdown

A quick look at critical bills that MTA is following as they move through the legislative process. For a complete list, head to MTA's "Legislative Action Center" on the members portion of www.michigantownships.org, or look to our weekly and monthly newsletters sent to all MTA member officials.

SB 45: Disabled veterans' property tax exemption—Expands disabled veterans' property tax exemption to include residential real property or agricultural real property owned by a disabled veteran, decreasing local revenue. *MTA opposes.*

SB 157 & HB 5723: Water works projects—Preempts local ordinances restricting or prohibiting the evaluation, comparison or use of certain pipe and piping materials. *MTA opposes.*

SBs 305-310: Tax increment financing—Modifies capture of library mills to allow libraries to opt out of tax capture and redefines "obligation" to exempt library millages automatically. *MTA opposes.*

SB 329 & HB 4503: Land use/zoning preemption—Limits local zoning regulation of vacation rentals and short-term rentals. *MTA opposes.*

SB 578: Deed restrictions—Excludes private deed restrictions from being considered by Michigan Tax Tribunal when highest and best use of property considered subject to an assessment dispute. *MTA supports.*

SB 637: Small cell—Creates Small Wireless Communications Facilities Deployment Act that would standardize permits, fees, right-of-way use and other regulation of wireless service providers when utilizing the public right-of-way. *MTA neutral.*

SB 723 & HB 4362: Disabled veterans' property tax exemption—Requires reimbursement to local taxing units for property tax revenue loss incurred due to disabled veterans' property tax exemptions. *MTA supports.*

SB 741 & HB 6295: Local preemption—Prohibits local regulation of dogs based upon breed or perceived breed. *MTA opposes.*

SB 927: Personal property tax exemption—Provides exemption for qualified heavy equipment from property taxes. *MTA opposes.*

SB 1031: Personal property tax exemption—Provides exemption for qualified utility personal property installed after Dec. 31, 2017. *MTA opposes.*

SB 1035: Property tax exemption—Provides exemption for sportsmen club real property if dedicate facilities for charitable purpose for a limited period of time each year. *MTA opposes.*

HB 4077: Freedom of Information Act—Prohibits public bodies from commencing civil actions against entities making FOIA requests. *MTA opposes.*

HB 4162: Special assessments—Allows townships to create special assessment districts for communications infrastructure including broadband and high-speed internet. *MTA supports.*

HB 4184: Open Meetings Act—Clarifies physical presence required for vote, excluding emergency meetings and elected members called for military duty; allows board to waive one meeting for each member for good cause. *MTA neutral.*

HB 4290 & SB 756: Sewer backup liability—Amends definition for a sewage disposal system event, clarifies the identification of a design or construction defect in a sewage disposal system, and provides governmental agencies with expanded immunity from system overflow or backup. *MTA supports.*

HBs 4359, 4370 & 4371: Special assessments—Allows townships to create special assessment district for private utility services. *MTA supports.*

HB 4397: Dark stores—Requires Michigan Tax Tribunal determinations to consider all three methods of appraisal in assessment disputes and prohibits deed restrictions on valuation of property. *MTA supports.*

HBs 4431-4432: Legislative subpoena—Expands legislative subpoena authority to include local public bodies. *MTA opposes.*

HB 4671: Election administration—Allows local or county clerk to conduct election activities for a local clerk if approved by the governing bodies of both participating entities. *MTA neutral.*

HBs 4747-4748: Filing fee for township candidates—Provides option for individuals seeking township offices to pay a filing fee or file signature petitions to be on the ballot. *MTA supports.*

HBs 4814-4815: Millage election limitation—Limits all millage ballot questions—including new, increasing and renewal millages—to November general elections after Dec. 31, 2017. *MTA opposes.*

HB 4766: Open Meetings Act—Allows additional remedies for noncompliance to include attorney fees and allow a one-year window during which civil actions may be brought. *MTA opposes.*

HB 4986 & SB 1042: Disabled veterans' property tax exemption/income tax—Provides an income tax credit for disabled veterans in an amount equal to 100 percent of the individual's property taxes paid or 23 percent of gross rent paid, and repeals the disabled veterans' property tax exemption. *MTA supports.*

HB 5098: Rights-of-way—Requires local governments to provide one-year notification, waives permit fees, and prohibits request for any study or survey when requesting relocation of facilities owned by an entity holding a license under the Michigan Telecommunications Act or a franchise under the Uniform Video Services Local Franchise Act. *MTA opposes.*

HB 5207: Semi-open primary—Requires voter to indicate which political party ballot he or she wishes to vote at primary election. *MTA neutral.*

HBs 5325 & 5720: Economic development—Revises definition of "assessable property" in Principal Shopping District Act and Business Improvement Zones Act. *MTA supports.*

HB 5490: Michigan Transportation Fund—Allows townships to assume jurisdiction of roads under jurisdiction of county road commissions and receive a share in the distribution of MTF revenue that would otherwise go to the county road commission. *MTA supports.*

HB 5802: Land use—Requires tax payment certification prior to approval of land division. *MTA supports.*

HB 5947: Land use/zoning preemption—Limits local zoning regulation of a barn or other facilities on land zoned for agricultural purposes for commercial venue for weddings or similar events. *MTA opposes.*

HB 6049 & SB 1025: Assessing—Provides for the shift of certain assessment functions to county equalization departments. *MTA opposes, as introduced.*



What is the purpose of a bank reconciliation, and what are some best practices?

The bank reconciliation involves comparison of information from the bank’s statements to the books of the township, specifically the general ledger account(s) (cash in the bank). The monthly bank statement is a listing of all the deposits, checks, and other debits and credits that cleared the bank, while the township’s general ledger balance shows all cash received and cash payments (checks or automated clearinghouse (ACH) disbursements) made during the month. The general ledger represents what was supposed to happen, and the bank balance is what *did* happen, as evidenced by a third party’s (the bank’s) accounting.

Typically, neither balance is “correct”—they are reconciled by examining adjustments for timing and other differences. The reconciliation starts with each balance (township books and the bank statement) and works toward the “true” balance. This procedure, typically performed monthly, is a key part of internal controls—ideally performed by someone NOT involved in cash receipts or disbursements. Here is a summary of the timing differences:

Bank adjustments

- **Deposits in transit.** Should be deposits within the last few days of the month; these are deposits that were recorded in the general ledger in the current month, but perhaps the bank didn’t credit until the following month.
- **Outstanding checks.** Checks written and recorded in the general ledger in the current month, but not presented to the bank for payment until the following or later months.
- **Bank errors.** Rare these days, but they do happen!

Book balance adjustments are generally for items that cleared without information.

- Non-sufficient fund deposits.
- Bank service charges.
- Book errors.

Good communication between the clerk and treasurer can minimize these reconciliation adjustments. Book adjustments generally require adjusting journal entries to “fix” the error. 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.

All unusual items should be followed up, e.g., a check clears for the correct amount; but payees are different. In

addition, deposits in transit should not be outstanding for more than a few days.

Internal controls over electronic payments, such as Electronic Federal Tax Payment System (EFTPS) tax payments and other ACH disbursements, can present different challenges. As the controls are typically “ad hoc,” the following is recommended:

- Clerk should initiate, and treasurer should review and accomplish, with board approval or review.
- Consider using separate imprest (controlled disbursements) bank account for electronic file transfers and all disbursements. Best practices for cash disbursed should separate depository from disbursing accounts.
- Ask your bank to set up ACH filters, which will only allow drafting from authorized sources.
- All depository accounts should have debit blocks.
- ACH transactions should be reconciled daily; most banks typically allow for only three business days to report ACH fraud or errors.

Ways to simplify the process include:

- Use imprest accounts for payroll, property taxes and general disbursements. Transfer only the exact amount of the check run to the checking account, so the bank balance reconciles to the “book” imprest balance (e.g., \$500)
- Use software program’s bank reconciliation module. These have excellent tools to facilitate the task.

It is essential that banks be reconciled timely—ACH accounts daily and other accounts monthly. This is such an important feature of internal controls that the state treasurer requires the auditors to report in the “Audit Procedures Report” if they are not performed in a timely fashion.

Information provided in *Financial Forum* should not be considered legal advice, and readers are encouraged to contact their township auditor and/or attorney for advice specific to their situation.





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Taking financial oversight to a higher level

Effective financial oversight is generally a fundamental responsibility of governing boards in every sector of society—private and public, but especially in the public. Township boards are explicitly charged by law to exercise meaningful oversight of major financial functions and decisions, including authorizing expenditures, acquiring and disposal of township property, and budget adoption and amendments.

According to the Spring 2018 Michigan Public Policy Survey (MPPS) conducted by the Center for Local, State and Urban Policy at the University of Michigan, almost 9 out of 10 responding township officials comprised of township supervisors, managers and clerks give their board “good” or “excellent” ratings for effectively overseeing township finances. That level of confidence appears well deserved, given that most townships are notably absent from lists promulgated by the state Department of Treasury of Michigan local governments experiencing documented fiscal stress.

Keeping your township out of fiscal difficulty is not the only objective of comprehensive financial oversight. Even one township experiencing embezzlement or theft is one too many, especially if it is yours. Unfortunately, local governments are not immune from the increase in criminal actions of persons in position of trust. Even the best financial oversight cannot prevent all misdeeds, but it does give the township a much better chance of minimizing any losses.

But the full scope of activities essential for boards exercising their fiduciary duties goes well beyond adequate financial oversight. All members of the township board are considered the township electors’ trustees—to act on behalf of the public interest, to make prudent decisions and not expose the township to undue risk. A board in fiduciary mode is working together as opposed to board members acting individually. Self-appointed “watchdogs” generally don’t know what to look for and can do considerable unnecessary harm when they focus too much on finding misdeeds instead of taking steps to prevent bad things from happening.

The township board, acting collectively, has the legal and moral standing to adopt policies that drive the township to high performance and efficiency, and avoid undesirable outcomes. The township board as an employer is charged with managing risks through policies and actions that promote employee safety, legal compliance and honesty.



This article outlines the basic components of financial oversight expected of township boards, but also suggests additional roles for township boards to perform when they are in “fiduciary mode.” A board’s fiduciary mode is described in *Governance as Leadership; Reframing the Work of Nonprofit Boards* by governance expert Richard Chait (BoardSource, 2005). Written primarily for non-profit organizations, its principles are easily applicable to other governing boards such as local governments.

Financial oversight is not the board’s only job

Township boards practice the basic elements of financial oversight—such as budget development and adoption and reviewing financial reports—on such a regular basis that it becomes second nature. It is less common that other elements of financial oversight—monitoring implementation of internal controls, for example—are also routinized into a systematic monitoring schedule. And the higher functions

This continuing education article and accompanying self-assessment are worth 2.0 elective credits in MTA’s Township Governance Academy. See page 22 for details.



OBJECTIVE

- To outline the basic components of financial oversight expected of township boards, and suggest additional roles for township boards to perform a higher level of fiduciary management.

CORE COMPETENCIES

- Aware of financial matters affecting the township
- Possesses effective policy-making and decision-making skills
- Understands the budget process, financial statements and how to use fiduciary responsibilities to manage the township’s affairs in the best interests of the public



Boards that pride themselves on effective financial oversight go beyond the statutory basics and make fiduciary monitoring and evaluation functions ongoing and regular board meeting activities.

of boards in what Chait, *et al* call “fiduciary mode” are too often missing from agendas of all sorts of public bodies. Nonetheless, boards that frequently engage in full fiduciary mode reach higher levels of public service than those that limit themselves to basic financial oversight.

Setting an example

In fiduciary mode, the township board sets an example for department heads and their subordinates for the degree of care owed to taxpayers for the wise use of their money and holding everyone in the organization—including the township board itself—accountable. The board carefully identifies, scrutinizes and chooses from multiple options to make decisions that best serve the public. Ethical considerations and identifying the greater good are routinely interjected in board policy discussions. Board members demonstrate their commitment to operate in the township’s best interest rather than their own and act appropriately when conflicts of interest arise.

Townships that take their fiduciary duties seriously include financial oversight as a regular element of their board meetings. Financial oversight requires all township board members to be familiar with the extensive list of statutes and regulations (*see sidebar on page 19*) that impose legal obligations on the board to direct and monitor

financial activities. But township boards in fiduciary mode go beyond mere financial oversight to establish additional expectations on township officials and employees that clarify through policies what is to be accomplished, set priorities, and articulate limitations on activities and actions that create undue risks to the township. Boards in fiscal mode monitor township operations to ensure their policies are being followed, and adjust their policies in response to new information and changing circumstances.

Financial oversight and periodic financial reports

Effective financial oversight requires that the township board regularly receives and analyzes timely financial reports. Typically, township boards receive monthly reports of fund balance sheet reports, current and year-to date revenue and expenditures reports with budget appropriation comparisons, and an investment status

and performance report demonstrating compliance with the board’s statutorily mandated policy. Townships may find that a cash flow report is also helpful. However, reports are of little use unless the board takes the time to analyze the information to determine if the township’s financial position is consistent with board expectations. Financial data that is not compared to benchmarks is of limited value. And equally important, the board needs to pay attention to trends—are numbers changing in ways that indicate all is well or that foretell potential future financial difficulties? In fiduciary mode, financial reports are not merely “received and filed,” but questions are raised, resolved and appropriately responded to through board financial policies.

Townships under 4,000 population are required by state law to have an audit every other year, while all other township audits must be conducted annually. However, townships that qualify for the biannual audit should nonetheless consider

16%

Percent of township officials who think township’s general fund balance to be too low

87%

Percent of township officials who give their board good or excellent ratings for effectively overseeing township finances

Statistics source: MPPS



33%

Percent of townships experiencing an increase in general government operation needs this year

36%

Percent of townships expected to increase general government operations spending next year

opting for annual audits because biennial audits must include an examination of financial records back to the conclusion of the prior audit, and boards need more frequent verification and assurance of the township's financial position.

Internal controls

Township boards in fiduciary mode ensure that there are effective internal procedures in place to timely and effectively correct financial transaction errors and minimize the township's exposure to theft and embezzlement, which according to news reports are on the rise in organizations of all nature. Lax financial controls that create the opportunity for bad things to happen reflect poorly on governing boards.

Township boards should not solely rely on outside auditors to detect fiscal chicanery, as only a very small percentage of fraud and embezzlement are caught by external audits. Auditors sample financial transactions and clever people can find ways to hide their misdeeds for years. Absent effective internal preventive procedures, fraud and embezzlement are often caught after the person responsible leaves their position and fresh eyes catch the missing money, or officials in other tax-levying entities note that their property tax collections remitted by the township are less than expected.

Effective financial oversight by township boards includes making sure that appropriate internal controls are in place.

Township officials who have little or no prior experience in financial administration likely lack expertise in procedures to achieve effective internal controls, but the township's auditors can provide recommendations that township boards need to ensure are implemented, and that may require the township board to provide additional resources to improve accounting procedures. And while insistence of internal controls is the township board's collective responsibility, it falls to clerks, treasurers and their deputies to faithfully implement them.

Internal controls require instituting some redundancies in recording financial transactions and fund custody so problems and errors are more likely detected and corrected, and it is often common for officials to resist instituting internal controls as a waste of time and unnecessary. This is especially true in organizations where everyone knows each

State law requirements for boards regarding township finances

As the newly formed State of Michigan organized its government structure in the years following statehood, township boards first appeared in the Constitution of 1856 and continued through the current Constitution of 1963. But if you sought in the Michigan Constitution illumination as to what township boards are supposed to do, your answers would remain essentially unanswered:

"In each organized township there shall be elected for terms of not less than two nor more than four years as prescribed by law a supervisor, a clerk, a treasurer, and not to exceed four trustees, whose legislative and administrative powers and duties shall be provided by law." (Article VII, Section 18 of the Michigan Constitution of 1963)

And if you did a word search in the Michigan Compiled Laws or on Google, you would find a long list of a multitude of statutes implying or explicitly stating that township boards have a strong role in and responsibility to ensure that township finances are appropriately managed. While state laws charge

clerks and treasurers with authority and responsibility to record financial transactions and custody of township funds respectively, a multitude of statutes make clear the township board, acting collectively, is responsible for serving as the "watchdog" on township affairs on behalf of the township electors and in compliance with state laws.

Unfortunately, the Legislature has never codified all of these various statutory duties and responsibilities into one easy-to-locate state law, but MTA staff have identified the following laws as key statutes identifying the statutory duties of township boards relative to financial oversight and fiduciary duty:

- Uniform Budgeting and Accounting Act, PA 2 of 1968; MCL 141.425 (requirement to have a budget and an audit)
- Budget Hearings of Local Governments, PA 43 of 1963
- Investment of Surplus Funds of Political Subdivisions, PA 20 of 1943
- Credit Card Transactions, PA 266 of 1995 (township use of credit cards)

- Financial Transaction Device Payments, PA 280 of 1995 (township acceptance of credit card payments)
- Payment of Wages and Fringe Benefits, PA 390 of 1978 (board, as employer, responsibility for payroll frequency)
- MCL 41.65 (clerk's financial responsibilities)
- MCL 41.75 (board must approve all claims)
- MCL 41.76 (treasurer's financial responsibilities)
- MCL 41.77 (treasurer responsible for depositing moneys, board depository resolution)
- MCL 41.78 (treasurer accounts for receipts and expenditures)
- MCL 41.110 (transfer of unexpended balances)
- MCL 41.110a (board must use Uniform Chart of Accounts)

Also see the Michigan Department of Treasury's *Accounting Procedures Manual* and *Budget Manual for Local Units of Government*.

other well and trust—whether well placed or not—abounds. But townships, regardless of size, can encourage and enable stronger internal controls by authorizing more compensable hours for staff necessary to properly segregate duties such as timely and independent reconciliation of check registers and bank statements. However, in some townships—especially smaller entities that do not have large staffs—individual board members such as the township supervisor can be assigned by the board to perform tasks that improve internal controls, such as reviewing check registers and bank statements when there are not enough other staff to ensure appropriate independent oversight.

Ensuring accountability for quality performance

Boards that pride themselves on effective financial oversight go beyond the statutory basics and make fiduciary monitoring and evaluation functions ongoing and regular board meeting activities. Township boards in fiduciary mode should set the proper moral tone and assure township-wide consistency and coordination to ensure that resources are efficiently deployed. Strong financial performance can only be achieved when the township board clicks into fiduciary mode to articulate not only what is unacceptable, but also what is to be accomplished.

To ensure that expenditures and uses of other township resources are focused on the things that are most important, the township board can establish an explicit mission

Looking inward and outward

While the book *Governance as Leadership; Reframing the Work of Non-Profit Boards* (BoardSource, 2005) wasn't written with local government boards in mind, its authors Richard P. Chait, William P. Ryan and Barbara E. Taylor suggest that boards in fiduciary oversight mode look inward for trouble and outward for financial purposes:

Board looking **inward** for trouble:

- Can expenditures be afforded?
- Is audit clean and unqualified?
- Is budget balanced?
- Legal compliance?
- Staff turnover at acceptable levels?
- Revenue to be raised
- Monitor financial position
- Assure appropriate financial controls

Board looking **outward** for financial purposes:

- Opportunity cost of expenditures
- Alignment of budget and priorities
- Alignment of programs to mission
- Ethics
- Alignment of revenue streams to mission

statement that serves as the compass for the board and others to keep the township focused on what is most important. The board assures faithfulness to mission, acknowledges that it is accountable to the township's electors for the performance of all township functions, and monitors activities for compliance with laws and regulations and proper stewardship of township finances and property.

Compensation benchmarked to the labor market

Townships in fiduciary mode ensure that the taxpayers "get their money's worth" through delivering services at a reasonable cost. A major amount of the taxpayer's money is used to compensate officials and employees. Township boards have primary responsibility to establish compensation levels that achieve desired results, which for most townships means compensation at levels sufficient to attract competency and minimize costly turnover. To find the "sweet spot," township officials need to know what other organizations pay similar positions so that township remains competitive while avoiding paying more than necessary to attract the kind of employees the township needs to achieve its mission.

Boards evaluate their own performance

Townships and other local government governing boards are not only responsible to ensure that administrators do their jobs correctly, they are responsible for their own decisions and conduct relative to financial transactions and financial position. The township board plays an integral role in the township's financial management. If it is appropriate for the township board to hold others accountable for their activities, it is also appropriate in its fiduciary mode to evaluate its own performance.

This article suggests ongoing board activities to perform financial oversight at a high level and can serve as a checklist by which the board can objectively evaluate whether it is doing the job to the degree township taxpayers deserve.

13%

Percent of township officials who evaluate their township in perfect fiscal health

51%

Percent of townships increasing employee pay next year



Larry Merrill,
MTA Executive Director

See page 22 for a continuing education self-assessment, worth two elective credits in MTA's Township Governance Academy. To learn more about TGA, visit www.michigantownships.org/members (under the "Training" tab).



Major township board financial oversight functions

The following are among the most significant requirements of township boards related to financial oversight and recommended implementation practices, according to MTA staff:

- Adopt an annual budget prior to the ensuing fiscal year that appropriates sufficient financial resources to township activities while maintaining appropriate financial reserves.
 - Budget must be monitored at least monthly and amended as soon as needed and known.
 - Approve all financial transactions for legality compliance with budget appropriation and authorized by township policy or by explicit board approval.
 - Property acquisition, use and disposal.
 - Audit payment of claims with sole exception of current year tax collection disbursement
- account, prior to issuance, unless authorized by narrow board “post-audit” policy. Board members must have opportunity to review documentation provided including check/payment number in numerical order, voided payments, payee, amount, purpose, Chart of Accounts number where posted. Bills should not be approved in aggregate without itemized examination prior to vote. May approve payment of bills using consent agenda if all other review and examination procedures are followed prior to vote and board has had opportunity to discuss.
- Mandating and monitoring internal controls required by *Accounting Procedures Manual*, including segregation of duties, requiring clerk and treasurer financial reporting, clerk and treasurer reconciling, etc.
 - Act if board becomes aware that a board member or staff are not complying with internal controls such as clerk or treasurer accessing or controlling financial records in a way that violates segregation of duties, not reconciling regularly, or treasurer not providing required reports/documentation for tax collection disbursement account to clerk.
 - All expenditures or uses of township property, assets, etc. must be done as “lawful expenditures”—must be authorized by statute (expressly stated or fairly implied)
 - Monies restricted by law cannot be used for other purposes.



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Manager/HR Director
Charter Township
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Continuing education self-assessment

Participants enrolled in the Township Governance Academy (TGA), MTA's credentialing program, may obtain two elective credits for successful completion of this quiz. (To receive credit, this quiz must be completed by November 1, 2021.) To obtain credit, participants must answer the following 10 multiple-choice questions by circling the correct answer and receive a minimum passing score of 70 percent. The questions are based on content from the article, "Taking financial oversight to a higher level," beginning on page 16. There is no charge for MTA members to take the quiz or to obtain TGA credit. Completed quizzes should be faxed to (517) 321-8908 or mailed to: MTA, PO Box 80078, Lansing, MI 48917-0078. MTA will notify you of your results within two weeks after receiving your quiz. **IMPORTANT:** Please keep a copy of your completed quiz in your TGA binder. For information about TGA, call (517) 321-6467, email tga@michigantownships.org, or visit www.michigantownships.org/members (under the "Training" tab).

TGA continuing education—November 2018 Taking financial oversight to a higher level

NAME: _____ TOWNSHIP & COUNTY: _____

EMAIL ADDRESS: _____

1. As township boards practice the basics of financial oversight, it is less common for certain elements, such as _____, to become second nature.
 - a. Budget development
 - b. Reviewing financial reports
 - c. Monitoring implementation of internal controls
 - d. Making prudent decisions
2. Boards engaging in full "fiduciary mode":
 - a. Consistently perform the basics of financial oversight.
 - b. Reach higher levels of public service.
 - c. Allow department heads to handle accountability for the use of taxpayer money.
 - d. Take care to follow *Robert's Rules of Order* when discussing financial matters.
3. When receiving financial reports, township boards should:
 - a. Take the time to analyze the information.
 - b. File the documents accordingly.
 - c. Avoid asking questions until the next report.
 - d. Stick to cash flow reports.
4. Why should township boards consider annual audits, even if they aren't required by law?
 - a. To reduce the workload for township employees.
 - b. To provide more frequent verification and assurance of their financial position.
 - c. To spot potential misconduct by employees.
 - d. To increase transparency with township residents.
5. To avoid embezzlement and fraud, township boards should:
 - a. Rely on outside auditors to detect problems.
 - b. Watch for property tax collections that are less than expected.
 - c. Regularly hire new staff who might catch the missing money.
 - d. Establish internal procedures to correct transaction errors and minimize risk.
6. When townships don't have the staff to perform redundancies such as reviewing check registers, another option is to:
 - a. Assign the tasks to individual board members.
 - b. Ask for community volunteers.
 - c. Hire a consultant.
 - d. Require overtime from current staff.
7. Township boards can only achieve strong financial performance if they create consistency by articulating:
 - a. A community vision plan.
 - b. Possible threats the board could face.
 - c. What is to be accomplished.
 - d. Five-year goals.
8. What is the value of a mission statement to a board's financial oversight?
 - a. It sets the moral tone for township employees.
 - b. It serves as a compass and keeps the township focused on what's most important.
 - c. It ensures compliance with laws and regulations.
 - d. It's a benchmark for proper stewardship of township finances and property.
9. What is the "sweet spot" for township employee compensation levels?
 - a. An above-average wage to attract the right employees.
 - b. A below-average wage out of responsibility to taxpayers.
 - c. Competitive with what other organizations pay while not paying more than necessary.
 - d. Competitive with the average wage for your township's region.
10. Who is responsible for evaluating the township board's performance?
 - a. A hired consultant
 - b. The board itself
 - c. Residents at a public hearing
 - d. Township employees

upcoming MTA workshop

REGISTRATION INFORMATION

New Officials Training

Welcome to township government! Upon taking the oath of office as a township official, you are assuming multiple responsibilities requiring a unique combination of leadership, decision-making and administration, as well as an understanding of statutory requirements.

How can you bring fresh perspectives to the board, while valuing the work of veteran board members and staff?

What are the crucial functions you need to perform right now for your specific office?

Don't miss this opportunity to learn how to start out on the right foot!

Explore your duties and responsibilities

Designed to help build on your abilities and understanding of township government, this program enables you to successfully represent and serve your residents while shaping your community's future. Get an overview of the "hows and whys" of township government, and explore the duties and responsibilities of a township board. A helpful refresher for those changing office, too!

Breakout sessions will be held in the afternoon:

- **Supervisors and Trustees** (meeting management, ordinances, lawful expenditures, budgets, township administration, assessing oversight and the role of the trustee)
- **Clerks and Treasurers** (financial operations, internal controls, records and reporting, along with other additional duties)

Cancellations & substitutions: Written cancellation requests received at the MTA office by Nov. 27 will receive a full refund. No refunds will be issued thereafter. You may switch workshop locations at no charge if you notify MTA of the change at least one week prior to the workshop; otherwise, a \$25/person fee will be assessed. You may substitute another individual from your township for your registration at any time without incurring a charge; please notify MTA of the change.



Add-on options:

The publications offered in the Basic Starter Kit are an integral part of the training. If your township already owns current editions, bring them with you to the workshop. Individual books will be for sale on-site, while supplies last.

OPTION 1: Basic Starter Kit:

Guide to Township Government (specific to your office), *Authorities and Responsibilities of Michigan Township Officials, Boards and Commissions*, and *Introduction to Township Board Meetings* (\$88 discounted rate)

OPTION 2: Essential Township Collection:

Includes resources offered in the Basic Starter Kit PLUS *Building a Better Budget* (includes CD), *Introduction to FOIA*, *The Township Guide to Planning & Zoning* and *Policy Matters!* (\$218 discounted rate)



New Officials Training Registration Form — — — — —

The workshop will be held from 9 a.m. to 4 p.m.

Which location will you attend?

- Dec. 11: Treetops Resort, Gaylord
 Dec. 13: Okemos Conference Center, Okemos

Township _____ County _____

Telephone _____ Email _____

Name & Title _____ Purchase books: Basic Essential

Name & Title _____ Purchase books: Basic Essential

Name & Title _____ Purchase books: Basic Essential

| | Early-bird Rate* By Nov. 27 | Regular Rate* After Nov. 27 | # of People Registered | TOTAL |
|---|--------------------------------|--------------------------------|------------------------|-------|
| Per person No books included | \$149 | \$169 | X | = |
| Per person Includes basic book package | \$237 | \$257 | X | = |
| Per person Includes essential book package | \$367 | \$387 | X | = |

*Rates apply to MTA members; non-members, call MTA for rates.

NOTE: Payment must accompany form in order to be processed.

- Check enclosed (payable to MTA)
 Charge to: (circle one) MasterCard VISA

_____ / _____
 Card # _____ Expires _____
 Print Card Holder's Name _____ Signature _____



Send your completed registration form with payment to MTA, P.O. Box 80078, Lansing, MI 48908-0078; fax: (517) 321-8908. Or register online at www.michigantownships.org. Questions? Call (517) 321-6467.

upcoming MTA workshops

REGISTRATION INFORMATION

Explore the fundamentals of township finances, land use

MTA can help your board understand the fundamentals of township finances, and offer techniques for making sound land use decisions. Join us at the **Comfort Inn Conference Center** in **Mt. Pleasant** this **November** for one (or both!) of the courses described below:

Township Finances (F-103; 6 credits)

Nov. 28 from 8:30 a.m. to 4:30 p.m. (Includes continental breakfast and lunch)

Oversight of township finances is a fundamental statutory duty of township boards. Good governance demands that every board exercise effective oversight of all township assets, including human and physical resources. Explore in depth how township boards can achieve a greater degree of control over the township's financial position and ensure that resources are directed to address the township's greatest needs. Takeaways include:

- The board's role in establishing a powerful budgeting process.
- What every board needs to do to protect the township's financial assets.
- How to determine the correct amount of township financial reserves.
- Early warning signs of potential financial problems.
- How great township boards spend their time at meetings.

Land Use: Defining Your Township's Future (F-102; 6 credits)

Nov. 29 from 9 a.m. to 4 p.m.

(Includes continental breakfast and lunch)

Dig into growth philosophies and learn strategies to galvanize your township to action to define your future. Gain an understanding of a township master plan, including its purpose, process and legal requirements. Explore considerations that must be confronted if your master planning efforts are to be successful. Examine a broad range of day-to-day issues, from nonconforming uses to preserving rural character, managing growth to infrastructure and roads. Round out the day with discussion on emerging land use issues.



These courses are part of MTA's Township Governance Academy (TGA). They are designed to enhance your leadership skills and motivate you to take on the challenges (and opportunities!) unique to those serving as an elected official. Regardless of your position on the board or amount of experience, TGA will move you to a higher level of performance and make your service more rewarding. Uncertain whether TGA is for you? Try it! You do NOT have to be enrolled in TGA to attend. Credit will be assigned retroactively if you enroll within six months of attending.



Cancellations & Substitutions: Written cancellation requests received at the MTA office by Nov. 14 will receive a full refund. No refunds will be issued thereafter. You may substitute another individual from your township for your registration at any time without incurring a charge; please notify MTA of the change. Substitutions are not allowed for registrations made using TGA scholarship funds.

TGA Registration Form

Township _____ County _____

Telephone _____ Email _____

Name & Title _____ **Finances** **Land Use** **Both**

| | Regular Rate* | Early-bird Rate* |
|------------------------------------|---------------------------------|----------------------------------|
| Finances (F-103) | After Nov. 14 \$145/attendee | Before Nov. 14 \$125/attendee |
| Land Use (F-102) | \$145/attendee | \$125/attendee |
| FULL PROGRAM: Both sessions | \$290/attendee | \$250/attendee |

of Sessions _____ Registration Fee _____ Total _____

_____ x _____ = _____

*Rates apply to MTA members. Non-members, call for rates.

NOTE: Payment must accompany form in order to be processed.

Check enclosed (payable to MTA)

Charge to: (circle one) MasterCard VISA

_____ - _____ - _____ / _____

Card # _____ Expires _____

Print Card Holder's Name _____ Signature _____



Send your completed registration form with payment to MTA, P.O. Box 80078, Lansing, MI 48908-0078; fax: (517) 321-8908. Or register online at www.michigantownships.org. Questions? Call (517) 321-6467.

upcoming MTA workshop

REGISTRATION INFORMATION

Treasurers' Guide to Tax Collection

Whether you are a seasoned treasurer, newly elected or anything in between, this full-day workshop is a must! Collecting property taxes is a highly visible function of the township treasurer's office. It comes with significant responsibility not only for the large amount of money collected but also for compliance with the General Property Tax Act. Join the discussion on:

- Getting started
- Preparation of the tax bill
- Summer taxes
- Winter taxes
- Accounting for and disbursement of collections
- Settlement
- Delinquent personal property tax



In addition to discussion on applicable laws, "best practices" will also be reviewed. Opportunities to ask questions will occur throughout the day. This workshop is also appropriate for deputy treasurers and any employee who has some responsibility in the property tax collection process.

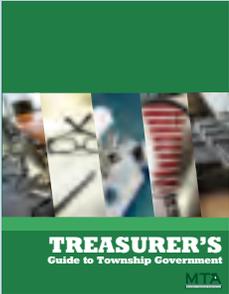
Special bonus

Participants will receive the Treasurer's Record Retention Schedule #29 and the Michigan Department of Treasury's *Accounting Procedures Manual*.

Dates and locations:

Nov. 13: Okemos Conference Center, Okemos
Nov. 14: Treetops Resort, Gaylord

The workshop is from 9 a.m. to 4 p.m.
 Registration begins at 8:30 a.m.



Continue the learning process

The registration fee* includes continental breakfast, lunch and all handout materials. Attendees may also purchase MTA's *Treasurer's Guide to Township Government* (2016 edition)—an essential resource for all township treasurers in Michigan—at the discounted rate* of \$34.50 when registering for the class. The books will be distributed at check-in and will also be available for sale on-site while supplies last.

Cancellations and substitutions: Written cancellation requests must have been received at the MTA office by Oct. 30 to receive a full refund. No refunds will be issued thereafter. You may substitute another individual from your township for your registration at any time without incurring a charge; please notify MTA of the change.

Tax Collection Registration Form — — — — —

Which location will you attend?

- Nov. 13: Okemos Nov. 14: Gaylord

Township _____ County _____

Telephone _____ Email _____

Name & Title _____ Purchase guidebook: Yes No

REGISTRATION rate*: \$133

For paid registrations received after Oct. 30

_____ (# registered) x \$133 (rate*) = \$ _____

_____ (# of Treasurer's Guides) x (\$34.50/book*) = \$ _____

Total Due = \$ _____

*Rates apply to MTA members. Non-members, call for rates.

NOTE: Payment must accompany form in order to be processed.

- Check enclosed (payable to MTA)
 Charge to: (circle one) MasterCard VISA

| | |
|--------------------------------|-----------------|
| - - - | / |
| Card # _____ | Expires _____ |
| Print Card Holder's Name _____ | Signature _____ |



Send your completed registration form with payment to MTA, P.O. Box 80078, Lansing, MI 48908-0078; fax: (517) 321-8908. Or register online at www.michigantownships.org. Questions? Call (517) 321-6467.



Smooth ride

Four townships partner to secure funding for road construction

The condition of Michigan roads—or perhaps more specifically, the poor quality—is a hot topic in many communities around our state. In Kent County, four townships banded together to accomplish a multi-year, three-mile-long, gravel-to-pavement road construction project.

The funding needed to transform the three miles of gravel road to pavement required a united effort from the four neighboring communities of **Courtland, Oakfield, Nelson and Spencer Townships**. The reason? The road in question, 16 Mile Road, is a “borderline” road—meaning it falls within each of the townships, which sit to its north and south.

A tricky project to finance

Generally, the financing of a borderline road improvement project can be tricky to secure because of the road’s physical divide among townships. Agreements made by townships prior

to January 1931 sought to alleviate this type of confusion by assigning construction—and therefore, financial—responsibilities to one of the adjoining townships. As per the agreement, the identified township would be responsible for 100 percent of the local share of a borderline road project despite two townships sharing the border.

Assuming full responsibility for the local share of a road project, for which only half of the road resides in the township’s own jurisdiction, can be a tough sell. Given budgetary constraints, why finance a borderline road project when another improvement project resides fully within the

township's limits? Conversely, why would a township that is not assigned construction responsibility feel compelled to support a borderline road project financially?

In the case of 16 Mile Road, the road's high-volume use helped to sway the four townships to partner in financing the three miles of work, despite the recorded assignment of construction responsibility. Ultimately, each township decided that the project was in their residents' best interests because it provided a new, and in-demand, pavement-to-pavement connection.

"The traffic counts helped demonstrate how important 16 Mile was to the residents who live in this area. Once the project was considered a 'win' for everyone, it became a matter of the townships discussing how to collaborate financially in order to complete construction," said Jerry Byrne, Kent County Road Commission deputy managing director of operations.

The funding of local road projects like 16 Mile Road is cost-shared between the townships and county road commission. For gravel-to-pavement construction, this equates to 45 percent of the funding coming from the road commission, and 55 percent from the township.

Residents demonstrate support

Although construction started on the first mile of the 16 Mile Road project in 2015, the conversation about the project began between local officials in 2011. After the initial discussions, multiple informational meetings were hosted for township residents, during which questions could be raised and issues discussed.

"That first meeting, we packed the house, and it was in January with really bad weather! So that was a good sign," said Courtland Township resident Tom Hoskins, who lives on 16 Mile Road.

Public hearings held by the county road commission board then followed, preceding each mile of construction. Year after year, an overwhelming number of residents demonstrated their support by attending the hearings or writing to the board in advance of the vote to urge the commissioners' approval.

"One of our township officials joked that the road commission's parking lot was so full for the meeting, he couldn't find a space," said Hoskins.

In 2015, the first mile of the project began, and the second mile followed in 2016. The local share of the two-mile stretch was funded by its bordering townships, Courtland and Nelson. In 2018, construction began on the final mile of the project, with the local share funded by the bordering townships of Oakfield and Spencer.

Resident support remains high, exemplified by the community-wide street parties thrown after each mile is completed.

"We're very happy," said Hoskins. "Some people have even purchased new cars!"



Officials from Courtland, Oakfield, Nelson and Spencer Townships, and from the Kent County Road Commission, worked together to make a "borderline" road improvement project a reality.

A cooperative spirit

"We are happy to see the entire stretch completed and thank everyone for the cooperation," said **Greg Dean**, Oakfield Township supervisor.

Echoed Spencer Township Supervisor **Jeff Knapp**, "As we enter the third and final phase of this joint project, I have enjoyed the cooperative spirit of Nelson, Courtland and Oakfield Townships in making this project reality."

—Submitted by *Laura Hoffman*, Nelson Township clerk, and *Maura Lamoreaux*, Kent County Road Commission communications manager

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townships in the spotlight



Spurr Township

Spurrr Township was originally part of Houghton County when it was organized in 1875. It was one of the four original townships of Baraga County when the county was set off from Houghton County later that same year. Named for Spurr Mountain, the site of an iron ore mine, the area was comprised of three unincorporated communities—Beaufort Lake, Imperial Heights and Three Lakes. A post office named Spurr Mountain opened in 1874, but closed for good in 1896. Mining, farming and forestry played a major role in the area. Nine mines were once in operation, though the last mine closed in 1962. Forestry continues. Ford Motor Company was also a major contributor to the area, building sawmills, roads and the railroad.

In 1910, a building was rented known as the “chicken coop school.” The rent was \$12 per month, and the teacher received \$50 per month. In 1923, the Imperial Heights School was built and used until 1968. Children now attend NICE or Republic/Michigamme School District, each approximately 26 miles from the township. The construction of U.S. Highway 41 came to the area in 1922, but was not yet paved. Some time in the 1930s, an airport also existed in the township.

The boarding houses, mines, airport and schools are all gone, but development continued around the many area lakes. In 2000, the Fence Lake area was developed. The 1875 taxable property was \$196,895, compared to 2017, which was \$25.7 million.



However, the year-round population in 1880 was 120, and only grew to 276, according to the 2010 census.

A new master plan and zoning ordinance was adopted in 1976 as a guide for development. In 2017, an open house was held for the newly constructed township multi-purpose building, which houses the township offices, fire department and EMS equipment.

Spurr Township has a land mass of 150.8 square miles and water coverage of 8.2 square miles. It is mainly recreation and residential. There are two resorts, a restaurant and bar, motel, marine shop and a gas station-convenience store. The township is home to Craig Lake State Park, where there are almost 7,000 acres of wilderness in the park once owned by Miller Brewing Family.

Rich in history, Spurr Township has many opportunities for hunting, boating, fishing, trails for hiking and four-wheeling. Residents and visitors can be entertained by the wildlife, including moose, deer and flocks of turkeys.



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