



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

ALL CORRESPONDENCE SHOULD REFER TO STATE ID NUMBER

**DEFICIT ELIMINATION
PLAN NOTIFICATION**

**State ID Number
81-2010**

January 11, 2010

Mr. Tom Crawford, Finance Director
City of Ann Arbor
100 North Fifth Avenue
P.O. Box 8647
Ann Arbor, Michigan 48107-8647

2010 JAN 19 AM 7:26
CITY OF ANN ARBOR
CITY CLERK
REC'D

Dear Mr. Crawford:

We have received an audit report from your local unit, which indicates a deficit balance in one or more funds as follows:

<u>FUND</u>	<u>AMOUNT</u>	<u>SOURCE OF INFORMATION</u>
Park Service Headquarters	\$802	Audited Financial Statements 6/30/09, p. 113

According to MCL 141.921 and Attorney General Opinion No. 6154, if a local unit of government ends its fiscal year in a deficit condition, the local unit of government shall formulate and file a financial plan with the Department of Treasury within 90 days after the beginning of the fiscal year to correct the deficit. The local unit of government shall file the financial plan with the Department of Treasury for evaluation and certification to ensure the correction of the deficit condition. Upon certification by the Department of Treasury, the local unit shall institute the plan.

Your deficit elimination plan is due within 30 days from the date of this letter. If the deficit elimination plan is not filed within that 30-day time period, we will recommend that 25% of your State-Shared Revenue be withheld pursuant to MCL 141.921(2). The plan should identify exactly how the deficit is to be eliminated. The following are acceptable evidence to support a plan:

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1. Certified copies of board/council resolutions (describing funds and amounts) approving additional appropriations sufficient to eliminate the deficit and a copy of the journal entry that shows that the transfer has been made or a trial balance.
2. Projected budget approved by the legislative body as evidenced by a certified resolution itemizing yearly revenues by source, expenditures/expenses by activity, and changes in the fund balance/retained earnings through the year of the deficit's eventual elimination. There is a five-year limit for an approved plan; the plan must be amended if the deficit increases or the plan is not otherwise followed.
3. For tax increment finance or downtown development authorities, the ordinance or plan approving their existence is acceptable if it shows the flow of revenues and the priority of expenditures that would satisfy a deficit elimination plan for these funds as indicated in #2 above.
4. For drain or other special assessment-type funds that have deficits, which are not "covered" on the balance sheet by a long-term receivable and deferred revenue, a letter from the Drain Commissioner itemizing assessment levies which could not be recognized for the audited fiscal year due to generally accepted accounting principles, will suffice as a deficit elimination plan.

After receiving your plan, we will notify you in writing if additional information is needed or that your plan has been certified. If you have any questions or concerns, please do not hesitate to contact me at (517) 373-0660. Our mailing address is Michigan Department of Treasury, Local Audit and Finance Division, P.O. Box 30728, Lansing, MI 48909-8228.

Sincerely,



Gene Arlt, CFE, CGFM
Auditing Specialist
Local Audit and Finance Division

c: / Jacqueline Beaudry, Clerk
Matthew Horning, Treasurer