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Memorandum

To: Livingston County Board of Commissioners
From: Jennifer M. Nash, Treasurer
Date: July 24, 2023
**Re: RESOLUTION APPROVING THE DEFICIT ELIMINATION
PLAN**

As was reported in our 2022 audit/financial statement presentation, we ended the 2022 fiscal year with three funds in a deficit as defined by the State of Michigan's guidelines. The ARPA Fund had a \$60,883 deficit fund balance, the Veteran Services Grant Fund had a \$37,072 deficit fund balance, and the Indigent Defense Fund had a \$53,350 deficit fund balance. In each of these cases, the deficit is the result of prepaid expenses which are required to be recorded as non-spendable fund balance. When considering the fund balance (deficit), the State of Michigan adds the committed, assigned and unassigned fund balances. The State does NOT include the nonspendable portion of the fund balance. For this reason, these three funds fall under the State's definition of an unrestricted fund balance deficit thus requiring the filing of a deficit elimination plan with the State of Michigan.. As of today, these funds are no longer in a deficit.

According to PA 140 of 1971, local units of government who end their fiscal year in a deficit condition are required to formulate a deficit elimination plan and submit that plan in the form of a certified resolution to the State of Michigan for approval.

The attached resolution is in the recommended format provided by the State.

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