



10405 Merrill Road  
P.O. Box 157  
Hamburg, MI 48139  
(810) 231-1000  
[www.hamburg.mi.us](http://www.hamburg.mi.us)

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**TO:** Board of Trustees

**FROM:** Michelle DeLancey, Director of Accounting

**DATE:** December 11, 2025

**AGENDA ITEM TOPIC:** Police Special Revenue Fund Deficit Elimination Plan FY 24/25

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Number of Supporting Documents: 5

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**Requested Action**

Motion to move the Police Special Revenue Fund Deficit Elimination Plan resolution as presented.

**Background**

On December 9<sup>th</sup> I received the attached *Notice of Intent to Withhold State Payments* letter from the Department of Treasury. Please see item 1. *Determining a Deficit for Governmental Funds* on the attached *Numbered Letter 2016-1* for a deficit explanation. On page 10, attached, of the 2025 audit the \$102,503 of nonspendable (prepaids) fund balance exceeded the \$77 total fund balance, creating the (\$102,426) unrestricted deficit and requiring the deficit plan.

**TOWNSHIP OF HAMBURG**  
**POLICE SPECIAL REVENUE FUND DEFICIT ELIMINATION PLAN RESOLUTION**

At a regular meeting of the Township Board of the Township of Hamburg, Livingston County, State of Michigan, held at the Hamburg Township Board Room on Tuesday, December 16, 2025, beginning at 7:00 p.m., there were

PRESENT:

ABSENT:

MOVED FOR ADOPTION:

SUPPORTED BY:

**RESOLUTION**

**WHEREAS**, Hamburg Township's Police Special Revenue Fund has an Unassigned Fund Balance deficit of \$102,426 on June 30, 2025; and

**WHEREAS**, 1971 PA 140 requires that a Deficit Elimination Plan be formulated by the local unit of government and filed with the Michigan Department of Treasury;

**NOW THEREFORE, IT IS RESOLVED**, that Hamburg Township's Board of Trustees adopts the following as the Hamburg Township Police Special Revenue Fund Deficit Elimination Plan:

	FY 2025-2026
<b>Unassigned Fund Balance July 1</b>	(\$102,426)
<b>Revenue</b>	
General Fund Transfer	\$102,426
<b>Total Revenue</b>	\$102,426
<b>Unassigned Fund Balance June 30</b>	\$0

Explanation: Transfer from General Fund

**BE IT FURTHER RESOLVED** that the Hamburg Township's Director of Accounting submits the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

A roll call vote on the foregoing resolution was taken and was as follows:

AYES:

NAYS:

ABSENT:

RESOLUTION DECLARED:

**TOWNSHIP OF HAMBURG**  
**POLICE SPECIAL REVENUE FUND DEFICIT ELIMINATION PLAN RESOLUTION**

**CERTIFICATION**

I, Michael Dolan, being the duly elected Clerk of the Township of Hamburg, Livingston County, Michigan hereby certify that (1) the foregoing is a true and complete copy of the Resolution duly adopted by the Township Board on December 16, 2025; (2) the original such resolution is on file in the records of the Clerk's office; (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended); and (4) minutes of such meetings were kept and will be or have been (or will be) made available as required by the Open Meetings Act.

DATE:

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Michael Dolan, Hamburg Township Clerk

## HAMBURG TOWNSHIP POLICE FUND 2025-2026 REQUESTED BUDGET

GL NUMBER	DESCRIPTION	2023-24 AUDITED YEAR END	2024-25 AMENDED BUDGET	2024-25 AUDITED YEAR END	2025-26 REQUESTED BUDGET
<b>Estimated Revenue</b>					
207-000.000-402.000	CURRENT PROPERTY TAX	3,174,422	3,362,526	3,359,358	3,506,000
207-000.000-412.000	DELINQUENT PP TAX	343	100	22	100
207-000.000-415.000	CHARGE BACKS/MTT/BOARD OF REVIEW	(495)	(500)	(1,462)	(1,000)
207-000.000-441.000	PERS PROPERTY TAX REIMB - STATE OF MI	9,893	10,000	0	5,000
207-000.000-480.000	LIQUOR LICENSE FEES	15,399	9,500	6,651	8,500
207-000.000-481.000	SOLICITATION FEES	100	600	1,830	500
207-000.000-501.000	FEDERAL GRANT REVENUE	0	0	0	0
207-000.000-573.000	LOCAL COMMUNITY STABILIZATION SHARE	0	8,800	8,828	8,800
207-000.000-628.100	INSPECTION FEES	9,800	21,200	21,158	9,000
207-000.000-629.000	GUN PERM/FINGERPRINTS/VIN INSP	386	200	270	300
207-000.000-629.100	BREATHALIZER TEST REQUIRED	110	110	15	110
207-000.000-630.200	SALVAGE VEHICLE INSPECTION	400	200	200	300
207-000.000-636.000	COPIES/MAPS	1,213	1,000	993	1,000
207-000.000-657.000	ORDINANCE FINES	12,304	12,000	12,580	10,000
207-000.000-664.000	INTEREST REVENUE	4,687	6,500	6,785	0
207-000.000-674.000	CONTRIBUTIONS/DONATIONS/GRANTS	9,375	32,500	23,997	20,000
207-000.000-676.000	REIMBURSEMENTS & COST RECOVERY	1,900	61,750	62,735	10,000
207-000.000-676.200	OVERTIME REIMB - OTHER	0	0	0	0
207-000.000-677.000	SUNDRY	0	0	(2,195)	0
207-000.000-678.000	PA302 TRAINING REIMB	(556)	500	0	0
207-000.000-693.000	SALE OF FIXED ASSETS	36,189	10,000	7,140	20,000
207-000.000-699.101	TRANSFER IN 101-OPERATIONS	167,161	315,000	359,400	280,000
207-000.000-699.265	TRANSFER IN 265-OPERATION	0	0	0	0
207-000.000-699.932	APPROPRIATION FROM BLDG RESERVE	0	0	0	0
<b>Total Estimated Revenue:</b>		<b>3,442,629</b>	<b>3,851,986</b>	<b>3,871,672</b>	<b>3,878,610</b>

## HAMBURG TOWNSHIP POLICE FUND 2025-2026 REQUESTED BUDGET

GL NUMBER	DESCRIPTION	2023-24 AUDITED YEAR END	2024-25 AMENDED BUDGET	2024-25 AUDITED YEAR END	2025-26 REQUESTED BUDGET
<b>Estimated Appropriations</b>					
207-000.000-702.000	FULL-TIME EMPLOYEE SALARIES	1,766,766	1,700,000	1,746,833	1,842,500
207-000.000-702.500	LEAVE TIME PAYOUT	2,054	5,200	2,210	5,500
207-000.000-704.000	PART-TIME EMPLOYEE SALARIES	37,652	44,800	46,823	37,700
207-000.000-705.550	RESERVE FOR RET LEAVE TIME PA	0	0	0	0
207-000.000-706.000	HOLIDAY PAY	91,452	118,000	117,413	100,000
207-000.000-709.000	TOWNSHIP FICA	156,880	154,000	165,004	164,700
207-000.000-712.000	PAY IN LIEU OF MEDICAL INS	4,800	4,800	4,800	5,550
207-000.000-713.000	OVERTIME	130,596	198,000	210,514	126,000
207-000.000-713.100	OVERTIME - DRUNK DRIVING (FED REIMB)	0	0	0	0
207-000.000-716.000	DEFINED CONTRIBUTION	368,765	505,000	504,474	420,500
207-000.000-718.000	HEALTH/DENTAL/VISION INSURANCE	300,493	353,350	355,482	423,200
207-000.000-725.100	LONG/SHORT TERM DISABILITY	7,948	9,800	8,474	10,300
207-000.000-725.200	LIFE INSURANCE	1,149	1,600	1,327	1,700
207-000.000-726.500	EQUIPMENT ALLOWANCE	11,200	12,600	11,200	12,600
207-000.000-727.000	WORKERS' COMPENSATION	28,940	30,000	27,754	28,000
207-000.000-729.500	MERS FUNDING DEFICIENCY	0	0	0	0
207-000.000-730.000	RETIREE HEALTH INSURANCE	104,000	104,000	104,000	104,000
207-000.000-731.000	EDUCATION INCENTIVE BONUS	12,500	14,500	13,500	13,500
207-000.000-752.000	SUPPLIES & SMALL EQUIPMENT	20,366	15,000	18,424	15,000
207-000.000-752.100	AMMUNITION	9,974	10,000	9,879	10,000
207-000.000-756.000	ACCREDITATION EXPENSES	18,234	11,100	11,088	10,000
207-000.000-758.000	DIESEL FUEL	0	250	0	250
207-000.000-759.000	VEHICLE FUEL	69,332	55,000	53,779	50,000
207-000.000-768.000	UNIFORMS/ACCESSORIES	17,371	17,000	17,243	15,000
207-000.000-768.500	UNIFORM CLEANING	5,187	5,000	2,137	5,000
207-000.000-801.000	CONTRACTUAL SERVICES	11,743	16,000	15,008	12,000
207-000.000-807.000	SWAT TEAM EXPENSES	11,379	4,500	3,214	5,000
207-000.000-807.001	CODE ENFORCEMENT EXPENSES	0	1,000	0	0
207-000.000-809.000	JANITORIAL SERVICES	2,751	11,600	12,044	12,400

## HAMBURG TOWNSHIP POLICE FUND 2025-2026 REQUESTED BUDGET

GL NUMBER	DESCRIPTION	2023-24	2024-25	2024-25	2025-26
		AUDITED YEAR END	AMENDED BUDGET	AUDITED YEAR END	REQUESTED BUDGET
207-000.000-826.000	LEGAL FEES	10,460	7,000	6,576	7,500
207-000.000-840.000	LIABILITY/CASUALTY INSURANCE	106,353	109,000	108,686	107,000
207-000.000-851.000	POSTAGE	27	200	138	100
207-000.000-853.000	PHONE/COMM/INTERNET	13,371	15,000	17,988	15,000
207-000.000-914.000	TUITION REIMBURSEMENT	13,499	12,000	11,270	12,000
207-000.000-916.000	TRAINING	21,502	19,300	20,853	14,000
207-000.000-917.000	SEWER USAGE	3,859	3,500	5,902	0
207-000.000-920.000	ELECTRIC	16,045	15,000	19,300	15,000
207-000.000-921.000	NATURAL GAS/HEAT	3,165	3,000	3,664	3,000
207-000.000-930.002	MAINTENANCE POLICE BUILDING	13,852	19,300	21,009	10,000
207-000.000-930.017	RESERVE FOR BLDG MAINTENANCE	0	0	0	0
207-000.000-930.020	MAINTENANCE - FERTILIZER	544	500	544	250
207-000.000-931.000	EQUIPMENT MAINT/REPAIR	1,887	2,000	45	2,000
207-000.000-932.000	VEHICLE MAINTENANCE	72,414	55,000	61,243	55,000
207-000.000-933.000	SOFTWARE MAINTENANCE	40,213	26,100	35,059	25,000
207-000.000-933.300	LAW ENFORCEMENT INFO NETWORK	3,109	5,000	4,092	5,000
207-000.000-955.000	SUNDRY	3,289	2,500	1,667	2,000
207-000.000-958.000	DUES/SUBSCRIP/RECERTIFICATION	2,822	4,500	2,504	3,000
207-000.000-967.000	SPECIAL PROJECTS	24,117	20,000	19,921	20,000
207-000.000-967.100	FEDERAL GRANT EXPENDITURES	25	0	0	0
207-000.000-980.000	CAPITAL EQUIPMENT/CAPITAL IMP	56,305	62,150	56,696	71,500
207-000.000-981.000	CAPITAL EXPENSE - VEHICLE	161,691	81,000	80,913	78,000
207-000.000-981.500	RESERVE FOR VEHICLE PURCHASE	0	0	0	0
207-000.000-999.101	TRANSFER OUT GENERAL FUND	0	0	0	0
<b>Total Estimated Appropriations:</b>		<b>3,760,079</b>	<b>3,864,150</b>	<b>3,940,696</b>	<b>3,875,750</b>
<b>Net of Revenues &amp; Appropriations:</b>		<b>(318,290)</b>	<b>(12,164)</b>	<b>(69,024)</b>	<b>2,860</b>
<b>Beginning Fund Balance</b>		<b>387,391</b>	<b>69,101</b>	<b>69,101</b>	<b>77</b>
<b>Ending Fund Balance</b>		<b>69,101</b>	<b>56,937</b>	<b>77</b>	<b>2,937</b>



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

December 9, 2025

**NOTICE OF INTENT TO  
WITHHOLD STATE PAYMENTS**

Municipality Code: 47-1-070  
APR Form ID No: 142406

Chief Administrative Officer  
Hamburg Township  
[mdelancey@hamburg.mi.us](mailto:mdelancey@hamburg.mi.us)

Dear Chief Administrative Officer:

The Glenn Steil State Revenue Sharing Act of 1971, Public Act 140 of 1971, Section 21(2) states that units of local government (local units) that end their fiscal year in a deficit condition shall formulate a deficit elimination plan. Any assessment of a local unit's deficit condition should be made using the guidelines provided in [Numbered Letter 2016-1](#).

The Local Audit and Finance Division received an audit report from your local unit for the fiscal year ending 2025, which indicates a deficit in one or more funds as follows:

<u>FUND NAME</u>	<u>AMOUNT</u>
Police Fund	-\$102,426

If a deficit exists in the General Fund, the General Fund plan should include a monthly breakdown of revenues and expenditures for the first two years of the projection and annual detail for the remaining years. For example, a five-year plan would show monthly detail for 24 months, and annual detail for the remaining three years. When a revised plan is submitted in the subsequent year, it would include a monthly breakdown for two years and an annual breakdown for the remaining two years. The monthly breakdown shall be for actual revenue and expenditures expected that month. For example, property taxes should be included in the months the taxes are projected to be actually collected. It shall not be merely the annual revenue and expenditures divided by 12 months. This will allow for a more meaningful picture of how the municipality is progressing on a monthly basis.

Except where indicated "No Plan Necessary," please submit a deficit elimination plan for all funds listed above and a certified resolution to [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov) within 30 days from the date of this letter. Should a plan not be filed within 30 days, we may withhold 25% of the local unit's State Incentive Payments or payments issued under Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971. Once withheld, payments are not released when a plan has been *filed*, but when a plan has been *evaluated and certified* by Treasury.

After receiving your plan, we will notify you by email 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 Bill Sanders at (517) 335-4301 or [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov).

Sincerely,



Harlan Goodrich, Municipal Finance Manager  
Local Audit and Finance Division



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

## NUMBERED LETTER 2016-1

**Issued By:** Local Audit and Finance Division  
Bureau of Local Government and School Services

**Effective Date:** July 11, 2016 (Revised September 23, 2025)

**2016-1** Deficit Elimination Plans

**Intended Audience:** Chief Administrative Officers, Finance Directors, Certified Public Accountants, and Municipal Organizations

**Municipalities Impacted:** Counties, Townships, Cities, Villages, Authorities, Libraries, Hospital Finance Authorities

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**Summary:** The Glenn Steil State Revenue Sharing Act of 1971, 1971 Public Act (PA) 140, Section 21(2), states that units of local government (local units) who end their fiscal year in a deficit condition shall formulate a deficit elimination plan (plan). Any assessment of a local unit's deficit condition should be made at the fund level of reporting, not at the government-wide level. The plan and certified resolution shall be filed with the Department of Treasury (Treasury) for evaluation and certification. **Primary local units are responsible for filing the plans of discretely presented component units.** Plans for discretely presented component units should be at the full accrual fund level reported in the audit report, not at a sub-fund level.

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### 1. Determining a Deficit for Governmental Funds (Modified Accrual)

For all governmental funds (not proprietary funds, fiduciary funds, or discretely presented component units), a plan is necessary to eliminate most "unrestricted fund balance" deficits. For governmental funds other than the General Fund, if the "deferred inflows of resources minus taxes and special assessments receivable" is great enough to cover the "unrestricted fund balance," no plan is necessary. Unrestricted fund balance is the sum of the Committed, Assigned, and Unassigned balances. An unrestricted fund balance deficit exists when the local unit does not have sufficient resources available to cover the deficit. This occurs when the sum of the Nonspendable and Restricted fund balances is greater than the total fund balance. Nonspendable and Restricted fund balances may not be used to eliminate an unrestricted fund balance deficit. Resources available to cover the deficit include assets that are not restricted by federal, state, or local laws, regulatory authorities, bond covenants, contractual agreements, or other legal constraints. Therefore, when funds have a total fund balance surplus and an

unrestricted fund balance deficit, sufficient unrestricted resources do not exist to eliminate the deficit.

## **2. Determining a Deficit for Proprietary Funds, Fiduciary Funds, and Discretely Presented Component Units (Full Accrual)**

Various methods have been used to determine the amount of a deficit in a proprietary fund, fiduciary fund, or a discretely presented component unit. For purposes of uniformity among all units of local government, Treasury will define a deficit as stated below. Local units will be expected to apply the same test to determine if a deficit elimination plan is necessary.

## **3. Proprietary Fund, Fiduciary Fund, and Discretely Presented Component Unit Deficit Test**

Step 1: Does the “unrestricted net position” or “total net position” have a deficit? If both are “no,” no plan is necessary. If one is “yes,” is the “deferred inflows of resources (excluding those related to Pension or OPEB) minus taxes and special assessments receivable” greater than the larger deficit? If “yes,” no plan is necessary. If “no” proceed to Step 2.

Step 2: Calculate current assets minus current liabilities. For this calculation, **current assets should not include restricted assets, and current liabilities should not include the current portion of long-term obligations**. If the answer is positive, no plan is necessary. If the answer is negative, proceed to Step 3.

Step 3: Compare A) the larger deficit between the “unrestricted net position” and the “total net position,” and B) current assets minus current liabilities.

Step 4: Submit a plan to eliminate the smaller deficit between A and B.

### **Example 1**

Unrestricted Net Position = (430,000), Total Net Position = 1,800,000

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable = 150,000

Current Assets = 75,000, Current Liabilities = 60,000

Step 1: Unrestricted Net Position has a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. Proceed to Step 2.

Step 2:  $75,000 - 60,000 = 15,000$ . Answer is positive. No plan is necessary.

Step 3: Not Applicable.

Step 4: Not Applicable.

### **Example 2**

Unrestricted Net Position = (430,000), Total Net Position = 1,800,000

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable = 150,000

Current Assets = 75,000, Current Liabilities = 510,000

Step 1: Unrestricted Net Position has a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. Proceed to Step 2.

Step 2:  $75,000 - 510,000 = (435,000)$ . Answer is negative. Proceed to Step 3.

Step 3: A (**430,000**) or 1,800,000, B (435,000).

Step 4: A is a smaller deficit than B. Submit a plan to eliminate the (430,000) unrestricted net position deficit.

### **Example 3**

Unrestricted Net Position = (430,000), Total Net Position = 1,800,000

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable = 150,000

Current Assets = 75,000, Current Liabilities = 200,000

Step 1: Unrestricted Net Position has a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. Proceed to Step 2.

Step 2:  $75,000 - 200,000 = (125,000)$ . Answer is negative. Proceed to Step 3.

Step 3: A (**430,000**) or 1,800,000, B (125,000).

Step 4: B is a smaller deficit than A. Submit a plan to eliminate the (125,000) difference between current assets and current liabilities.

### **Example 4**

Unrestricted Net Position = (430,000), Total Net Position = (1,500,000)

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable = 150,000

Current Assets = 75,000, Current Liabilities = 510,000

Step 1: Unrestricted Net Position and Total Net Position have a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. Proceed to Step 2.

Step 2:  $75,000 - 510,000 = (435,000)$ . Answer is negative. Proceed to Step 3.

Step 3: A (**430,000**) or (**1,500,000**), B (435,000).

Step 4: B is a smaller deficit than A. Submit a plan to eliminate the (435,000) difference between current assets and current liabilities.

### **Example 5**

Unrestricted Net Position = (430,000), Total Net Position = (450,000)

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable = 150,000

Current Assets = 75,000, Current Liabilities = 610,000

Step 1: Unrestricted Net Position and Total Net Position have a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. Proceed to Step 2.

Step 2:  $75,000 - 610,000 = (535,000)$ . Answer is negative. Proceed to Step 3.

Step 3: A (430,000) or **(450,000)**, B (535,000).

Step 4: A is a smaller deficit than B. Submit a plan to eliminate the (450,000) total net position deficit.

### **Example 6**

Unrestricted Net Position = (470,000), Total Net Position = (450,000)

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and

Special Assessments Receivable = 150,000

Current Assets = 75,000, Current Liabilities = 610,000

Step 1: Unrestricted Net Position and Total Net Position have a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. Proceed to Step 2.

Step 2:  $75,000 - 610,000 = (535,000)$ . Answer is negative. Proceed to Step 3.

Step 3: A **(470,000)** or (450,000), B (535,000).

Step 4: A is a smaller deficit than B. Submit a plan to eliminate the (470,000) unrestricted net position deficit.

### **Example 7**

Unrestricted Net Position = (130,000), Total Net Position = 1,800,000

Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and

Special Assessments Receivable = 150,000

Current Assets = 55,000, Current Liabilities = 60,000

Step 1: Unrestricted Net Position has a deficit > Deferred Inflows of Resources (excluding those related to Pension or OPEB) minus Taxes and Special Assessments Receivable. No plan is necessary.

Step 2: Not Applicable.

Step 3: Not Applicable.

Step 4: Not Applicable.

## **4. Electronic Filing Requirements**

It is the position of Treasury that a reasonable plan to eliminate a deficit condition is vital to the fiscal well-being of a local unit as is early implementation of that plan. By providing better guidance on what constitutes a deficit, it is the expectation of Treasury that a local unit will submit a plan and certified resolution in a more expeditious manner. A plan and certified resolution may be filed as soon as one business day following the submission of the local unit's audit report and Auditing Procedures Report (Form 496) to Treasury.

A plan generally should be for one year, but in no case longer than five years. Local units with multiple year plans must submit a revised plan each subsequent year, even if they meet their projection, which adheres to the time frame that was originally certified, not to exceed five

years. For example, a local unit has a deficit in 2025. They file a five-year plan covering 2026-2030. When they file a revised plan in 2026, the revised plan can only go through 2030, or the end of the original five-year period. Had the local unit filed a three-year plan in 2025, covering 2026-2028, when filing a revised plan in 2026, the revised plan could be extended through 2030. Revised plans also need legislative approval by means of a certified signed and dated resolution. Requiring a revised plan each subsequent year, even when meeting the original projection, gives both Treasury and the legislative body an update of the plan, and ensures that new members of the legislative body are aware of the deficit. Treasury's continued certification of a plan may be contingent on the filing of monthly update reports with Treasury, as deemed necessary.

Plans and certified resolutions will no longer be accepted through the U.S. Postal Service, by email, or by hand delivery, effective for deficits associated with audit reports filed on or after July 11, 2016. Instead, the plans and certified resolutions are to be uploaded online at <http://www.michigan.gov/MunicipalFinance>. Click on the “Deficit Elimination Plans” drop-down menu, then select the “Deficit Elimination Plan Upload” link.

If not already acquired, users must obtain a new User ID and Password by clicking on the “Request Access New User” link on the login page. Once clicking on “Request Access New User,” there is an instruction link available should you require additional assistance. The plans and certified resolutions for **all of a local unit’s deficit funds** must be uploaded as a single file in the .pdf format. Each upload would have a minimum one plan and one certified resolution.

Once logged in, from the drop-down lists, select your County, Municipality Type, and Municipality. Under the Form drop-down list, select “Deficit Elimination Plan Upload.” In order for “Deficit Elimination Plan Upload” to be a selection on the Form drop-down list, the Auditing Procedures Report must have been filed at least one business day prior. Last, select the Fiscal Year and then select Create Form. On the next page, select Browse, select your file, select Continue, and if you agree with the Certifying Information, check the box and select Submit. A confirmation of receipt is available by selecting the “Deficit Elimination Plan Upload” associated with your recent submission.

Approval and denial letters will no longer be sent via the U.S. Postal Service. Notifications will now be sent via email to the local unit contact as provided in the Auditing Procedures Report (Form 496). The letters, plans, and certified resolutions will be posted on our website within one business day after receipt of the notification email.

## 5. Acceptable Evidence to Support a Plan

- Projected budget approved by the legislative body as evidenced by a certified, signed, and dated resolution itemizing yearly revenues by source, expenditures/expenses by activity, and changes in the fund balance/net position, **beginning with actual numbers**

**from the most recent audit** and through the year of the deficit's eventual elimination.

For comparative purposes, it is recommended that the projected budget be at the same level of detail as the audit. A written explanation of how the deficit will be eliminated should accompany the plan. Furthermore, should itemized revenues increase or itemized expenditures/expenses decrease by 5% or more from the prior year, an explanation of the increase/decrease is required. There is a five-year limit for an approved plan; the plan must be revised and submitted each subsequent year.

- Note that a short-term (due to/from) or long-term (advance) loan from another fund to the fund in deficit will not reduce the unrestricted fund balance or net position deficit.
- If a deficit exists in the General Fund, the General Fund plan should include a monthly breakdown of revenues and expenditures for the first two years of the projection and annual detail for the remaining years. For example, a five-year plan would show monthly detail for 24 months, and annual detail for the remaining three years. When a revised plan is submitted in the subsequent year, it would include a monthly breakdown for two years and an annual breakdown for the remaining two years. The monthly breakdown shall be for actual revenue and expenditures expected that month. For example, property taxes should be included in the months the taxes are projected to be collected. It shall not be merely the annual revenue and expenditures divided by 12 months. This will allow for a more meaningful picture of how the municipality is progressing on a monthly basis.

## **6. Failure to Submit an Acceptable Plan**

Upon completion of the Auditing Procedures Report, within one business day the local unit will be emailed a Notice of Intent to Withhold State Payments. The local unit will have 30 days from the date of the notice to file a plan and certified resolution. Should a plan and certified resolution not be filed within 30 days, we may withhold 25% of the local unit's State Incentive Payments or payments issued under 1971 PA 140, the Glenn Steil State Revenue Sharing Act of 1971. Once withheld, payments are released not when a plan and certified resolution have been **filed**, but when a plan and certified resolution have been **evaluated and certified** by Treasury.

If you have any questions, please contact our office at [Treas\\_MunicipalFinance@michigan.gov](mailto:Treas_MunicipalFinance@michigan.gov).

## **7. Sample Deficit Elimination Plan**

Treasury has provided a sample proprietary fund legislative body resolution and a multiple year deficit elimination plan. The fiscal years are in columns, beginning with the most recently concluded year and ending with the year the deficit will be eliminated. Each year starts with the beginning unrestricted net position, adds revenues, subtracts expenditures, adds non-operating revenues, and concludes with the ending unrestricted net position. The ending unrestricted net

position in the first year is then carried over to the beginning unrestricted net position in the subsequent year. This is done each year through the elimination of the deficit.

In addition, Treasury has also provided a sample current assets minus current liabilities calculation. The fiscal years are in columns, beginning with the most recently concluded year and ending with the year the deficit will be eliminated. Each year starts with beginning current assets minus current liabilities balance, adds revenues, subtracts expenditures, adds non-operating revenues, adds back depreciation, subtracts the purchase of capital assets, subtracts the principal payment on long-term debt, and concludes with the ending current assets minus liabilities balance. The ending current assets minus current liabilities balance in the first year is then carried over to the beginning current assets minus current liabilities balance in the subsequent year. This is done each year through the elimination of the deficit.

**Sample Proprietary Fund**

**Legislative Body Resolution and**

**Multiple Year Deficit Elimination Plan**

WHEREAS (Sample Unit's) **Park Fund** has a \$12,800 deficit fund balance on December 31, 2026; and

WHEREAS 1971 PA 140 requires that a Deficit Elimination Plan be formulated by the local unit of government and filed with the Michigan Department of Treasury;

NOW THEREFORE, IT IS RESOLVED that the (Sample Unit's) legislative body adopts the following as the (Sample Unit's) **Park Fund** Deficit Elimination Plan:

	2026 Actual Audit	2027 Projected DEP	2028 Projected DEP	2029 Projected DEP
<b>Unrestricted Net Position (Deficit) Jan. 1</b>	\$20,000	\$(12,800)	\$(9,900)	\$(4,800)
<b>Revenue</b>				
Property Taxes	65,000	67,000	69,000	71,000
Charges for Services	95,000	104,500	105,500	106,500
Other	1,000	1,000	1,000	1,000
<b>Total Revenue</b>	<b>161,000</b>	<b>172,500</b>	<b>175,500</b>	<b>178,500</b>
<b>Expenditures</b>				
Salaries and Wages	167,000	148,000	149,000	150,000
Supplies	15,000	15,000	15,000	15,000
Equipment Repairs	4,000	4,000	4,000	4,000
Contractual Services	5,000	5,000	5,000	5,000
Depreciation	12,000	12,000	12,000	12,000
<b>Total Expenditures</b>	<b>203,000</b>	<b>184,000</b>	<b>185,000</b>	<b>186,000</b>

Numbered Letter 2016-1

Deficit Elimination Plans

July 11, 2016 (Revised September 23, 2025)

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<b>Non-Operating Revenue/(Expenditures)</b>				
Transfer In from General Fund	10,000	15,000	15,000	15,000
Interest Payment on Long-Term Debt	(800)	(600)	(400)	(200)
<b>Total Non-Operating Revenue/(Expenditures)</b>	<b>9,200</b>	<b>14,400</b>	<b>14,600</b>	<b>14,800</b>
<b>Unrestricted Net Position (Deficit) Dec. 31</b>	<b><u><math>\\$(12,800)</math></u></b>	<b><u><math>\\$(9,900)</math></u></b>	<b><u><math>\\$(4,800)</math></u></b>	<b><u><math>\\$2,500</math></u></b>

	<b>2026 Actual Audit</b>	<b>2027 Projected DEP</b>	<b>2028 Projected DEP</b>	<b>2029 Projected DEP</b>
<b>Current Assets minus Current Liabilities (Deficit) Jan. 1</b>	<b>\$20,000</b>	<b><u><math>\\$(12,800)</math></u></b>	<b><u><math>\\$(7,100)</math></u></b>	<b><u><math>\\$(400)</math></u></b>
Revenues	161,000	172,500	175,500	178,500
Expenditures	(203,000)	(184,000)	(185,000)	(186,000)
Non-Operating Revenue/(Expenditures)	9,200	14,400	14,600	14,800
Add Back Depreciation	12,000	12,000	12,000	12,000
Less Purchase of Capital Assets	(10,000)	(7,000)	(8,000)	(6,000)
Less Principal Payment on Long-Term Debt	(2,000)	(2,200)	(2,400)	(2,600)
<b>Current Assets minus Current Liabilities (Deficit) Dec. 31</b>	<b><u><math>\\$(12,800)</math></u></b>	<b><u><math>\\$(7,100)</math></u></b>	<b><u><math>\\$(400)</math></u></b>	<b><u><math>\\$10,300</math></u></b>

Explanation: Increase charges for services 10% in 2027. Decrease park hours and work hours thereby decreasing salaries and wages by 11.3% in 2027. Increase transfer from General Fund by 50% in 2027.

BE IT FURTHER RESOLVED that the (Sample Unit's) (Official's Title) submits the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

ADD CLERK'S CERTIFICATION.

## Township of Hamburg

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	General Fund	Police Special Revenue Fund	Fire Special Revenue Fund	Water System Debt Service Fund
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 8,037,950	\$ 28,342	\$ 548,768	\$ 652,739
Receivables:				
Special assessments receivable	93,795	-	-	176,497
Customers and other	99,313	16,005	7,874	-
Accrued interest receivable	22,993	153	1,649	3,560
Due from other governments	361,014	-	-	-
Due from other funds (Note 3)	-	-	-	-
Advances to other funds (Note 3)	459,648	-	-	-
Prepaid expenses and other assets	103,264	102,503	89,840	-
Cash restricted for capital and debt	-	-	-	535,752
Land held for resale	45,110	-	-	-
Total assets	<b>\$ 9,223,087</b>	<b>\$ 147,003</b>	<b>\$ 648,131</b>	<b>\$ 1,368,548</b>
<b>Liabilities</b>				
Accounts payable	\$ 105,645	\$ 51,028	\$ 32,886	\$ -
Due to other governmental units	-	772	-	-
Due to other funds (Note 3)	16,563	-	-	-
Advances from other funds (Note 3)	-	-	-	459,648
Performance bonds payable	135,045	-	-	-
Accrued liabilities and other	696,437	79,419	60,788	4,650
Unearned revenue	-	-	-	-
Total liabilities	953,690	131,219	93,674	464,298
<b>Deferred Inflows of Resources - Unavailable revenue</b>				
	<b>106,357</b>	<b>15,707</b>	<b>7,874</b>	<b>176,497</b>
Total liabilities and deferred inflows of resources				
	1,060,047	146,926	101,548	640,795
<b>Fund Balances</b>				
Nonspendable	608,022	102,503	89,840	-
Restricted:				
Roads	-	-	-	-
Police	-	-	-	-
Fire	-	-	456,743	-
Debt service	-	-	-	727,753
Capital projects	-	-	-	-
Future cemetery expenditures	-	-	-	-
Library	-	-	-	-
Committed:				
Equipment	193,716	-	-	-
Vehicles	73,759	-	-	-
Flood prevention	22,300	-	-	-
Assigned - Capital projects	-	-	-	-
Unassigned	7,265,243	(102,426)	-	-
Total fund balances	8,163,040	77	546,583	727,753
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 9,223,087</b>	<b>\$ 147,003</b>	<b>\$ 648,131</b>	<b>\$ 1,368,548</b>

Governmental Funds  
Balance Sheet

June 30, 2025

2020 Road Fund	Library Fund	Crystal DR & Beach Subdivision RD IM SAD Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 3,056,144	\$ 247,181	\$ 3,355,473	\$ 15,926,597
1,475,848	-	604,528	1,523,362	3,874,030
-	-	-	-	123,192
3,835	16,327	2,531	13,588	64,636
-	11,695	-	-	372,709
-	-	-	16,563	16,563
-	-	-	-	459,648
-	8,707	-	-	304,314
1,275,888	-	594,861	1,304,801	3,711,302
-	-	-	-	45,110
<b>\$ 2,755,571</b>	<b>\$ 3,092,873</b>	<b>\$ 1,449,101</b>	<b>\$ 6,213,787</b>	<b>\$ 24,898,101</b>
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\$ 495	\$ 9,281	\$ 769,485	\$ 1,125,028	\$ 2,093,848
-	25,739	-	-	26,511
-	-	-	14,649	31,212
-	-	-	-	459,648
-	-	-	-	135,045
34,483	-	-	-	875,777
-	5,446	-	-	5,446
34,978	40,466	769,485	1,139,677	3,627,487
<b>1,441,367</b>	<b>-</b>	<b>604,528</b>	<b>1,553,116</b>	<b>3,905,446</b>
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1,476,345	40,466	1,374,013	2,692,793	7,532,933
-	8,707	-	-	809,072
-	-	-	1,800,830	1,800,830
-	-	-	9,194	9,194
-	-	-	-	456,743
-	-	75,088	1,390,394	2,193,235
1,279,226	-	-	312,080	1,591,306
-	-	-	8,496	8,496
-	2,013,983	-	-	2,013,983
-	-	-	-	193,716
-	-	-	-	73,759
-	-	-	-	22,300
-	1,029,717	-	-	1,029,717
-	-	-	-	7,162,817
<b>1,279,226</b>	<b>3,052,407</b>	<b>75,088</b>	<b>3,520,994</b>	<b>17,365,168</b>
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<b>\$ 2,755,571</b>	<b>\$ 3,092,873</b>	<b>\$ 1,449,101</b>	<b>\$ 6,213,787</b>	<b>\$ 24,898,101</b>