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DEPARTMENT OF TREASURY  
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## NUMBERED LETTER 2021-5

**Issued By:** Community Engagement and Finance Division (CEFD)  
Bureau of Local Government and School Services

**Effective Date:** July 1, 2021

2021-5 Top-line budget definition – American Rescue Plan Act  
(ARPA)

**Intended Audience:** Non-Entitlement units of local governments requesting or declining Coronavirus Local Fiscal Recovery Fund payments under ARPA.

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### Summary:

U.S. Treasury released guidance on June 30, 2021, entitled "Update on Interpretation for the 75 Percent Budget Cap Calculation." Under the guidance, the State of Michigan must adopt a uniform standard to define how non-entitlement units of local government calculate their top-line budget, defined by ARPA as the most recent budget as of January 27, 2020.

### Definition of Top-Line Budget:

The Michigan Department of Treasury, within the framework prescribed by U.S. Treasury, defines top-line budget to include the sum of the following:

All budgeted expenditures (including other financing uses) for the general, special revenue, debt service, capital projects, and permanent funds; including transfers out for enterprise funds. This calculation includes all governmental and enterprise funds but excludes internal service and fiduciary funds. Budgeted expenditures are as of January 27, 2020.

Funds that do not have an adopted budget will use the actual expenditures (including other financing uses for governmental funds) or expenses (including both operating and nonoperating expenses and transfers out for enterprise funds) found in the most recent audited financial statements for the period ending prior to January 27, 2020.

If you have any questions, please visit [Michigan.gov/ARPA](https://michigan.gov/ARPA) or email our office at [TreasLocalGov@michigan.gov](mailto:TreasLocalGov@michigan.gov). For ARPA specific questions e-mail [Treas-ARPA@michigan.gov](mailto:Treas-ARPA@michigan.gov)