

MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL

# **UNIFORM BUDGET MANUAL**

FOR LOCAL UNITS OF GOVERNMENT

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MICHIGAN DEPARTMENT OF TREASURY  
BUREAU OF LOCAL GOVERNMENT SERVICES  
LOCAL AUDIT AND FINANCE DIVISION

**MICHIGAN DEPARTMENT OF TREASURY  
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**INTRODUCTION**

The key to sound fiscal health of governmental units is proper accounting, budgeting, and auditing of the local unit. The accounting, budgeting, and auditing requirements for Michigan local units are contained in [Public Act 2 of 1968](#), as amended, through Public Act 493 of 2000 (MCL 141.421, et al.).

Local unit officials meet their campaign commitments and evidence their support of various public programs through the various priority assigned programs in the budgeting process. The only way elected officials can be assured that resources have actually been spent in accordance with their wishes is through proper accounting and auditing of the expenditures of the local units.

Governmental units account for public resources on a "fund basis" of accounting to enhance taxpayers' and elected officials' ability to monitor and control expenditures of public monies in accordance with their wishes. Hence, no expenditure of public monies can be made without an appropriations act passed by the legislative body of a local unit, which is an expression of the wishes and priorities of elected officials to provide public services within the resources made available. The appropriations act is the final product of the budget cycle and is the key to controlling the finances of a local unit.

Background/Purpose of the Budget Act

In the January 13, 1970 opinion by the Attorney General, the requirement for local units of government in Michigan to adopt a budget was made clear. The Attorney General in his opinion stated: "The authority of each local unit to expend the funds of that unit must be found in the budget and in the appropriations therefrom. Except for funds budgeted and appropriated in accordance with governing law, there is no basis for levying or collecting taxes or otherwise making available or disbursing public monies."

The need for strong budgeting practices has been magnified by tax limitation and by the increased reliance on funding from outside sources. The Headlee Amendment, passed by the voters in 1978, placed limits on tax increases to cover expanding services. Current programs must be reviewed and their value weighed against the value of new programs to determine the most efficient allocation of existing resources. As a result of these and other factors, Public Act 621 of 1978, an amendment to Public Act 2 of 1968, was enacted by the legislature.

The purpose of the Budget Act is to require that all local units of government in Michigan adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process.

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**PROVISIONS OF THE BUDGET ACT**

**Section 2, 2a, 2b, 2c, and 2d--Definitions**

Sec. 2a.

- **Administrative officer** an individual employed or otherwise engaged by a local unit to supervise a budgetary center.
- **Allotment** a portion of an appropriation which may be expended during a certain period of time.
- **Appropriation** an authorization granted by a legislative body to incur obligations and to expend public funds for a stated purpose.
- **Budget** a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. Budget does not include any of the following:
  - A fund for which the local unit acts as a trustee or agent;
  - An internal service fund;
  - An enterprise fund;
  - A capital project fund;
  - A debt service fund.

Sec. 2b.

- **Budgetary center** a general operating department of a local unit or any other department, institution, court, board, commission, agency, office, program, activity, or function to which money is appropriated by the local unit.
- **Capital outlay** a disbursement of money that results in the acquisition of, or addition to, fixed assets.
- **Chief administrative officer** means any of the following:
  - The manager of a village or, if a village does not employ a manager, the president of the village;
  - The city manager of a city or, if a city does not employ a city manager, the mayor of the city;
  - The superintendent of a local school district or, if the school district does not have a superintendent, the person having general administrative control of the school district;
  - The superintendent of an intermediate school district or, if the school district does not have a superintendent, the person having general administrative control of the school district;
  - The manager of a township or, if the township does not employ a manager, the supervisor of the township;
  - The elected county executive or appointed county manager of a county; or if the county has not adopted an optional unified form of county government, the controller of the county appointed pursuant to 1851 PA 156, MCL 46.13b; or if the county has not appointed a controller, an individual designated by the county board of commissioners of the county;
  - The official granted general administrative control of an authority or organization of government established by law that may expend funds of the authority or organization;
  - A person granted general administrative control of the public school academy by the board of directors of a public school academy established under part 6a of the revised school code, 1976 PA 451, MCL 380.501 to 380.507, or other person designated by the board of directors of the public school academy.
- **Deficit** an excess of liabilities and reserves of a fund over its assets.
- **Disbursement** a payment in cash.

Sec. 2c.

- **Expenditure** the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, debt retirement not reported as a liability of the fund from which retired, or capital outlay.
- **General appropriations act** the budget as adopted by the legislative body or as otherwise given legal effect pursuant to a charter provision in effect on the effective date of this section.

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**Section 2, 2a, 2b, 2c, and 2d--Definitions (Continued)**

Sec. 2d.

- **Legislative body** means any of the following:
  - The council, commission, or other entity vested with the legislative power of a village;
  - The council or other entity vested with the legislative power of a city;
  - The board of education of a local school district;
  - The board of education of an intermediate school district;
  - The township board of a township;
  - The county board of commissioners of a county;
  - The board of county road commissioners of a county;
  - The board of directors of a public school academy established under part 6a of the revised school code, 1976 PA 451, MCL 380.501 to 380.507;
  - The official body to which is granted general governing powers over an authority or organization of government established by law that may expend funds of the authority or organization. As used in this act, legislative body does not include an intermunicipality committee established under 1957 PA 200, MCL 123.631 to 123.637.
- **Local unit** does not include an intermunicipality committee established under 1957 PA 200, MCL 123.631 to 123.637. As used in sections 14 to 20a, "local unit" means any of the following:
  - A village;
  - A city;
  - A school district;
  - An intermediate school district;
  - A public school academy established under part 6a of the revised school code, 1976 PA 451, MCL 380.501 to 380.507;
  - A township;
  - A county;
  - A county road commission;
  - An authority or organization of government established by law that may expend funds of the authority or organization.

**Section 14, Responsibilities**

- **The chief administrative officer** of the local unit of government shall have final responsibility for budget preparation, presentation of the budget to the legislative body, and the control of expenditures under the budget and the general appropriations act.
- **The budgetary centers of the local unit** (Department heads and other administrative officers) will provide necessary information to the chief administrative officer for budget preparation.
- **The chief administrative officer** shall transmit the recommended budget to the legislative body according to an appropriate time schedule developed by the local unit.
- **The legislative body** will have adequate time to review and approve the recommended budget and may request necessary information for consideration of the budget.
- **The time schedule** shall allow adequate time for review and adoption by the legislative body before commencement of the budget year.
- **The recommended budget**, when transmitted by the chief administrative officer, shall be accompanied by a suggested general appropriations act to implement the budget.
- **The legislative body** will hold a public hearing as required by the open meetings act, [1976 PA 267](#), MCL 15.261 to 15.275 prior to final approval of the budget.
- **The legislative body** will pass a general appropriations act, consistent with the uniform chart of accounts prescribed by the Department of Treasury, as formal approval of the budget for:
  - The General Fund and
  - Each Special Revenue Fund
- **The legislative body** shall determine the amount of money to be raised by taxation necessary to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year; shall order that money to be raised by taxation, within statutory and charter limitations; and shall cause the money raised by taxation to be paid into the funds of the local unit (Section 16[6]).

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***Section 15, Recommended Budget***

- The recommended budget for the general fund and special revenue funds must include for each fund:
  - Actual expenditures for the most recently completed fiscal year;
  - Estimated expenditures for the current fiscal year (to be arrived at by using actual expenditures to date and estimating expenditures to the end of the fiscal year);
  - An estimate of the expenditures in the next fiscal year;
  - Actual revenue for the most recently completed fiscal year;
  - Estimated revenue for the current fiscal year (to be arrived at by using actual revenue to date and estimating revenue to the end of the fiscal year);
  - An estimate of the revenue in the next fiscal year;
  - Beginning and ending fund balance for each year;
  - An estimate of the amounts needed for deficiency, contingent, or emergency purposes;
  - Other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the local unit.
- The total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act or the balance of the principal of these bonds or other obligations.

***Section 16--Budget (General Appropriations Act)***

- The legislative body of each local unit must pass a general appropriations act (budget) for the general fund and each special revenue fund.
- The general appropriations act (budget) must:
  - state the total mills to be levied and the purpose for each millage levied (truth in budgeting act);
  - include amounts appropriated for expenditures and to meet liabilities for the ensuing fiscal year in each fund;
  - include estimated revenues by source in each fund for the ensuing fiscal year; and
  - be consistent with the Uniform Chart of Accounts issued by the State Treasurer (State Board of Education for school districts, intermediate school districts and public school academies).
- A line item budget is not required.
- The budgeted expenditures, including an accrued deficit, shall not exceed budgeted revenues, including available surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act, [Act 80 of 1981](#) MCL 141.1001 et al.).
- The general appropriations act may permit the chief administrative officer to make transfers within limits between appropriations. (Section 19)

***Section 17--Budget Amendments***

- The legislative body must amend the budget as soon as a deviation is apparent.
- Amendments to the approved budget (general appropriations act) must not cause estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus.
- The chief administrative officer may recommend, and the legislative body will approve, any amendments to the general appropriations act required.

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**Section 18--Policies**

- ❑ Debt or other obligations shall not be entered into unless the debt is permitted by law.
- ❑ Appropriations may be divided into allotments if they are based on periodic requirements.
- ❑ Expenditures shall not be made in excess of the amount authorized in the budget.
- ❑ Funds may not be applied or diverted for purposes inconsistent with the appropriations.

**Recommended Budget Requirements**--The minimum information requirements to be established for a local unit of government's recommended budget include:

- For prior fiscal years
  - the amount of accumulated surplus or deficit
- For the most recently completed fiscal year
  - actual expenditure and revenue data
- For the current fiscal year
  - estimated expenditures and revenues
  - estimate of expected surplus or deficit
- For the ensuing (budget) fiscal year
  - estimate of required expenditures
  - estimate of revenues (by revenue source)
  - estimate of amounts needed for deficiency
  - estimate for contingent or emergency purposes
  - estimate of expected surplus

**Budget Requirements**--The minimum information requirements to be established for a local unit of government's adopted budget include:

- For the ensuing (budget) fiscal year
  - estimate of expected beginning surplus or deficit
  - estimate of required expenditures
  - estimate of revenues (by revenue source)
  - estimate of amounts needed for deficiency
  - estimate for contingent or emergency purposes
  - estimate of expected ending surplus or deficit

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**INTERPRETATIONS AND RECOMMENDATIONS**

**Contingencies**--The Act indicates that an estimate should be made for amounts needed for deficiency and contingent or emergency purposes. The contingent amounts are not intended to be an account to make expenditures from but rather a temporary classification for unforeseen or unanticipated expenditures. In fact, if such an expenditure is necessary, an amount to cover the expenditure should be transferred (by budget amendment) from the contingency amount to the proper appropriation category describing the expenditure. To the extent possible, if expenditures can be anticipated, they should be appropriately classified in the budget rather than grouped in the contingency category. To determine the amounts that may be needed for such contingencies, data from previous years might be used as guidelines.

**Surplus/Deficit**--In general, when the terms "surplus" or "deficit" are used within the Act, the reference is to the excess of assets of a fund over its liabilities (surplus) or the excess of liabilities of a fund over its assets (deficit). Other terms commonly used to describe such financial conditions are "fund balance" and "fund deficit." However, in the Act, when the terms "surplus" or "deficit" are used to describe an amount "expected in the current year," the reference is to "net revenues" or "net expenditures" for the year. If the general fund of a municipality has a surplus resulting from an excess of revenues over expenses, the municipality may wish to establish a budget stabilization fund in accordance with [PA 30 of 1978](#).

**Amending the Budget**--When necessary, the budget must be amended. The amendment must be approved by the legislative body prior to the expenditure being made. This is not only a requirement of the Budget Act but also a requirement of sound budgeting theory. The purpose of a budget is not only to approve expenditures but also to control expenditures.

- Please note that the Budget Act requires budget amendments ***before*** any expenditures exceed the budget. There is no authority to amend the budget after year end.
- The Budget Act also requires an adopted budget prior to the beginning of a fiscal year. There is no provision to allow for a "continuation budget" or any other alternative to a full budget.

**Budget Transfers**--The legislative body may permit the chief administrative officer or fiscal officer to execute transfers within limits between appropriations. If the legislative body allows transfers, the permission and limits for such transfers must be indicated in the appropriations act (budget resolution). The allowed transfers should be submitted to the legislative body at a later date for approval. Allowing such transfers might eliminate the necessity for budget amendments for miscellaneous and insignificant amounts.

**Comparison of Actual Revenues and Expenditures to Budgeted Revenues and Expenditures**--In accordance with generally accepted accounting principles (GAAP) as applicable to governmental units, the budgeted revenues and expenditures should be compared to the actual revenues and expenditures in the financial statements at year-end.

**Basis for Accounting and Reporting**--The budget information must be prepared on the same method and basis as the actual amounts will be reported in the financial statements. For the budgetary funds, the modified accrual basis should be utilized for both the actual and budgeted amounts.

**Encumbrances**--Encumbrances should not be reported as expenditures at year-end.

**Violations of the Budget Act**--In addition to the normal remedies for the violation of Michigan public law, such as prosecution by the county prosecutor, violations of Sections 17 to 19 of the Act disclosed in an audit are to be filed with the State Treasurer and reported by the Treasurer to the Attorney General. However, in determining a violation, consideration should be given to materiality and to whether the local unit of government has reasonable procedures in use to detect such violations.

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**RECOMMENDATIONS FOR COMPLIANCE WITH THE BUDGET ACT**

**Budgeting Methods**--There are various budgeting methods, including departmental, line-item, activity, and program budgeting. There are advantages and disadvantages to all of the methods. The Michigan Department of Treasury recommends that the local unit of government use the activity form of budgeting that will parallel the State of Michigan Uniform Chart of Accounts and the Uniform Reporting Format. This will facilitate comparison of actual revenues and expenditures to budgeted revenues and expenditures in the financial statements. The budgeting method must be clearly explained in the financial statements' footnotes if it is not compatible with the above recommendation.

**Line-Item Budgets**--To the extent that the budget is too detailed (i.e. a line-item budget), it will require excessive budget amendments. The Department of Treasury recommends that line-items be used when developing the local unit's budget. **The adopted budget must be at the revenue by source and expenditures by activity level.** Budgeting by total revenue and total expenditures is NOT acceptable. The legislative body could still require the periodic reporting on a line-item basis.

**Projecting Revenues and Expenditures**--A key ingredient for a meaningful budget is accurate forecasting of revenues and expenditures. Care should be taken in accumulating and calculating data. As part of the preparation of the recommended budget, it would be appropriate to include the supporting detail. This might be considered for such items as property tax revenues, state-shared revenues, salaries and wages, and capital outlay expenditures. In any event, the supporting detail and calculations should be maintained by the local unit of government for reference.

**Questionable Revenues**--The budget should contain only those revenues that are reasonably assured. There may be instances where a revenue is reasonably assured, but there may be some doubt as to its realization. If it is more practical to include the revenue rather than eliminate it, there should be some disclosure in the budget document indicating the dollar amount and the reason for uncertainty. This disclosure could be made in the budget transmittal letter or in the general appropriation act or the adopting resolution. There should be a plan for reduction in expenditures if it becomes apparent that the revenue will not be received.

**Appropriations**--The Act indicates that the legislative body shall adopt the budget by passing a general appropriations act. In local units of government that do not normally adopt a general appropriations act, this can be accomplished by inclusion of wording in the budget adoption resolution indicating that the resolution is the general appropriations act.

**Allotments and Periodic Reporting**--As indicated in the Act, the local unit of government might consider allocating the budgeted expenditures into allotments based upon the periodic requirements of the appropriation unit. Also, in order to determine the status of the various budgeted amounts, it may be necessary to have periodic interim financial statements. The local unit of government might consider the use of allotments on an informal basis for purposes of these interim financial statements.

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**SUGGESTED PROCEDURES AND TIMETABLE**

This section provides suggested procedures for the preparation and approval, and administration and control of budgets for local units of government. The following guidelines are presented in chronological sequence and include individual responsibilities, timing and activities. (Note: Local municipal charters may have different time tables.)

**Budget Preparation and Approval**

Individual Responsibility	Timing	Activity
Chief administrative officer	7-8 months prior to beginning of ensuing fiscal (budget) year	<ol style="list-style-type: none"> <li>1. Prepare and distribute preliminary budget preparation information to fiscal officer, department heads and other administrators with budgetary center responsibilities. Preliminary information should include:               <ol style="list-style-type: none"> <li>a. Standard budget preparation forms, rules, procedures and documentation requirements</li> <li>b. Discussion of necessary assumptions, constraints and program/service emphasis for ensuing fiscal year</li> <li>c. Other data pertinent to budget preparation, such as economic and revenue forecasts, computational factors, etc.</li> </ol> </li> </ol>
Department heads and administrators with budgetary center responsibilities	5-6 months prior to beginning of ensuing fiscal (budget) year	<ol style="list-style-type: none"> <li>2. Prepare and submit budget estimates and supporting documentation for ensuing fiscal year to fiscal officer. Budget estimates should be consistent with information requirements of P.A. 621 and specifically include:               <ol style="list-style-type: none"> <li>a. Actual expenditures for previous fiscal year</li> <li>b. Budget and estimated expenditures for current fiscal year</li> <li>c. Estimated expenditures for ensuing fiscal year</li> <li>d. Capital outlay requests including costs and methods of financing</li> </ol>               Supporting documentation for budget estimates should include:               <ol style="list-style-type: none"> <li>a. Staffing schedules for salary and benefit expenditures</li> <li>b. Assumptions and bases for estimates of contractual services, materials and supplies, and capital outlay items</li> </ol> </li> </ol>

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**SUGGESTED PROCEDURES AND TIMETABLE**

**Budget Preparation and Approval**

Individual Responsibility	Timing	Activity
Chief administrative officer	4-5 months prior to beginning of ensuing fiscal (budget) year	3. Consolidate budget estimates received from department heads and other administrators. The preliminary budget recommendation should be consistent with the requirements of Section 15 of the Uniform Budgeting and Accounting Act. See pages 4 and 6 of this manual.
	3-4 months prior to beginning of ensuing fiscal (budget) year	4. Finalize the budget recommendation for subsequent presentation to the legislative body. The final recommended budget should be consistent with the requirements of Section 15 of the Uniform Budgeting and Accounting Act. See pages 4 and 6 of this manual. A proposed general appropriations act corresponding to the final recommended budget and other background information regarding major budgetary changes should also be prepared for presentation to the legislative body.
Legislative body	2-3 months prior to beginning of ensuing fiscal (budget) year	5. Review the final recommended budget and proposed general appropriations act. Any additional information relevant to evaluation of the recommended budget should be requested and considered. The review should also encompass a formal public hearing.
Legislative body	1-2 months prior to beginning of ensuing fiscal (budget) year	6. Pass a general appropriations act reflecting formal budget approval for the ensuing fiscal year. Such approval should be consistent with the requirements of Section 16 of the Uniform Budgeting and Accounting Act. See pages 5 and 6 of this manual. The general appropriations act may also include parameters for the allowance of transfers among appropriation accounts.

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**SUGGESTED PROCEDURES AND TIMETABLE**

**Budget Administration and Control**

Individual Responsibility	Timing	Activity
Chief administrative officer	Regular periodic basis (monthly suggested)	<ol style="list-style-type: none"> <li>1. A statement of the financial condition of the local unit of government should be prepared and presented to the legislative body. This statement should include:               <ol style="list-style-type: none"> <li>a. Comparison of actual revenues to amended budgeted revenues for the current fiscal year.</li> <li>b. Comparison of actual expenditures to amended budgeted expenditures for the current fiscal year.</li> <li>c. Any revisions to original revenue estimates and/or expenditure estimates.</li> </ol> </li> </ol>
Legislative body	As required	<ol style="list-style-type: none"> <li>2. If it is apparent during the fiscal year that expenditures, including an accrued deficit, will exceed revenues, including an available surplus, an amendment to the original general appropriations act (approved budget) should be passed. There are three possible amendment alternatives:               <ol style="list-style-type: none"> <li>a. If budgeted expenditure amounts are available in a specific expenditure appropriation account, a transfer between expenditure appropriation accounts can be made.</li> <li>b. If additional revenues beyond the original budget estimates are realized, an increase in the budgeted expenditure appropriation can be made.</li> <li>c. An appropriation adjustment can be made which would reduce original appropriation amounts or approve measures necessary to provide increased revenues, or both.</li> </ol> </li> </ol>

- Note: As required, department heads and administrators with budgetary center responsibilities should:
- Provide appropriate information as revisions to original estimates are realized and/or anticipated;
  - Participate with the chief administrative officer in the development of specific amendment plans and alternatives for subsequent legislative body review and approval.

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**APPENDIX A**

References

The following references are provided as suggested resources for local units of government in the preparation and execution of budgets.

Adopting the Budget, One-Pager *Plus*, Michigan Municipal League, Ann Arbor, MI, June 2000, Web Site [www.mml.org/pdf/adopting\\_budget\\_opp.pdf](http://www.mml.org/pdf/adopting_budget_opp.pdf)

Building a Better Budget, Michigan Townships Association, Lansing, MI, July 1992

Recommended Budget Practices CD-ROM, (*See the companion publication, "Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting"*), National Advisory Council on State and Local Budgeting, 1998.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting, National Advisory Council on State and Local Budgeting, 1998, (Paperbound) 78 pp., LOC no. 98-66846 ISBN 0-89125-240-1

Implementing Performance Measurement in Government: Illustrations and Resources, Joni L. Leithe, 1997, (Paperbound) 55 pp., LOC no. 97-71272 ISBN 0-89125-233-9

The Use of Performance Measures in City and County Budgets, Patricia Tighe and Dennis Strachota, 1994, (Paperbound) 153 pp., ISBN 0-89125-190-1

Activity-Based Costing and Management: Issues and Practices in Local Government, Barbara Weiss, 1997, (Paperbound) 72 pp., LOC no. 97-71764 ISBN 0-89125-234-7

The Operating Budget: A Guide for Smaller Governments, Juliet Carol Powdar, 1996, (Paperbound) 131 pp., LOC no. 95-77271 ISBN 0-89125-197-9

Capital Improvement Programming: A Guide for Smaller Governments, Patricia Tighe, 1996, (Paperbound) 162 pp., LOC no. 95-80504 ISBN 0-89125-201-0

The Best of Governmental Budgeting: A Guide to Preparing Budget Documents, Dennis Strachota, 1994, (Paperbound) 172 pp., LOC 93-81325 ISBN 0-89125-180

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**UNIFORM BUDGETING AND ACCOUNTING ACT**  
**Act 2 of 1968, Budget Sections as Amended through Act 493 of 2000**

**141.422** Sec. 2. For the purposes of this act, the words and phrases defined in sections 2a to 2d have the meanings ascribed to them in those sections.

**141.422a** Sec. 2a.

- (1) "Administrative officer" means an individual employed or otherwise engaged by a local unit to supervise a budgetary center.
- (2) "Allotment" means a portion of an appropriation which may be expended or encumbered during a certain period of time.
- (3) "Appropriation" means an authorization granted by a legislative body to incur obligations and to expend public funds for a stated purpose.
- (4) "Budget" means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. Budget does not include any of the following:
  - (a) A fund for which the local unit acts as a trustee or agent;
  - (b) An internal service fund;
  - (c) An enterprise fund;
  - (d) A capital project fund;
  - (e) A debt service fund.

**141.422b** Sec. 2b.

- (1) "Budgetary center" means a general operating department of a local unit or any other department, institution, court, board, commission, agency, office, program, activity, or function to which money is appropriated by the local unit.
- (2) "Capital outlay" means a disbursement of money which results in the acquisition of, or addition to, fixed assets.
- (3) "Chief administrative officer" means any of the following:
  - (a) The manager of a village or, if a village does not employ a manager, the president of the village;
  - (b) The city manager of a city or, if a city does not employ a city manager, the mayor of the city;
  - (c) The superintendent of a local school district or, if the school district does not have a superintendent, the person having general administrative control of the school district;
  - (d) The superintendent of an intermediate school district or, if the school district does not have a superintendent, the person having general administrative control of the school district;
  - (e) The manager of a township or, if the township does not employ a manager, the supervisor of the township;
  - (f) The elected county executive or appointed county manager of a county; or if the county has not adopted an optional unified form of county government, the controller of the county appointed pursuant to section 13b of 1851 PA 156, MCL 46.13b; or if the county has not appointed a controller, an individual designated by the county board of commissioners;
  - (g) The official granted general administrative control of an authority or organization of government established by law that may expend funds of the authority or organization;
  - (h) A person granted general administrative control of the public school academy by the board of directors of a public school academy established under part 6a of the revised school code, 1976 PA 451, MCL 380.501 to 380.507, or other person designated by the board of directors of the public school academy.
- (4) "Deficit" means an excess of liabilities and reserves of a fund over its assets.
- (7) "Disbursement" means a payment in cash.

**141.422c** Sec. 2c.

- (1) "Expenditure" means the cost of goods delivered or services rendered, whether paid or unpaid, including expenses; debt retirement not reported as a liability of the fund from which retired; or capital outlay.
- (2) "General appropriations act" means the budget as adopted by the legislative body or as otherwise given legal effect pursuant to a charter provision in effect on the effective date of this section.

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**141.422d** Sec. 2d.

- (2) "Legislative body" means any of the following:
- (a) The council, commission, or other entity vested with the legislative power of a village;
  - (b) The council or other entity vested with the legislative power of a city;
  - (c) The board of education of a local school district;
  - (d) The board of education of an intermediate school district;
  - (e) The township board of a township;
  - (f) The county board of commissioners of a county;
  - (g) The board of county road commissioners of a county;
  - (h) The board of directors of a public school academy established under part 6a of the revised school code, 1976 PA 451, MCL 380.501 to 380.507;
  - (i) The official body to which is granted general governing powers over an authority or organization of government established by law that may expend funds of the authority or organization. As used in this act, legislative body does not include an intermunicipality committee established under [1957 PA 200](#), MCL 123.631 to 123.637.
- (4) "Local unit" does not include an intermunicipality committee established under 1957 PA 200, MCL 123.631 to 123.637. Except as used in sections 14 to 20a, "local unit" means a village, city, or township or an authority or commission established by a county, village, city, or township resolution, motion, ordinance or charter. As used in sections 14 to 20a, "local unit" means any of the following:
- (a) A village;
  - (b) A city;
  - (c) A school district;
  - (d) An intermediate school district;
  - (e) A public school academy established under part 6a of the revised school code, 1976 PA 451, MCL 380.501 to 380.507;
  - (f) A township;
  - (g) A county;
  - (h) A county road commission;
  - (i) An authority or organization of government established by law that may expend funds of the authority or organization.
- (5) "Revenue" means an addition to the assets of a fund which does not increase a liability, does not represent the recovery of an expenditure, does not represent the cancellation of a liability without a corresponding increase in any other liability or a decrease in assets, and does not represent a contribution of fund capital in enterprise or in internal service funds.
- (6) "Surplus" means an excess of the assets of a fund over its liabilities and reserves.

**MICHIGAN DEPARTMENT OF TREASURY  
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**141.434** Sec. 14.

- (1) Unless otherwise provided by law, charter, resolution, or ordinance, the chief administrative officer shall have final responsibility for budget preparation, presentation of the budget to the legislative body, and the control of expenditures under the budget and the general appropriations act.
- (2) Unless another person is designated by charter, the chief administrative officer in each local unit shall prepare the recommended annual budget for the ensuing fiscal year in the manner provided in sections 15 to 20a. The budgetary centers of the local unit shall provide to the chief administrative officer information which the chief administrative officer considers necessary and essential to the preparation of a budget for the ensuing fiscal period for presentation to the local unit's legislative body. Each administrative officer or employee of a budgetary center shall comply promptly with a request for information which the chief administrative officer makes.
- (3) The chief administrative officer shall transmit the recommended budget to the legislative body according to an appropriate time schedule developed by the local unit. The schedule shall allow adequate time for review and adoption by the legislative body before commencement of the budget year. The recommended budget, when transmitted by the chief administrative officer, shall be accompanied by a suggested general appropriations act to implement the budget. The suggested general appropriations act shall fulfill the requirements of section 16.
- (4) The recommended budget transmitted by the chief administrative officer shall be considered by the legislative body.
- (5) The chief administrative officer shall furnish to the legislative body information the legislative body requires for proper consideration of the recommended budget. Before final passage of a general appropriations act by the legislative body, a public hearing shall be held as required, 1963 (2<sup>ND</sup> EX SESS) PA 43, MCL 141.411 to 141.415, and the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

**141.435** Sec. 15.

- (1) The recommended budget shall include at least the following:
  - (a) Expenditure data for the most recently completed fiscal year and estimated expenditures for the current fiscal year;
  - (b) An estimate of the expenditure amounts required to conduct, in the ensuing fiscal year, the government of the local unit, including its budgetary centers;
  - (c) Revenue data for the most recently completed fiscal year and estimated revenues for the current fiscal year;
  - (d) An estimate of the revenues, by source of revenue, to be raised or received by the local unit in the ensuing fiscal year;
  - (e) The amount of surplus or deficit that has accumulated from prior fiscal years, together with an estimate of the amount of surplus or deficit expected in the current fiscal year. The inclusion of the amount of an authorized debt obligation to fund a deficit shall be sufficient to satisfy the requirement of funding the amount of a deficit estimated under this subdivision;
  - (f) An estimate of the amounts needed for deficiency, contingent, or emergency purposes;
  - (g) Other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the local unit.
- (2) The total estimated expenditures, including an accrued deficit in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act or the balance of the principal of these bonds or other obligations.

**MICHIGAN DEPARTMENT OF TREASURY  
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**141.436** Sec. 16.

- (1) Unless another method for adopting a budget is provided by a charter provision in effect on April 1, 1980, the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act.
- (2) The general appropriations act shall set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied. The amendatory act that added this subsection shall be known and may be cited as "the truth in budgeting act."
- (3) The general appropriations act shall set forth the amounts appropriated by the legislative body to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year.
- (4) The general appropriations act shall be consistent with the uniform chart of accounts prescribed by the state treasurer or, for local school districts and intermediate school districts prescribed by the state board of education.
- (5) This act shall not be interpreted to mandate the development or adoption by a local unit of a line-item budget or line-item general appropriations act.
- (6) The legislative body shall determine the amount of money to be raised by taxation necessary to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year; shall order that money to be raised by taxation, within statutory and charter limitations; and shall cause the money raised by taxation to be paid into the funds of the local unit.
- (7) Except as otherwise permitted by section 102 of the state school aid act of 1979, [1979 PA 94](#), MCL 388.1702 or by other law, the legislative body shall not adopt a general appropriations act or an amendment to that act which causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act, [1981 PA 80](#), MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations.

**141.437** Sec. 17.

- (1) Except as otherwise provided in section 19, a deviation from the original general appropriations act shall not be made without amending the general appropriations act. Subject to section 16(2), the legislative body of the local unit shall amend the general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined. An amendment shall indicate each intended alteration in the purpose of each appropriation item affected by the amendment. The legislative body may require that the chief administrative officer provide it with periodic reports on the financial condition of the local unit.
- (2) If during a fiscal year it appears to the chief administrative officer or to the legislative body that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including an available surplus upon which appropriations from the fund were based and the proceeds from bonds or other obligations issued under the fiscal stabilization act, [1981 PA 80](#), MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations, the chief administrative officer or fiscal officer shall present to the legislative body recommendations which, if adopted, would prevent expenditures from exceeding available revenues for that current fiscal year. The recommendations shall include proposals for reducing appropriations from the fund for budgetary centers in a manner that would cause the total of appropriations to not be greater than the total of revised estimated revenues of the fund, or proposals for measures necessary to provide revenues sufficient to meet expenditures of the fund, or both. The recommendations shall recognize the requirements of state law and the provisions of collective bargaining agreements.

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**141.438** Sec. 18.

- (1) A member of the legislative body, chief administrative officer, administrative officer, or employee of the local unit shall not create a debt or incur a financial obligation on behalf of the local unit unless the debt or obligation is permitted by law.
- (2) The chief administrative officer may cause the appropriations made by the legislative body for the local unit and its budgetary centers to be divided into allotments if the allotments are based upon the periodic requirements of the local unit and its budgetary center
- (3) Except as otherwise provided in section 19, an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body. The chief administrative officer, an administrative officer, or an employee of the local unit shall not apply or divert money of the local unit for purposes inconsistent with those specified in the appropriations of the legislative body.
- (4) No duties shall be delegated to the chief administrative officer that diminish any charter or statutory responsibilities of an elected or appointed official.

**141.439** Sec. 19.

- (1) A member of the legislative body, the chief administrative officer, an administrative officer, or an employee of a local unit shall not authorize or participate in the expenditure of funds except as authorized by a general appropriations act. An expenditure shall not be incurred except in pursuance of the authority and appropriations of the legislative body of the local unit.
- (2) The legislative body in a general appropriations act may permit the chief administrative officer to execute transfers within limits stated in the act between appropriations without the prior approval of the legislative body.

**141.440** Sec. 20. A violation of sections 17 to 19 by the chief administrative officer, an administrative officer, employee, or member of the legislative body of the local unit disclosed in an audit of the financial records and accounts of the local unit in the absence of reasonable procedures in use by the local unit to detect such violations shall be filed with the state treasurer and reported by the state treasurer to the attorney general. For local and intermediate school districts, the report of a violation shall be filed with the state superintendent of public instruction instead of the state treasurer. The attorney general shall review the report and initiate appropriate action against the chief administrative officer, fiscal officer, administrative officer, employee, or member of the legislative body. For the use and benefit of the local unit, the attorney general or prosecuting attorney may institute a civil action in a court of competent jurisdiction for the recovery of funds of a local unit, disclosed by an examination to have been illegally expended or collected as a result of malfeasance and not accounted for as provided in sections 17 to 19, and for the recovery of public property disclosed to have been converted or misappropriated.

***SAMPLE TOWNSHIP***

**RECOMMENDED  
2000-2001  
BUDGET**

**This document should also include a proposed general  
appropriations act**

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**SAMPLE TOWNSHIP  
2000-2001 PROPOSED BUDGET**

**GENERAL FUND**

	1998-99 Actual	1999-2000 Projected	2000-2001
<i>REVENUE</i>			
Taxes	38,558	39,041	39,600
Licenses and Permits	1,144	1,322	1,200
State Grant	41,350	42,625	43,000
Interest and Rentals	10,517	10,144	10,000
Other Revenue	2,420	1,100	2,000
Total Revenue and Other Sources	93,989	94,232	95,800
<i>EXPENDITURES</i>			
101 Township Board	2,889	2,500	2,600
171 Supervisor	5,556	3,084	4,000
191 Elections	1,539	600	11,700
209 Assessor	13,041	10,420	10,700
210 Attorney		3,917	1,000
211 Audit	1,800	2,550	2,700
215 Clerk	6,425	7,134	8,425
247 Board of Review	538	767	800
253 Treasurer	8,745	7,714	9,960
265 Building and Grounds	26,751	19,050	25,000
276 Cemetery	492	385	1,500
330 Liquor Law Enforcement		1,313	650
400 Planning	4,001	4,369	4,500
410 Zoning	5,065	1,845	2,275
450 Road Improvements			25,000
751 Parks and Recreation	2,272	4,091	5,000
790 Library	410	571	650
862 Township Share SS	2,317	2,450	2,500
865 Insurance	5,564	4,392	6,350
Contingency			5,000
Total Expenditures and Other Uses	87,405	77,152	130,310
Net Revenues (Expenditures)	6,584	17,080	(34,510)
Beginning Fund Balance	136,521	143,105	160,185
Ending Fund Balance	143,105	160,185	125,675

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**SAMPLE TOWNSHIP  
2000-2001 PROPOSED BUDGET**

**FIRE FUND**

	1998-99 Actual	1999-2000 Projected	2000-2001
<i>REVENUE</i>			
Taxes	25,079	25,599	26,000
Interest and Rentals	689	721	700
Other Revenue	2,589	3,121	3,000
Total Revenue and Other Sources	28,357	29,441	29,700
<i>EXPENDITURES</i>			
336 Fire Department	20,310	21,425	22,000
862 Township Share SS	640	650	650
865 Insurance	2,200	2,200	2,200
901 Capital Outlay	7,105	1,567	5,000
Total Expenditures and Other Uses	27,415	25,842	29,850
Net Revenues (Expenditures)	942	3,599	(150)
Beginning Fund Balance	30,496	31,438	35,037
Ending Fund Balance	31,438	35,037	34,987

**HISTORICAL FUND**

	1998-99 Actual	1999-2000 Projected	2000-2001
<i>REVENUE</i>			
Charges for Services--Entry Fees		150	2,000
Interest and Rentals	1,324	559	300
Contributions	21,000	21,000	1,000
Total Revenue and Other Sources	22,324	21,709	3,300
<i>EXPENDITURES</i>			
Historical Commission	46,222	30,776	3,500
Total Expenditures and Other Uses	46,222	30,776	3,500
Net Revenues (Expenditures)	(23,898)	(9,067)	(200)
Beginning Fund Balance	44,581	20,683	11,616
Ending Fund Balance	20,683	11,616	11,416

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**SAMPLE TOWNSHIP  
2000-2001 PROPOSED BUDGET**

**STREET LIGHTING FUND**

	1998-99 Actual	1999-2000 Projected	2000-2001
<i>REVENUE</i>			
Taxes	12,540	12,982	6,450
Interest and Rentals		50	150
Other Revenue	2,248	500	
Total Revenue and Other Sources	14,788	13,532	6,600
<i>EXPENDITURES</i>			
Street Lighting--Utilities	9,202	9,388	9,400
Total Expenditures and Other Uses	9,202	9,388	9,400
Net Revenues (Expenditures)	5,586	4,144	(2,800)
Beginning Fund Balance	1,065	6,651	10,795
Ending Fund Balance	6,651	10,795	7,995

***SAMPLE TOWNSHIP***

**2000-2001  
GENERAL APPROPRIATIONS ACT  
&  
BUDGET**

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**Sample Township 2001 General Appropriations Act**

The Sample Township Board resolves:

SECTION 1: Title--This resolution shall be known as the Sample Township 2001 General Appropriations Act.

SECTION 2: Public Hearing on the Budget--Pursuant to MCLA 141.412 and .413, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on \_\_\_\_\_, and a public hearing on the proposed budget was held on \_\_\_\_\_.

SECTION 3: Millage Levy--The Sample Township Board shall cause to be levied and collected the general property tax on all real and personal property within the Township upon the current tax roll an allocated millage of \_\_\_\_\_ mill township operations; and voter authorized millages of \_\_\_\_\_ mills for fire department operating, \_\_\_\_\_ mills for debt retirement, and \_\_\_\_\_ mills for street lighting.

The millage for street lighting is being levied at half of the authorization.

The millage for debt retirement is levied at one quarter of the authorization.

SECTION 4: Adoption of budget by Activity/Department--Sample Township Board adopts the 2000-2001 fiscal year budgets for the various funds by Activity/Department. Township officials responsible for the expenditures authorized in the budget may expend township funds up to, but not to exceed, the total appropriation authorized for each Activity/Department.

SECTION 5: Payment of Bills--Pursuant to MCLA 41.75, all claims (bills) against the Township shall be approved by the Sample Township Board prior to being paid. The Township Clerk and Treasurer may pay certain bills prior to approval by the Township Board to avoid late penalties, service charges and interest (primarily utilities) and payroll in accordance with the approved salaries and hourly rates adopted in this appropriations act. The Township Board shall receive a list of claims (bills) paid prior to approval for approval at the next Board meeting.

SECTION 6: Authorized salary, hourly and per diem rates--Included in the various Activities/Departments are amounts of the salary, hourly and per diem rates for the officials and employees of the Township as follows:

- Per Diem--all Boards and Commissions
- Supervisor
- Clerk
- Deputy Clerk
- Treasurer
- Deputy Treasurer
- Custodian
- Cemetery Sexton

SECTION 7: Estimated Revenues and Expenditures--Estimated total revenues and expenditures for the various funds of Sample Township are:

<u>FUND</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
General	95,800	130,310
Fire	29,700	29,850
Historical	3,300	3,500
Street Lighting	6,600	9,400

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**Sample Township 2001 General Appropriations Act**

**2000-2001 BUDGET**

**GENERAL FUND**

	2000-2001
<i>REVENUE</i>	
Taxes	39,600
Licenses and Permits	1,200
State Grant	43,000
Interest and Rentals	10,000
Other Revenue	2,000
Total Revenue and Other Sources	95,800
<i>EXPENDITURES</i>	
101 Township Board	2,600
171 Supervisor	4,000
191 Elections	11,700
209 Assessor	10,700
210 Attorney	1,000
211 Audit	2,700
215 Clerk	8,425
247 Board of Review	800
253 Treasurer	9,960
265 Building and Grounds	25,000
276 Cemetery	1,500
330 Liquor Law Enforcement	650
400 Planning	4,500
410 Zoning	2,275
450 Road Improvements	25,000
751 Parks and Recreation	5,000
790 Library	650
862 Township Share SS	2,500
865 Insurance	6,350
Contingency	5,000
Total Expenditures and Other Uses	130,310
Net Revenues (Expenditures)	(34,510)
Beginning Fund Balance	160,185
Ending Fund Balance	125,675

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**Sample Township 2001 General Appropriations Act**

**2000-2001 BUDGET**

**FIRE FUND**

	2000-2001
<i>REVENUE</i>	
Taxes	26,000
Interest and Rentals	700
Other Revenue	3,000
Total Revenue and Other Sources	29,700
<i>EXPENDITURES</i>	
336 Fire Department	22,000
862 Township Share SS	650
865 Insurance	2,200
901 Capital Outlay	5,000
Total Expenditures and Other Uses	29,850
Net Revenues (Expenditures)	(150)
Beginning Fund Balance	35,037
Ending Fund Balance	34,987

**HISTORICAL FUND**

	2000-2001
<i>REVENUE</i>	
Charges for Services--Entry Fees	2,000
Interest and Rentals	300
Contributions	3,000
Total Revenue and Other Sources	3,300
<i>EXPENDITURES</i>	
Historical Commission	3,500
Total Expenditures and Other Uses	3,500
Net Revenues (Expenditures)	(200)
Beginning Fund Balance	11,616
Ending Fund Balance	11,416

**MICHIGAN DEPARTMENT OF TREASURY  
UNIFORM BUDGET MANUAL**

**Sample Township 2001 General Appropriations Act**

**2000-2001 BUDGET**

**STREET LIGHTING FUND**

	2000-2001
<i>REVENUE</i>	
Taxes	6,450
Interest and Rentals	150
Other Revenue	
Total Revenue and Other Sources	6,600
<i>EXPENDITURES</i>	
Street Lighting--Utilities	9,400
Total Expenditures and Other Uses	9,400
Net Revenues (Expenditures)	(2,800)
Beginning Fund Balance	10,795
Ending Fund Balance	7,995

SECTION 8: Specific Appropriations--There is appropriated in the Elections Activity, \$10,000 for new voting machines to eliminate the occurrence of **CHAD** from the punch cards.

The appropriation of \$25,000 for Road Improvements is the Township's 10% share of the Thomas Road paving project contracted with the County Road Commission.

SECTION 9: Periodic Financial Reports--The Township Clerk shall provide the Township Board at the Board meeting immediately following the end of each fiscal quarter and at the final Board meeting of the fiscal year, a report of fiscal year to date revenues and expenditures compared to the budgeted amounts in the various funds of the Township.

SECTION 10: Budget Monitoring--Whenever it appears to the Township Supervisor or the Township Board that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, and when it appears that expenditures will exceed an appropriation, the Township Supervisor shall present to the Township Board recommendations to prevent expenditures from exceeding available revenues or appropriations for the fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues or both.

SECTION 11: Board Adoption--Motion made by \_\_\_\_\_, second by \_\_\_\_\_ to adopt the forgoing resolution and General Appropriations Act. Upon roll call vote, the following voted aye:

The following voted nay:

The Supervisor declared the motion carried and the resolution adopted on the day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_ Township Clerk