

POLICY 2021-005
VILLAGE OF ONTONAGON
BUDGETARY CONTROL POLICY

SECTION I – INTENT

1. Purpose:

The Village Council adopts the Budgetary Control Policy to establish the rules and procedures to authorize expenditure of monies for good, services and all costs subject to the approved budget for the fiscal year. This policy shall apply to all budgets and funds approved by the Village Council.

2. Mandate:

The Village Council, Village Manager, Village Clerk/Treasurer, Department Heads and any employees or agents shall not expend, commit or allocate any monies without sufficient appropriations in the budget.

SECTION II – POLICY

3. Purchase Policy:

- a. The Village Purchase Policy shall govern the procurement of goods and services.
- b. Spending authorization limits for Department Heads and the Village Manager shall be established by the Village Council.

4. Vouchers & Purchase Orders:

- a. The Village Clerk/Treasurer shall provide a voucher form.
- b. Voucher shall include the following information:
 - i. Item purchased
 - ii. Description of item
 - iii. Fund
 - iv. Budget line-item charged
 - v. Authorization
- c. A complete voucher with receipts or invoices shall be submitted to the Clerk/Treasurer for payment.
- d. A purchase Order shall be required for any items added to the Capital Asset Inventory.

- e. A voucher shall be complete for any purchases from a single vendor over fifty (\$50.00) dollars.
5. Available Funds:
- a. The Village Clerk/Treasurer shall ensure that funds are available to cover the expense.
 - b. The Village Clerk/Treasurer shall ensure that anticipated funds to cover the expense are received.
6. Budgetary Review:
- a. The Village Manager and Department Heads shall review the respective budget line items for available appropriations before approving any expenditure.
 - b. Budgeted line-items without sufficient appropriations shall be reviewed by the Village Manager for cost-center budget amendments.
 - c. The Village Manager shall review all expenditures for budget amendments.
7. Finance Committee:
- a. Shall review all expenditures requiring:
 - i. Cost-center amendments
 - ii. Budget amendments
 - 1. Inter Fund amendments
 - 2. Appropriation amendments
 - iii. Expenditures without sufficient funds
 - iv. All expenditures exceeding the authorized spending limits of the Village Manager or the Purchasing Agent of the Village.
 - b. Shall recommend to the Village Council:
 - i. Inter-Fund budget amendments
 - ii. Appropriation budget amendments
 - iii. Any other budgetary policy, recommendation or issues that require Council consideration.
8. Budget Amendments:
- a. Cost-center amendments shall be approved by the Village Manager and Village Clerk/Treasurer.
 - b. The Village Manager shall present any cost-center amendments to the Finance Committee for review prior to approval.
 - c. The Village Manager and/or the Clerk/Treasurer shall prepare budget amendments for review by the Finance Committee.

- i. Inter-Fund budget amendments shall state the accounts where funds are transferred to and from.
- ii. Appropriation budget amendments shall state the source of revenues, the revenue account for the appropriation and the expenditure account.
- d. The Finance Committee shall recommend budget amendments to the Village Council.
- e. Budget amendments must be approved by the Village Council before any expenditure is incurred by the Village.

9. Village Council Approvals:

- a. The Village Council shall approve:
 - i. Budget amendments
 - ii. Expenditures in excess of authorized spending limits.

SECTION III – PROCEDURES:

10. Payment Vouchers:

- a. Payment vouchers shall be used to track purchases and assign expenditures to budget line items.
- b. Vouchers shall be completed for all purchased from a line item each month.
- c. Purchases from the same vendor can be combined on a voucher form.
- d. Receipts shall be attached for each entry on the voucher form.
- e. The fund and account number for each purchase shall be identified on the form.
- f. Payment vouchers shall be approved by the Department Head or Village Manager.

11. General Expenditures:

- a. Department heads may authorize general expenditures up to the spending limits established by the Village Council. Department head may only authorize purchases when the account number has sufficient funds.

12. Authorized Expenditures:

- a. The Village Manager/Purchasing agent may authorize expenditures up to the spending limits established by the Village Council. Department Heads may only authorize expenditures when the activity cost-center has sufficient funds.

13. Council Approved Expenditures:

- a. Any expenditure exceeding the authorized spending limits of the Village Manager/Purchasing Agent shall be authorized by the Village Council.

14. Cost-Center Amendments:

- a. The annual budget resolution shall authorize the Village Manager to make Cost-center amendments within the activity of a fund budget.
- b. Cost-center amendments shall state the account numbers where funds are deducted from and added to.
- c. The Finance Committee may review the proposed cost-center amendment.
- d. The Village Clerk/Treasurer, upon acceptance, shall amend the account line items in the general ledger.

15. Budget Amendments:

- a. In the event it becomes necessary to amend the adopted budget of any fund, the Finance Committee shall prepare a budget amendment for the Village Council's approval.
- b. An approved budget amendment shall be required for:
 - i. Inter-fund budget amendments, in order to move appropriated monies from one division to another within the fund. Inter-fund budget amendments shall not amend revenues.
 - ii. Appropriation budget amendments, in order to appropriate additional monies to a fund. Appropriation budget amendments shall identify the source of additional revenues and state the expenditure line items.
- c. The Village Manager shall prepare a budget amendment proposal, with supporting documentation, for the Finance Committee.
- d. The Finance Committee shall verify the availability of funds and/or the source of funds with the Village Clerk/Treasurer.
- e. The Finance Committee shall review the proposed budget amendment and any supporting documentation and recommend the proposed budget amendment to the Village Council.
- f. The Village Council shall approve or deny a budget amendment by roll call vote.

16. Available Funds:

- a. The Village Clerk/Treasurer shall verify that funds are available for all expenditures of the Village.
- b. The Village Clerk/Treasurer shall ensure that anticipated funds received by the Village.

- c. The Village Clerk/Treasurer shall advise the Village Manager, Finance Committee and the Village Council on the availability of funds for any expenditure.

APPENDIX A

The Village of Ontonagon shall follow the Michigan Uniform Chart of Accounts.

Funds: Funds represent the major divisions of the Village budget. Funds are typically established to account for the revenues and expenditures related to a specific source of revenues or type of service. Funds are identified by the first set of three digits of the account number.

(**XXX**-000.000-000.000)

Activities: Activities represent the division of a fund into departments, facilities, activities or types of expenditure. Activities are cost-centers of the fund. Activities are identified by the second set of three digits of the account number. Sub-activities may be identified by the three digits after the decimal.

(000-**XXX.XXX**-000.000)

Accounts: Accounts represent the specific line items. Accounts specify the type of expenditure in a cost-center activity. Accounts are identified by the third set of three digits of the account number. Sub-accounts may be identified by the three digits after the decimal.

(000-000.000-**XXX.XXX**)

Village Funds:

- 101 – General Fund
- 202 – Major Street Fund
- 203 – Local Street Fund
- 204 – Road Fund
- 206 – Fire Department Fund
- 248 – DDA Fund
- 275 – Greenland Road School Fund
- 590 – Sewer Fund
- 591 – Water Fund
- 594 – Marina Fund
- 641 – Equipment Fund

