

Act No. 400
Public Acts of 1996
Approved by the Governor
October 14, 1996
Filed with the Secretary of State
October 15, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Reps. Jersevic, Kukuk, Kaza, Goschka, Rocca, Jaye, McManus, Jellema and Galloway

ENROLLED HOUSE BILL No. 5223

AN ACT to amend section 8 of Act No. 2 of the Public Acts of 1968, entitled as amended "An act to provide for the formulation and establishment of uniform charts of accounts and reports in local units of government; to define local units of government; to provide for the examination of the books and accounts of local units of government; to provide for annual financial reports from local units of government; to provide for the administration of this act; to prescribe the powers and duties of the state treasurer and the attorney general; to provide penalties for violation of certain requirements of this act; to provide for meeting the expenses authorized by this act; to provide a uniform budgeting system for local units; and to prohibit deficit spending by a local unit of government," being section 141.428 of the Michigan Compiled Laws; and to add section 4a.

The People of the State of Michigan enact:

Section 1. Section 8 of Act No. 2 of the Public Acts of 1968, being section 141.428 of the Michigan Compiled Laws, is amended and section 4a is added to read as follows:

Sec. 4a. (1) If a local unit fails to report investments in derivative instruments or products as required by section 4, the state treasurer may determine that the local unit cannot report the investments without assistance, advice, or instruction from the state treasurer. The state treasurer shall submit a written statement of the findings and recommendations to the legislative body of the local unit. Within 90 days after receipt of this statement, the local unit shall retain a certified public accountant or the state treasurer to report the investments in the manner required in section 4 and shall notify, by resolution of the legislative body, the state treasurer of the action. Upon failure of the local unit to respond within the 90-day period, the state treasurer shall report the investments.

(2) The state treasurer shall charge reasonable and necessary expenses, including per diem and travel expenses, to the local unit for services performed pursuant to subsection (1) and the local unit shall pay the state treasurer for these expenses. For payment of the expenses, the state treasurer shall either execute a contract with the local unit or bill the local unit on a monthly basis.

Sec. 8. Every audit report shall do all of the following:

(a) State that the audit has been conducted in accordance with generally accepted auditing standards and with the standards prescribed by the state treasurer.

(b) State that financial statements in such reports have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and with applicable rules and regulations of any state department or agency. Any deviations from such principles, rules, or regulations shall be described.

(c) Disclose any material deviations by the local unit from generally accepted accounting practices or from applicable rules and regulations of any state department or agency.

(d) Disclose any fiscal irregularities, including but not limited to any deviations from the requirements of section 4; defalcations; misfeasance; nonfeasance; or malfeasance that came to the auditor's attention.

Section 2. This amendatory act shall not take effect unless House Bill No. 5187 of the 88th Legislature is enacted into law.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.