

Act No. 401
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. Bobier, Kukuk, Kaza, Jaye, LeTarte, Hammerstrom, Brackenridge and Llewellyn

ENROLLED HOUSE BILL No. 5224

AN ACT to amend the title and section 2d 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," section 2d as amended by Act No. 78 of the Public Acts of 1981, being section 141.422d of the Michigan Compiled Laws; and to add section 4b.

The People of the State of Michigan enact:

Section 1. The title and section 2d of Act No. 2 of the Public Acts of 1968, section 2d as amended by Act No. 78 of the Public Acts of 1981, being section 141.422d of the Michigan Compiled Laws, are amended and section 4b is added to read as follows:

TITLE

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, the attorney general, the library of Michigan and depository libraries, and other officers and entities; 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.

Sec. 2d. (1) "Depository library" means a depository library designated under section 10 of the library of Michigan act, Act No. 540 of the Public Acts of 1982, being section 397.20 of the Michigan Compiled Laws.

(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 official body to which is granted general governing powers over an authority or organization of government established by law that may issue obligations pursuant to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws, and that either may levy a property tax or may expend funds of the authority or organization.

(3) "Library of Michigan" means the library of Michigan created under section 3 of Act No. 540 of the Public Acts of 1982, being section 397.13 of the Michigan Compiled Laws.

(4) 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 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 local school district.

(d) An intermediate school district.

(e) A township.

(f) A county.

(g) A county road commission.

(h) An authority or organization of government established by law that may issue obligations pursuant to Act No. 202 of the Public Acts of 1943, and that either may levy a property tax or may expend funds of the authority or organization.

(5) "Local school district" means the following:

(a) Unless included in subdivision (b) or (c), a school district organized under part 2, 3, 4, 5, or 6 of the revised school code, Act No. 451 of the Public Acts of 1976, being sections 380.71 to 380.485 of the Michigan Compiled Laws, or a local act school district.

(b) After December 15, 1981, a school district organized as a local act school district or under part 2, 3, 4, 5, or 6 of Act No. 451 of the Public Acts of 1976, which levied 35.75 mills, 34.83 mills, 28 mills, 31.2155 mills, 24.19 mills, 22.6027 mills, or 27.90 mills for operating purposes in 1979-80, and operated under a deficit budget for its 1980-81 fiscal year. Once a school district is considered a local school district pursuant to this subdivision or subdivision (c), the chief administrative officer shall comply, if necessary, with the requirements of section 17 and the local school district shall amend, if necessary, its budget or general appropriations act to conform with the requirements of section 16.

(c) After December 15, 1981, any school district organized as a local act school district or under part 2, 3, 4, 5, or 6 of Act No. 451 of the Public Acts of 1976, that meets all of the following criteria:

(i) A deficit in excess of \$150,000.00 was incurred as of June 30, 1980.

(ii) A deficit in excess of \$300,000.00 was anticipated for the fiscal year of the school district ending June 30, 1981.

(6) "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 intragovernmental service funds.

(7) "Surplus" means an excess of the assets of a fund over its liabilities and reserves.

Sec. 4b. (1) The state treasurer shall promptly file with the library of Michigan copies of a schedule of derivative instruments and products described in section 4(2)(c) or (e) and obtained under section 4 or section 4a. The treasurer shall file a sufficient number of copies to deposit 1 copy in the library of Michigan and 1 copy in each depository library.

(2) The library of Michigan and depository libraries shall serve as depositories for schedules of derivative instruments and products described in section 4(2)(c) or (e) in the manner required by sections 9 and 10 of the library of Michigan act, Act No. 540 of the Public Acts of 1982, being sections 397.19 and 397.20 of the Michigan Compiled Laws. The library of Michigan and each depository library shall promptly make a schedule of derivative instruments and products described in section 4(2)(c) or (e) available to the public.

(3) A local unit shall obtain and retain a copy of an annual financial report submitted under this act. A local unit or the state treasurer shall make an annual financial report prepared, owned, used, in the possession of, or retained by the local unit or state treasurer available for public inspection under the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

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.