



# HOUSE BILL No. 5187

October 3, 1995, Introduced by Rep. Hanley and referred to the Committee on Urban Policy.

A bill to amend the title and sections 2b and 4 of Act No. 2 of the Public Acts of 1968, entitled as amended "Uniform budgeting and accounting act," section 4 as amended by Act No. 36 of the Public Acts of 1983, being sections 141.422b and 141.424 of the Michigan Compiled Laws; and to add section 4a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. The title and sections 2b and 4 of Act No. 2 of  
2 the Public Acts of 1968, section 4 as amended by Act No. 36 of  
3 the Public Acts of 1983, being sections 141.422b and 141.424 of  
4 the Michigan Compiled Laws, are amended and section 4a is added  
5 to read as follows:

## 1 TITLE

2 An act to provide for the formulation and establishment of  
3 uniform charts of accounts and reports in local units of govern-  
4 ment; to define local units of government; to provide for the  
5 examination of the books and accounts of local units of govern-  
6 ment; to provide for annual financial reports from local units of  
7 government; to provide for the administration of this act; to  
8 prescribe the powers and duties of the state treasurer and the  
9 attorney general; to provide penalties; ~~for violation of certain~~  
10 ~~requirements of this act~~ TO PROVIDE CIVIL SANCTIONS; to provide  
11 for meeting the expenses authorized by this act; to provide a  
12 uniform budgeting system for local units; and to prohibit deficit  
13 spending by a local unit of government.

14 Sec. 2b. (1) "Budgetary center" means a general operating  
15 department of a local unit or any other department, institution,  
16 board, commission, agency, office, program, activity, or function  
17 to which money is appropriated by the local unit.

18 (2) "Capital outlay" means a disbursement of money which  
19 results in the acquisition of, or addition to, fixed assets.

20 (3) "Chief administrative officer" means any of the  
21 following:

22 (a) The manager of a village or, if a village does not  
23 employ a manager, the president of the village.

24 (b) The city manager of a city or, if a city does not employ  
25 a city manager, the mayor of the city.

1 (c) The superintendent of a local school district, or if the  
2 school district does not have a superintendent, the person having  
3 general administrative control of the school district.

4 (d) The superintendent of an intermediate school district,  
5 or if the school district does not have a superintendent, the  
6 person having general administrative control of the school  
7 district.

8 (e) The manager of a township, or if the township does not  
9 employ a manager, the supervisor of the township.

10 (f) The elected county executive or appointed county manager  
11 of a county; or if the county has not adopted an optional unified  
12 form of county government, the controller of the county appointed  
13 pursuant to section 13b of Act No. 156 of the Public Acts of  
14 1851, ~~as amended,~~ being section 46.13b of the Michigan Compiled  
15 Laws; or if the county has not appointed a controller, an indi-  
16 vidual designated by the county board of commissioners of the  
17 county.

18 (g) The official granted general administrative control of  
19 an authority or organization of government established by law  
20 which may issue obligations pursuant to THE MUNICIPAL FINANCE  
21 ACT, Act No. 202 of the Public Acts of 1943, ~~as amended,~~ being  
22 sections 131.1 to ~~+38.2~~ 139.3 of the Michigan Compiled Laws,  
23 and which either may levy a property tax or may expend funds of  
24 the authority or organization.

25 (4) "Deficit" means an excess of liabilities and reserves of  
26 a fund over its assets.

1 (5) "DERIVATIVE" MEANS A FINANCIAL INSTRUMENT WHOSE VALUE IS  
2 DERIVED FROM OR BASED ON AN UNDERLYING SECURITY, ASSET, OR  
3 INDEX. DERIVATIVE INCLUDES, BUT IS NOT LIMITED TO, FINANCIAL  
4 INSTRUMENTS KNOWN AS COLLATERALIZED MORTGAGE OBLIGATIONS, CERTIF-  
5 ICATES OF ACCRUAL ON TREASURIES, EASY GROWTH TREASURY RECEIPTS,  
6 CALL OPTIONS, PUT OPTIONS, FUTURES, AND INVERSE FLOATERS. THE  
7 DEPARTMENT OF TREASURY SHALL PERIODICALLY REVIEW THIS DEFINITION  
8 AND REPORT TO THE LEGISLATURE ITS RECOMMENDATIONS FOR AMENDMENTS  
9 TO THIS DEFINITION IN RESPONSE TO CHANGING CONDITIONS IN THE  
10 FINANCIAL MARKETS.

11 Sec. 4. (1) ~~Each~~ THE FISCAL OFFICER OF EACH local unit of  
12 government shall make an annual financial report (local unit  
13 fiscal report) which shall be uniform for all local units of the  
14 same class. ~~+~~ ONE copy of ~~which~~ THE ANNUAL FINANCIAL  
15 REPORT shall be filed in the office of the state treasurer.  
16 ~~and~~

17 (2) THE ANNUAL FINANCIAL REPORT shall contain an accurate  
18 statement ~~in summarized form~~ showing, for each fiscal year, ALL  
19 OF THE FOLLOWING:

20 (A) IN SUMMARIZED FORM, the amount of all revenues from all  
21 sources, the amount of expenditures for each purpose, the amount  
22 of indebtedness, the fund balances at the close of each fiscal  
23 year, and any other information as may be required by law.

24 (B) THE VALUE, GAIN, LOSS, AND RETURN FOR EACH OF THE  
25 FOLLOWING:

26 (i) EACH INDIVIDUAL INVESTMENT IN THE PENSION INVESTMENT  
27 PORTFOLIO.

1 (ii) EACH CATEGORY OF INVESTMENTS IN THE PENSION INVESTMENT  
2 PORTFOLIO, INCLUDING, BUT NOT LIMITED TO, SHORT-TERM INVESTMENTS,  
3 GOVERNMENT SECURITIES, MORTGAGES, CORPORATE BONDS AND PREFERRED  
4 STOCK, CONVERTIBLE BONDS, COMMON STOCK, REAL ESTATE, INTERNA-  
5 TIONAL INVESTMENTS, AND DERIVATIVES.

6 (iii) CUMULATIVELY, THE ENTIRE PENSION INVESTMENT PORTFOLIO.

7 (3) The annual report filed under this section shall be in  
8 lieu of the reporting requirements imposed by section 5(2) of  
9 chapter III of the municipal finance act, Act No. 202 of the  
10 Public Acts of 1943, ~~as amended,~~ being section 133.5 of the  
11 Michigan Compiled Laws.

12 (4) ~~(2)~~ The copies of the annual financial report required  
13 by subsection (1) shall be filed with the state treasurer within  
14 120 days after the end of the fiscal year of the local unit. The  
15 state treasurer shall prescribe the forms to be used by local  
16 units for preparation of the financial reports. The governing  
17 body of a local unit may request an extension of the filing date  
18 from the state treasurer, and the state treasurer may grant the  
19 request for reasonable cause. The state treasurer shall grant a  
20 60-day extension if the local unit presents evidence to the state  
21 treasurer that the audit is in progress, and will be completed  
22 within 180 days after the end of the fiscal year.

23 SEC. 4A. (1) IF THE FISCAL OFFICER OF A LOCAL UNIT VIOLATES  
24 SECTION 4, HE OR SHE IS GUILTY OF A MISDEMEANOR PUNISHABLE BY A  
25 FINE OF NOT MORE THAN \$500.00 OR IMPRISONMENT FOR NOT MORE THAN  
26 90 DAYS, OR BOTH.

1           (2) IF THE FISCAL OFFICER OF A LOCAL UNIT VIOLATES  
2 SECTION 4, THE LOCAL UNIT IS LIABLE FOR A CIVIL FINE OF  
3 \$10,000.00. THE AMOUNT OF THE FINE SHALL BE SET OFF AGAINST REV-  
4 ENUE SHARING OR OTHER PAYMENTS TO BE MADE BY THIS STATE TO THE  
5 LOCAL UNIT.