



HOUSE BILL No. 5223

October 10, 1995, Introduced by Reps. Jersevic, Kukuk, Kaza, Goschka, Rocca, Jaye, McManus, Jellema and Galloway 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:

TITLE

1
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 DERIVATIVES IN THE
27 NONPENSION INVESTMENT PORTFOLIO.

1 (ii) CUMULATIVELY, ALL INVESTMENTS IN DERIVATIVES IN THE
2 NONPENSION INVESTMENT PORTFOLIO.

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

8 (4) ~~(2)~~ The copies of the annual financial report required
9 by subsection (1) shall be filed with the state treasurer within
10 120 days after the end of the fiscal year of the local unit. The
11 state treasurer shall prescribe the forms to be used by local
12 units for preparation of the financial reports. The governing
13 body of a local unit may request an extension of the filing date
14 from the state treasurer, and the state treasurer may grant the
15 request for reasonable cause. The state treasurer shall grant a
16 60-day extension if the local unit presents evidence to the state
17 treasurer that the audit is in progress, and will be completed
18 within 180 days after the end of the fiscal year.

19 SEC. 4A. (1) IF THE FISCAL OFFICER OF A LOCAL UNIT VIOLATES
20 SECTION 4, HE OR SHE IS GUILTY OF A MISDEMEANOR PUNISHABLE BY A
21 FINE OF NOT MORE THAN \$500.00 OR IMPRISONMENT FOR NOT MORE THAN
22 90 DAYS, OR BOTH.

23 (2) IF THE FISCAL OFFICER OF A LOCAL UNIT VIOLATES
24 SECTION 4, THE LOCAL UNIT IS LIABLE FOR A CIVIL FINE OF
25 \$10,000.00. THE AMOUNT OF THE FINE SHALL BE SET OFF AGAINST REV-
26 ENUE SHARING OR OTHER PAYMENTS TO BE MADE BY THIS STATE TO THE
27 LOCAL UNIT.