

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1292**

A bill to amend 1968 PA 2, entitled "Uniform budgeting and accounting act," by amending sections 1, 2a, 2b, 2c, 2d, 4, 7, 8, 14, 15, 16, 17, 18, 19, and 20 (MCL 141.421, 141.422a, 141.422b, 141.422c, 141.422d, 141.424, 141.427, 141.428, 141.434, 141.435, 141.436, 141.437, 141.438, 141.439, and 141.440), sections 1 and 7 as amended by 1982 PA 451, sections 2b and 4 as amended by 1996 PA 439, section 2d as amended by 1999 PA 142, section 8 as amended by 1996 PA 400, section 15 as amended by 1981 PA 77, and sections 16 and 17 as amended by 1995 PA 41.

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

**1** Sec. 1. (1) The state treasurer shall prescribe uniform  
**2** charts of accounts for all local units of similar size, function,  
**3** or service designed to fulfill the requirements of good  
**4** accounting practices relating to general government. Such chart

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1 of accounts shall conform as nearly as practicable to the uniform  
2 standards as set forth ~~in the publication of the municipal~~  
3 ~~finance officers' association of the United States and Canada~~  
4 ~~entitled "governmental accounting, auditing and financial report-~~  
5 ~~ing, 1980" or as revised or changed~~ BY THE GOVERNMENTAL ACCOUNT-  
6 ING STANDARDS BOARD OR BY A SUCCESSOR ORGANIZATION THAT ESTAB-  
7 LISHES NATIONAL GENERALLY ACCEPTED ACCOUNTING STANDARDS AND IS  
8 DETERMINED ACCEPTABLE TO THE STATE TREASURER. The official who  
9 by law or charter is charged with the responsibility for the  
10 financial affairs of the local unit shall insure that the local  
11 unit accounts are maintained and kept in accordance with the  
12 chart of accounts. The state treasurer may also publish standard  
13 operating procedures and forms for the guidance of local units in  
14 establishing and maintaining uniform accounting.

15 (2) A local unit may request the state treasurer to provide  
16 assistance, advice, or instruction in establishing or maintaining  
17 the uniform chart of accounts required by subsection (1).

18 (3) The state treasurer may provide assistance, advice, or  
19 instruction to a local unit to establish or maintain the uniform  
20 chart of accounts required by subsection (1) based on information  
21 from 1 or more of the following sources:

22 (a) Disclosure by the certified public accountant or the  
23 department of treasury in an audit report required by section 5  
24 or 6 that the local unit has failed to establish or maintain the  
25 uniform chart of accounts required by subsection (1).

26 (b) Disclosure by the department of treasury in a special  
27 examination report that the local unit has failed to establish or

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1 maintain the uniform chart of accounts required by subsection  
2 (1).

3 (c) Disclosure in an audit report issued under section 5 or  
4 6 that the records of the local unit are not auditable because  
5 the local unit has failed to establish or maintain the uniform  
6 chart of accounts required by subsection (1).

7 (d) Disclosure from another state agency.

8 (e) Department of treasury records indicate that the audit  
9 required under section 5 has not been performed or filed and is  
10 delinquent, and that the local unit is subject to the provisions  
11 of section 21 of ~~Act No. 140 of the Public Acts of 1971, as~~  
12 ~~amended, being section 141.921 of the Michigan Compiled Laws~~ THE  
13 GLENN STEIL STATE REVENUE SHARING ACT OF 1971, 1971 PA 140,  
14 MCL 141.921.

15 (4) The state treasurer, in performing the services under  
16 subsection (2) or (3), may make a determination that the local  
17 unit cannot adequately establish or maintain the uniform chart of  
18 accounts without additional assistance, advice, or instruction  
19 from the state treasurer. The state treasurer shall submit a  
20 written report of the findings and recommendations to the govern-  
21 ing body of the local unit. The local unit shall retain, within  
22 90 days after receipt of this report, the services of a certified  
23 public accountant or the state treasurer to perform the needed  
24 additional services and shall notify, by resolution of the gov-  
25 erning body, the state treasurer of such action. Upon failure of  
26 the local unit to respond within the 90-day period, the state

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1 treasurer shall perform the necessary services to adequately  
2 establish or maintain the uniform chart of accounts.

3       (5) The state treasurer shall charge reasonable and neces-  
4 sary expenses, including per diem and travel expenses, to the  
5 local unit for services performed pursuant to subsections (2),  
6 (3), and (4), and the local unit shall make payment to the state  
7 treasurer for these expenses. The state treasurer shall execute  
8 a contract with the local unit or provide monthly billings if a  
9 contract is not executed.

10       Sec. 2a. (1) "Administrative officer" means an individual  
11 employed or otherwise engaged by a local unit to supervise a bud-  
12 getary center.

13       (2) "Allotment" means a portion of an appropriation which  
14 may be expended or encumbered during a certain period of time.

15       (3) "Appropriation" means an authorization granted by a leg-  
16 islative body to incur obligations and to expend public funds for  
17 a stated purpose.

18       (4) "Budget" means a plan of financial operation for a given  
19 period of time, including an estimate of all proposed expendi-  
20 tures from the funds of a local unit and the proposed means of  
21 financing the expenditures. Budget does not include any of the  
22 following:

23       (a) A fund for which the local unit acts as a trustee or  
24 agent.

25       (b) An ~~intragovernmental~~ INTERNAL service fund.

26       (c) An enterprise fund.

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1 (d) A ~~public improvement or building and site~~ CAPITAL  
2 PROJECT fund.

3 (e) A ~~special assessment~~ DEBT SERVICE fund.

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

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

10 (3) "Chief administrative officer" means any of the  
11 following:

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

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

16 (c) The superintendent of a local school district or, if the  
17 school district does not have a superintendent, the person having  
18 general administrative control of the school district.

19 (d) The superintendent of an intermediate school district  
20 or, if the school district does not have a superintendent, the  
21 person having general administrative control of the school  
22 district.

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

25 (f) The elected county executive or appointed county manager  
26 of a county; or if the county has not adopted an optional unified  
27 form of county government, the controller of the county appointed

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1 pursuant to section 13b of ~~Act No. 156 of the Public Acts of~~  
2 ~~1851, being section 46.13b of the Michigan Compiled Laws 1851~~  
3 PA 156, MCL 46.13B; or if the county has not appointed a control-  
4 ler, an individual designated by the county board of commission-  
5 ers of the county.

6 (g) The official granted general administrative control of  
7 an authority or organization of government established by law  
8 ~~which may issue obligations pursuant to the municipal finance~~  
9 ~~act, Act No. 202 of the Public Acts of 1943, being sections~~  
10 ~~131.1 to 139.3 of the Michigan Compiled Laws, and which either~~  
11 ~~may levy a property tax or~~ THAT may expend funds of the author-  
12 ity or organization.

[ (H) A PERSON GRANTED GENERAL ADMINISTRATIVE CONTROL OF THE  
PUBLIC SCHOOL ACADEMY BY THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL  
ACADEMY ESTABLISHED UNDER PART 6A OF THE REVISED SCHOOL CODE, 1976  
PA 451, MCL 380.501 TO 380.507, OR OTHER PERSON DESIGNATED BY THE  
BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY. ]

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

15 (5) "Derivative instrument or product" means either of the  
16 following:

17 (a) A contract or convertible security that changes in value  
18 in concert with a related or underlying security, future, or  
19 other instrument or index; or that obtains much of its value from  
20 price movements in a related or underlying security, future, or  
21 other instrument or index; or both.

22 (b) A contract or security, such as an option, forward,  
23 swap, warrant, or a debt instrument with 1 or more options, for-  
24 wards, swaps, or warrants embedded in it or attached to it, the  
25 value of which contract or security is determined in whole or in  
26 part by the price of 1 or more underlying instruments or  
27 markets.

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1 (6) "Derivative instrument or product" does not mean a fund  
2 created pursuant to the surplus funds investment pool act, ~~Act~~  
3 ~~No. 367 of the Public Acts of 1982, being sections 129.111 to~~  
4 ~~129.118 of the Michigan Compiled Laws~~ 1982 PA 367, MCL 129.111  
5 TO 129.118, or section 1223 of the revised school code, ~~Act~~  
6 ~~No. 451 of the Public Acts of 1976, being section 380.1223 of the~~  
7 ~~Michigan Compiled Laws~~ 1976 PA 451, MCL 380.1223.

8 (7) "Disbursement" means a payment in cash.

9 Sec. 2c. (1) "Expenditure" means the cost of goods deliv-  
10 ered or services rendered, whether paid or unpaid, including  
11 expenses, debt retirement not reported as a liability of the fund  
12 from which retired, or capital outlay.

13 ~~(2) "Fiscal officer" means the controller, finance direc-~~  
14 ~~tor, business manager, or other elected or appointed official who~~  
15 ~~prepares and administers the budget of a local unit.~~

16 (2) ~~(3)~~ "General appropriations act" means the budget as  
17 adopted by the legislative body or as otherwise given legal  
18 effect pursuant to a charter provision in effect on the effective  
19 date of this section.

20 Sec. 2d. (1) "Depository library" means a depository  
21 library designated under section 10 of the library of Michigan  
22 act, 1982 PA 540, MCL 397.20.

23 (2) "Legislative body" means any of the following:

24 (a) The council, commission, or other entity vested with the  
25 legislative power of a village.

26 (b) The council or other entity vested with the legislative  
27 power of a city.

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1 (c) The board of education of a local school district.

2 (d) The board of education of an intermediate school  
3 district.

4 (e) The township board of a township.

5 (f) The county board of commissioners of a county.

6 (g) The board of county road commissioners of a county.

[ (H) THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY  
ESTABLISHED UNDER PART 6A OF THE REVISED SCHOOL CODE, 1976 PA 451,  
MCL 380.501 TO 380.507. ]

7 [(I) (h)] The official body to which is granted general  
governing

8 powers over an authority or organization of government estab-  
9 lished by law that ~~may issue obligations pursuant to the municipi-~~  
10 ~~pal finance act, 1943 PA 202, MCL 131.1 to 139.3, and that either~~  
11 ~~may levy a property tax or~~ may expend funds of the authority or  
12 organization. As used in this act, legislative body does not  
13 include an intermunicipality committee established under 1957  
14 PA 200, MCL 123.631 to ~~123.636~~ 123.637.

15 (3) "Library of Michigan" means the library of Michigan cre-  
16 ated under section 3 of the library of Michigan act, 1982 PA 540,  
17 MCL 397.13.

18 (4) "Local unit" does not include an intermunicipality com-  
19 mittee established under 1957 PA 200, MCL 123.631 to ~~123.636~~  
20 123.637. Except as used in sections 14 to 20a, local unit means  
21 a village, city, or township or an authority or commission estab-  
22 lished by a county, village, city, or township RESOLUTION,  
23 MOTION, ordinance, or charter. As used in sections 14 to 20a,  
24 local unit means any of the following:

25 (a) A village.

26 (b) A city.

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1 (c) A ~~local~~ school district.

2 (d) An intermediate school district.

3 (E) A PUBLIC SCHOOL ACADEMY ESTABLISHED UNDER PART 6A OF THE  
4 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.501 TO 380.507.

5 (F) ~~(e)~~ A township.

6 (G) ~~(f)~~ A county.

7 (H) ~~(g)~~ A county road commission.

8 (I) ~~(h)~~ An authority or organization of government estab-  
9 lished by law that ~~may issue obligations pursuant to the municipi-~~  
10 ~~pal finance act, 1943 PA 202, MCL 131.1 to 139.3, and that either~~  
11 ~~may levy a property tax or~~ may expend funds of the authority or  
12 organization.

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

14 ~~(a) Unless included in subdivision (b) or (c), a school dis-~~  
15 ~~trict or local act school district as defined under the revised~~  
16 ~~school code, 1976 PA 451, MCL 380.1 to 380.1852.~~

17 ~~(b) After December 15, 1981, a school district or local act~~  
18 ~~school district as defined under the revised school code, 1976~~  
19 ~~PA 451, MCL 380.1 to 380.1852, which levied 35.75 mills, 34.83~~  
20 ~~mills, 28 mills, 31.2155 mills, 24.19 mills, 22.6027 mills, or~~  
21 ~~27.90 mills for operating purposes in 1979-80, and operated under~~  
22 ~~a deficit budget for its 1980-81 fiscal year. Once a school dis-~~  
23 ~~trict is considered a local school district pursuant to this sub-~~  
24 ~~division or subdivision (c), the chief administrative officer~~  
25 ~~shall comply, if necessary, with the requirements of section 17~~  
26 ~~and the local school district shall amend, if necessary, its~~

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1 ~~budget or general appropriations act to conform with the~~  
2 ~~requirements of section 16.~~

3 ~~(c) After December 15, 1981, any school district or local~~  
4 ~~act school district as defined under the revised school code,~~  
5 ~~1976 PA 451, MCL 380.1 to 380.1852, that meets all of the follow-~~  
6 ~~ing criteria:~~

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

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

11 ~~(5) -(6)-~~ "Revenue" means an addition to the assets of a  
12 fund that does not increase a liability, does not represent the  
13 recovery of an expenditure, does not represent the cancellation  
14 of a liability without a corresponding increase in any other  
15 liability or a decrease in assets, and does not represent a con-  
16 tribution of fund capital in enterprise or in ~~intragovernmental~~  
17 INTERNAL service funds.

18 ~~(6) -(7)-~~ "Surplus" means an excess of the assets of a fund  
19 over its liabilities and reserves.

20 Sec. 4. (1) The ~~fiscal~~ CHIEF ADMINISTRATIVE officer of  
21 each local unit shall make an annual financial report (local unit  
22 fiscal report) which shall be uniform for all local units of the  
23 same class.

24 (2) The annual financial report shall contain for each  
25 fiscal year, all of the following:

26 (a) An accurate statement in summarized form, showing the  
27 amount of all revenues from all sources, the amount of

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1 expenditures for each purpose, the amount of indebtedness, the  
2 fund balances at the close of each fiscal year, and any other  
3 information as may be required by law.

4 (b) A statement indicating whether there are derivative  
5 instruments or products in the local unit's nonpension investment  
6 portfolio at fiscal year end.

7 (c) If the statement under subdivision (b) is affirmative,  
8 an accurate schedule reporting the cost and fiscal year end  
9 market value of derivative instruments or products in the local  
10 unit's nonpension investment portfolio at fiscal year end. The  
11 information required under this subdivision shall be reported  
12 both on an aggregate basis and itemized by issuer and type of  
13 derivative instrument or product.

14 (d) A statement indicating whether there are derivative  
15 instruments or products in the local unit's pension investment  
16 portfolio at fiscal year end. Investments of defined contribu-  
17 tion plans and deferred compensation plans that are chosen by the  
18 employee participating in the plan shall be excluded from the  
19 information reported under this subdivision.

20 (e) If the statement under subdivision (d) is affirmative,  
21 an accurate schedule reporting the cost and fiscal year end  
22 market value of derivative instruments or products in the local  
23 unit's pension investment portfolio at fiscal year end. The  
24 information required under this subdivision shall be reported  
25 both on an aggregate basis and itemized by issuer and type of  
26 derivative instrument or product. Investments of defined  
27 contribution plans and deferred compensation plans that are

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1 chosen by the employee participating in the plan shall be  
2 excluded from the information reported under this subdivision.

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, being section 133.5 of the Michigan Compiled~~  
7 ~~Laws~~ 1943 PA 202, MCL 133.5.

8 (4) One copy of the annual financial report required by sub-  
9 section (1) shall be filed with the state treasurer within ~~120~~  
10 ~~days~~ 6 MONTHS after the end of the fiscal year of the local  
11 unit. The state treasurer shall prescribe the forms to be used  
12 by local units for preparation of the financial reports. The  
13 ~~governing body~~ CHIEF ADMINISTRATIVE OFFICER of a local unit may  
14 request an extension of the filing date from the state treasurer,  
15 and the state treasurer may grant the request for reasonable  
16 cause. ~~The state treasurer shall grant a 60-day extension if~~  
17 ~~the local unit presents evidence to the state treasurer that the~~  
18 ~~audit is in progress, and will be completed within 180 days after~~  
19 ~~the end of the fiscal year.~~ IF THE LOCAL UNIT OF GOVERNMENT  
20 REQUESTS AN EXTENSION OF THE FILING DEADLINE, THEN THE LOCAL UNIT  
21 OF GOVERNMENT MUST PROVIDE TO THE DEPARTMENT OF TREASURY THE  
22 UNADJUSTED YEAR END TRIAL BALANCE REPORTS, IN A FORM AND MANNER  
23 AS PRESCRIBED BY THE DEPARTMENT OF TREASURY, TO THE DEPARTMENT OF  
24 TREASURY AT THE TIME THE LOCAL UNIT OF GOVERNMENT REQUESTS THE  
25 EXTENSION. THE DEPARTMENT OF TREASURY SHALL POST THESE UNAD-  
26 JUSTED YEAR END TRIAL REPORTS ON THE DEPARTMENT'S INTERNET  
27 WEBSITE IF THE EXTENSION IS GRANTED.

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1 (5) This section does not authorize a local unit to make  
2 investments not otherwise authorized by law.

3 (6) FOR PURPOSES OF THIS SECTION, "PENSION" INCLUDES A  
4 PUBLIC EMPLOYEE HEALTH CARE FUND AS DEFINED IN THE PUBLIC  
5 EMPLOYEE HEALTH CARE INVESTMENT FUND ACT, 1999 PA 149,  
6 MCL 38.1211 TO 38.1216.

7 Sec. 7. (1) The state treasurer shall prescribe minimum  
8 auditing procedures and standards and these shall conform as  
9 nearly as practicable to generally accepted auditing standards  
10 established by the American institute of certified public  
11 accountants.

12 (2) A report of the auditing procedures applied in each  
13 audit shall be prepared on a form provided for this purpose by  
14 the state treasurer. THE STATE TREASURER MAY REQUIRE THAT THE  
15 AUDIT REPORT, OR THE REPORT OF AUDITING PROCEDURES, OR BOTH, THAT  
16 ARE REQUIRED BY THIS SUBSECTION TO BE FILED WITH THE STATE TREA-  
17 SURER BE FILED IN AN ELECTRONIC FORMAT PRESCRIBED BY THE STATE  
18 TREASURER.

19 (3) One copy of every audit report and 1 copy of the report  
20 of auditing procedures applied shall be filed with the state  
21 treasurer.

22 (4) The copy of the audit report and the copy of the report  
23 of auditing procedures applied required by subsection (3) shall  
24 be filed with the state treasurer within ~~120 days~~ 6 MONTHS  
25 after the end of the fiscal year of a local unit for which an  
26 audit has been performed pursuant to section 5. The ~~governing~~  
27 ~~body~~ CHIEF ADMINISTRATIVE OFFICER of a local unit may request an

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1 extension of the filing date from the state treasurer, and the  
2 state treasurer may grant the request for reasonable cause. ~~The~~  
3 ~~state treasurer shall grant a 60-day extension if the local unit~~  
4 ~~presents evidence to the state treasurer that the audit is in~~  
5 ~~progress, and will be completed within 180 days after the end of~~  
6 ~~the fiscal year.~~ A CHIEF ADMINISTRATIVE OFFICER WHO REQUESTS AN  
7 EXTENSION UNDER THIS SUBSECTION SHALL, WITHIN 10 DAYS OF MAKING  
8 THE REQUEST, INFORM THE GOVERNING BODY IN WRITING OF THE  
9 REQUESTED EXTENSION.

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

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

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

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

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

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1       Sec. 14. (1) Unless otherwise provided by law, charter,  
2 resolution, or ordinance, the chief administrative officer shall  
3 have final responsibility for budget preparation, presentation of  
4 the budget to the legislative body, and the control of expendi-  
5 tures under the budget and the general appropriations act.

6       (2) Unless another person is designated by charter, the  
7 chief administrative officer in each local unit shall prepare the  
8 recommended annual budget for the ensuing fiscal year in the  
9 manner provided in sections 15 to 20a. The budgetary centers of  
10 the local unit shall provide to the chief administrative officer  
11 information which the chief administrative officer considers nec-  
12 essary and essential to the preparation of a budget for the ensu-  
13 ing fiscal period for presentation to the local unit's legisla-  
14 tive body. Each administrative officer or employee of a budget-  
15 ary center shall comply promptly with a request for information  
16 which the chief administrative officer makes.

17       (3) The chief administrative officer shall transmit the rec-  
18 ommended budget to the legislative body according to an appropri-  
19 ate time schedule developed by the local unit. The schedule  
20 shall allow adequate time for review AND ADOPTION by the legisla-  
21 tive body before commencement of the budget year. The recom-  
22 mended budget, when transmitted by the chief administrative offi-  
23 cer, shall be accompanied by a suggested general appropriations  
24 act to implement the budget. The suggested general appropria-  
25 tions act shall fulfill the requirements of section 16.

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1 (4) The recommended budget transmitted by the chief  
2 administrative officer shall be considered by the legislative  
3 body.

4 (5) The chief administrative officer shall furnish to the  
5 legislative body information the legislative body requires for  
6 proper consideration of the recommended budget. ~~This may~~  
7 ~~include expenditure and revenue data on the local unit's most~~  
8 ~~recently completed fiscal year.~~ Before final passage of a gen-  
9 eral appropriations act by the legislative body, a public hearing  
10 shall be held as required by ~~Act No. 43 of the Public Acts of~~  
11 ~~the Second Extra Session of 1963, being sections 141.411 to~~  
12 ~~141.415 of the Michigan Compiled Laws 1963 (2ND EX SESS) PA 43,~~  
13 ~~MCL 141.411 TO 141.415, and Act No. 267 of the Public Acts of~~  
14 ~~1976, as amended, being sections 15.261 to 15.275 of the Michigan~~  
15 ~~Compiled Laws~~ THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO  
16 15.275.

17 ~~-(6) The responsibilities and duties imposed by this section~~  
18 ~~upon the chief administrative officer shall be discharged by the~~  
19 ~~fiscal officer in a local unit which has not elected or desig-~~  
20 ~~nated a chief administrative officer.~~

21 Sec. 15. (1) The recommended budget shall include at least  
22 the following:

23 (a) Expenditure data for the most recently completed fiscal  
24 year and estimated expenditures for the current fiscal year.

25 (b) An estimate of the expenditure amounts required to con-  
26 duct, in the ensuing fiscal year, the government of the local  
27 unit, including its budgetary centers.

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1 (c) Revenue data for the most recently completed fiscal year  
2 and estimated revenues for the current fiscal year.

3 (d) An estimate of the revenues, by source of revenue, to be  
4 raised or received by the local unit in the ensuing fiscal year.

5 (e) The amount of surplus or deficit that has accumulated  
6 from prior fiscal years, together with an estimate of the amount  
7 of surplus or deficit expected in the current fiscal year. The  
8 inclusion of the amount of an authorized debt obligation to fund  
9 a deficit shall be sufficient to satisfy the requirement of fund-  
10 ing the amount of a deficit estimated under this subdivision.

11 (f) An estimate of the amounts needed for deficiency, con-  
12 tingent, or emergency purposes.  ~~, and the amounts needed to pay~~  
13  ~~and to discharge the principal and interest of debt of the local~~  
14  ~~unit due in the ensuing fiscal year.~~

15  ~~(g) The amount of proposed capital outlay expenditures,~~  
16  ~~except those financed by enterprise, public improvement or build-~~  
17  ~~ing and site, or special assessment funds, including the esti-~~  
18  ~~mated total cost and proposed method of financing of each capital~~  
19  ~~construction project and the projected additional annual operat-~~  
20  ~~ing cost and the method of financing the operating costs of each~~  
21  ~~capital construction project for 3 years beyond the fiscal year~~  
22  ~~covered by the budget.~~

23  ~~(h) An informational summary of projected revenues and~~  
24  ~~expenditures of any special assessment funds, public improvement~~  
25  ~~or building and site funds, intragovernmental service funds, or~~  
26  ~~enterprise funds, including the estimated total cost and proposed~~  
27  ~~method of financing each capital construction project, and the~~

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1 ~~projected additional annual operating cost and the method of~~  
2 ~~financing the operating costs of each capital construction~~  
3 ~~project for 3 years beyond the fiscal year covered by the~~  
4 ~~budget.~~

5 (G) ~~(i)~~ Other data relating to fiscal conditions that the  
6 chief administrative officer ~~or, in local units which have not~~  
7 ~~elected or designated a chief administrative officer, the fiscal~~  
8 ~~officer~~ considers to be useful in considering the financial  
9 needs of the local unit.

10 (2) The total estimated expenditures, including an accrued  
11 deficit, in the budget shall not exceed the total estimated reve-  
12 nues, including an available unappropriated surplus and the pro-  
13 ceeds from bonds or other obligations issued under the fiscal  
14 stabilization act or the balance of the principal of these bonds  
15 or other obligations.

16 Sec. 16. (1) Unless another method for adopting a budget is  
17 provided by a charter provision in effect on April 1, 1980, the  
18 legislative body of each local unit shall pass a general appro-  
19 priations act for all funds except trust or agency,  
20 ~~intragovernmental~~ INTERNAL service, enterprise, ~~public~~  
21 ~~improvement or building and site, or special assessment~~ DEBT  
22 SERVICE OR CAPITAL PROJECT funds for which the legislative body  
23 may pass a special appropriation act.

24 (2) The general appropriations act shall set forth the total  
25 number of mills of ad valorem property taxes to be levied and the  
26 purposes for which that millage is to be levied. The amendatory

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1 act that added this subsection shall be known and may be cited as  
2 "the truth in budgeting act".

3 (3) The general appropriations act shall set forth the  
4 amounts appropriated by the legislative body to defray the expen-  
5 ditures and meet the liabilities of the local unit for the ensu-  
6 ing fiscal year, and shall set forth a statement of estimated  
7 revenues, by source, in each fund for the ensuing fiscal year.

8 (4) The general appropriations act shall be consistent with  
9 uniform charts of accounts prescribed by the state treasurer or,  
10 for local school districts and intermediate school districts, by  
11 the state board of education.

12 (5) This act shall not be interpreted to mandate the devel-  
13 opment or adoption by a local unit of a line-item budget or  
14 line-item general appropriations act.

15 (6) The legislative body shall determine the amount of money  
16 to be raised by taxation necessary to defray the expenditures and  
17 meet the liabilities of the local unit for the ensuing fiscal  
18 year, shall order that money to be raised by taxation, within  
19 statutory and charter limitations, and shall cause the money  
20 raised by taxation to be paid into the funds of the local unit.

21 (7) Except as otherwise permitted by section 102 of the  
22 state school aid act of 1979, ~~Act No. 94 of the Public Acts of~~  
23 ~~1979, being section 388.1702 of the Michigan Compiled Laws~~ 1979  
24 PA 94, MCL 388.1702, or by other law, the legislative body shall  
25 not adopt a general appropriations act or an amendment to that  
26 act which causes estimated total expenditures, including an  
27 accrued deficit, to exceed total estimated revenues, including an

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1 available surplus and the proceeds from bonds or other  
2 obligations issued under the fiscal stabilization act, ~~Act~~  
3 ~~No. 80 of the Public Acts of 1981, being sections 141.1001 to~~  
4 ~~141.1011 of the Michigan Compiled Laws~~ 1981 PA 80, MCL 141.1001  
5 TO 141.1011, or the balance of the principal of these bonds or  
6 other obligations.

7       Sec. 17. (1) Except as otherwise provided in section 19, a  
8 deviation from the original general appropriations act shall not  
9 be made without amending the general appropriations act. Subject  
10 to section 16(2), the legislative body of the local unit shall  
11 amend the general appropriations act as soon as it becomes appar-  
12 ent that a deviation from the original general appropriations act  
13 is necessary and the amount of the deviation can be determined.  
14 An amendment shall indicate each intended alteration in the pur-  
15 pose of each appropriation item affected by the amendment. The  
16 legislative body may require that the chief administrative offi-  
17 cer or fiscal officer provide it with periodic reports on the  
18 financial condition of the local unit.

19       (2) If, during a fiscal year, it appears to the chief admin-  
20 istrative officer ~~, or the fiscal officer in local units which~~  
21 ~~have not elected or designated a chief administrative officer,~~  
22 or to the legislative body that the actual and probable revenues  
23 from taxes and other sources in a fund are less than the esti-  
24 mated revenues, including an available surplus upon which appro-  
25 priations from the fund were based and the proceeds from bonds or  
26 other obligations issued under the fiscal stabilization act, ~~Act~~  
27 ~~No. 80 of the Public Acts of 1981, being sections 141.1001 to~~

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1 ~~141.1011 of the Michigan Compiled Laws~~ 1981 PA 80, MCL 141.1001  
2 TO 141.1011, or the balance of the principal of these bonds or  
3 other obligations, the chief administrative officer or fiscal  
4 officer shall present to the legislative body recommendations  
5 which, if adopted, would prevent expenditures from exceeding  
6 available revenues for that current fiscal year. The recommenda-  
7 tions shall include proposals for reducing appropriations from  
8 the fund for budgetary centers in a manner that would cause the  
9 total of appropriations to not be greater than the total of  
10 revised estimated revenues of the fund, or proposals for measures  
11 necessary to provide revenues sufficient to meet expenditures of  
12 the fund, or both. The recommendations shall recognize the  
13 requirements of state law and the provisions of collective bar-  
14 gaining agreements.

15       Sec. 18. (1) A member of the legislative body, chief admin-  
16 istrative officer, ~~fiscal officer,~~ administrative officer, or  
17 employee of the local unit shall not create a debt or incur a  
18 financial obligation on behalf of the local unit unless the debt  
19 or obligation is permitted by law.

20       (2) The chief administrative officer ~~or the fiscal officer~~  
21 may cause the appropriations made by the legislative body for the  
22 local unit and its budgetary centers to be divided into allot-  
23 ments if the allotments are based upon the periodic requirements  
24 of the local unit and its budgetary centers.

25       (3) Except as otherwise provided in section 19, an adminis-  
26 trative officer of the local unit shall not incur expenditures  
27 against an appropriation account in excess of the amount

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1 appropriated by the legislative body. The chief administrative  
2 officer, ~~the fiscal officer,~~ an administrative officer, or an  
3 employee of the local unit shall not apply or divert money of the  
4 local unit for purposes inconsistent with those specified in the  
5 appropriations of the legislative body.

6 (4) NO DUTIES SHALL BE DELEGATED TO THE CHIEF ADMINISTRATIVE  
7 OFFICER THAT DIMINISH ANY CHARTER OR STATUTORY RESPONSIBILITIES  
8 OF AN ELECTED OR APPOINTED OFFICIAL.

9 Sec. 19. (1) A member of the legislative body, the chief  
10 administrative officer, ~~fiscal officer,~~ an administrative offi-  
11 cer, or an employee of a local unit shall not authorize or par-  
12 ticipate in the expenditure of funds except as authorized by a  
13 general appropriations act. An expenditure shall not be incurred  
14 except in pursuance of the authority and appropriations of the  
15 legislative body of the local unit.

16 (2) The legislative body in a general appropriations act may  
17 permit the chief administrative officer ~~or fiscal officer~~ to  
18 execute transfers within limits stated in the act between appro-  
19 priations without the prior approval of the legislative body.

20 Sec. 20. A violation of sections 17 to 19 by the chief  
21 administrative officer, ~~the fiscal officer,~~ an administrative  
22 officer, employee, or member of the legislative body of the local  
23 unit disclosed in an audit of the financial records and accounts  
24 of the local unit in the absence of reasonable procedures in use  
25 by the local unit to detect such violations shall be filed with  
26 the state treasurer and reported by the state treasurer to the  
27 attorney general. For local and intermediate school districts,

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1 the report of a violation shall be filed with the state  
2 superintendent of public instruction instead of the state  
3 treasurer. The attorney general shall review the report and ini-  
4 tiate appropriate action against the chief administrative offi-  
5 cer, fiscal officer, administrative officer, employee, or member  
6 of the legislative body. For the use and benefit of the local  
7 unit, the attorney general or prosecuting attorney may institute  
8 a civil action in a court of competent jurisdiction for the  
9 recovery of funds of a local unit, disclosed by an examination to  
10 have been illegally expended or collected as a result of malfea-  
11 sance and not accounted for as provided in sections 17 to 19, and  
12 for the recovery of public property disclosed to have been con-  
13 verted or misappropriated.