

**THE HOME RULE CITY ACT (EXCERPT)**  
**Act 279 of 1909**

**117.4t Population more than 600,000; requirements; appropriations.**

Sec. 4t. (1) Notwithstanding a charter provision or ordinance to the contrary, for a city with a population of more than 600,000, all of the following apply:

(a) The city and its officers, employees, agents, and contractors shall comply with the Michigan financial review commission act, if applicable.

(b) For each fiscal year beginning after the effective date of the amendatory act that added this section, the city shall adopt a financial plan covering that fiscal year and the next 3 fiscal years. If a 2-year budget is in effect for the city under section 21 of the local financial stability and choice act, 2012 PA 436, MCL 141.1561, the financial plan must be consistent with the 2-year budget. The financial plan shall be proposed by the mayor and approved by the governing body of the city. If applicable, a financial plan must be approved by the financial review commission created in the Michigan financial review commission act before it takes effect. A financial plan shall include, but not be limited to, all of the following information for each of the 4 fiscal years covered by the financial plan:

(i) A projection of all revenues and expenditures of the city for each fiscal year, including debt service.

(ii) A projection of cash flow for each fiscal year.

(iii) A schedule of projected capital commitments for each fiscal year.

(iv) Measures to assure that projected employment levels, collective bargaining agreements, and other employee costs are consistent with projected expenditures and available revenue.

(v) Measures to assure compliance with mandates under state and federal law consistent with projected expenditures and available revenue.

(vi) Measures to assure adequate reserves for mandated and other essential programs and activities in the event of an overestimation of revenue, an underestimation of expenditures, or both.

(vii) A statement of significant assumptions and methods of estimation used for projections included in the financial plan.

(viii) Any other information the mayor, governing body, or chief financial officer of the city considers appropriate.

(c) A financial plan adopted under subdivision (b) shall comply with all of the following requirements:

(i) Projected revenues and expenditures for each fiscal year covered by the financial plan shall result in a balanced budget according to generally accepted accounting principles, including compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(ii) Include contributions necessary to assure that pension systems for employees and retirees of the city are adequately funded.

(iii) Provide for the issuance of or incurring of debt by the city only in compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and the Michigan financial review commission act, if applicable.

(iv) Provide for the payment in full of debt service on all debt issued or incurred by or on behalf of the city.

(v) Provide for operations of the city to be conducted with projected cash resources based upon projected cash flow for each fiscal year.

(vi) Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of the projected expenditures for the fiscal year.

(vii) For each fiscal year, provide for the elimination of any deficit incurred in the prior fiscal year according to generally accepted accounting principles.

(viii) Rely upon revenue and expenditure projections based upon reasonable and appropriate assumptions and methods of estimation.

(ix) Rely upon cash flow projections based upon reasonable and appropriate assumptions as to sources and uses of cash, including timing.

(d) The city shall hold a revenue estimating conference in the second week of September and in the third week of February of each year. A revenue estimating conference shall be subject to all of the following:

(i) The principals of a conference shall be the chief financial officer of the city, the state treasurer or his or her designee from within the department of treasury, and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the chief financial officer of the city and the state treasurer.

(ii) A conference shall establish an official economic forecast of major variables of the national, state, and local economies. A conference also shall establish a forecast of anticipated revenues of the city as the

conference determines.

(iii) The official forecast of economic and revenue variables of the conference shall be determined by consensus among the conference principals and shall be for the fiscal year in which the conference is being held and the succeeding 2 fiscal years. The conference also shall forecast general fund revenue trendline projections for the city for an additional 2 fiscal years. Conference forecasts of revenues and expenditures shall be based upon the assumption that current law and administrative procedures will remain in effect for the forecast period.

(iv) The conference may request and shall receive from officers, departments, agencies, and authorities of the city the assistance and data needed to enable the conference to fulfill its duties.

(v) The principals of the conference shall determine procedures to be used by the conference including procedures for conference sessions and presentations by persons, except that any final action establishing an official forecast shall require the unanimous support of all principals. A conference shall complete its work within a period of not more than 5 days unless extended by consensus of the principals.

(vi) Meetings of a conference are subject to the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(vii) A principal shall preside over conference sessions, convene conference sessions, and specify topics to be included on the conference agenda. The responsibility of presiding over sessions of the conference shall be rotated annually among the principals, with the initial chairperson being elected by the principals. The chairperson presiding over a conference is responsible for setting the conference date and preparing and distributing the necessary documents before the conference, including comparisons between alternative information where a comparison is warranted. Upon the written request of a principal, a conference shall be convened by the chairperson.

(viii) A writing prepared, owned, used, in the possession of, or retained by the conference in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(ix) A conference shall distribute its economic and revenue forecasts to the mayor of the city, the governing body of the city, and, if subject to the Michigan financial review commission act, the financial review commission. The city shall publish the forecasts on its website.

(x) If the city is subject to the Michigan financial review commission act, the city may be required to amend its revenue estimates pursuant to an order or directive of the financial review commission created in the Michigan financial review commission act.

(e) The mayor of the city may veto a line item appropriating money in an appropriations ordinance. The portion of the appropriation approved is effective. The item disapproved is void unless reauthorized according to the procedures prescribed in charter or law for the adoption of ordinances over a veto.

(f) If, during a fiscal year, expenditures for the city exceed revenues, the mayor may, subject to the approval of the governing body of the city, authorize by executive order the reduction of line-item expenditures during that fiscal year.

(g) Beginning on the effective date of the amendatory act that added this subdivision, the city shall post on its website copies of both of the following:

(i) Within 30 days of the contract award, each contract entered into by the city during each fiscal year.

(ii) All contracts in which the city is a party that are in effect during each fiscal year.

(2) For the fiscal year ending September 30, 2015, \$100,000.00 is appropriated from the general fund/general purpose to the department of treasury to administer the provisions of this section and section 4s.

**History:** Add. 2014, Act 182, Imd. Eff. June 20, 2014.