

Act No. 146  
Public Acts of 1996  
Approved by the Governor  
March 24, 1996  
Filed with the Secretary of State  
March 25, 1996

**STATE OF MICHIGAN  
88TH LEGISLATURE  
REGULAR SESSION OF 1996**

Introduced by Senator Hoffman

**ENROLLED SENATE BILL No. 731**

AN ACT to amend section 5 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," being section 141.425 of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Section 5 of Act No. 2 of the Public Acts of 1968, being section 141.425 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 5. (1) A local unit having a population of less than 4,000 shall obtain an audit of its financial records, accounts, and procedures not less frequently than biennially. However, if any audit under this subsection discloses a material deviation by the local unit from generally accepted accounting practices or from applicable rules and regulations of a state department or agency or discloses any fiscal irregularity, defalcation, misfeasance, nonfeasance, or malfeasance, the department of treasury may require an audit to be conducted in the next year.

(2) A local unit having a population of 4,000 or more shall obtain an annual audit of its financial records, accounts, and procedures.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved -----

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Governor.