

SENATE BILL No. 1292

May 30, 2000, Introduced by Senators BULLARD, SHUGARS and HAMMERSTROM and referred to the Committee on Local, Urban and State Affairs.

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

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

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, MCL
14 141.921.

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

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.

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

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 PA~~
3 ~~156, MCL 46.13B; or if the county has not appointed a controller,~~
4 ~~an individual designated by the county board of commissioners of~~
5 ~~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.

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.

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.

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.

7 (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 munici-~~
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 ordinance or
23 charter. As used in sections 14 to 20a, local unit means any of
24 the following:

25 (a) A village.

26 (b) A city.

- 1 (c) A local school district.
- 2 (d) An intermediate school district.
- 3 (e) A township.
- 4 (f) A county.
- 5 (g) A county road commission.
- 6 (h) An authority or organization of government established
7 by law that ~~may issue obligations pursuant to the municipal~~
8 ~~finance act, 1943 PA 202, MCL 131.1 to 139.3, and that either may~~
9 ~~levy a property tax or~~ may expend funds of the authority or
10 organization.

11 (5) "Local school district" means the following:

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

15 (b) After December 15, 1981, a school district or local act
16 school district as defined under the revised school code, 1976
17 PA 451, MCL 380.1 to 380.1852, which levied 35.75 mills, 34.83
18 mills, 28 mills, 31.2155 mills, 24.19 mills, 22.6027 mills, or
19 27.90 mills for operating purposes in 1979-80, and operated under
20 a deficit budget for its 1980-81 fiscal year. Once a school dis-
21 trict is considered a local school district pursuant to this sub-
22 division or subdivision (c), the chief administrative officer
23 shall comply, if necessary, with the requirements of section 17
24 and the local school district shall amend, if necessary, its
25 budget or general appropriations act to conform with the require-
26 ments of section 16.

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

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

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

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

16 (7) "Surplus" means an excess of the assets of a fund over
17 its liabilities and reserves.

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

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

24 (a) An accurate statement in summarized form, showing the
25 amount of all revenues from all sources, the amount of expendi-
26 tures for each purpose, the amount of indebtedness, the fund

1 balances at the close of each fiscal year, and any other
2 information as may be required by law.

3 (b) A statement indicating whether there are derivative
4 instruments or products in the local unit's nonpension AND NON-
5 PUBLIC EMPLOYEE HEALTH CARE FUND investment portfolio at fiscal
6 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 AND NONPUBLIC EMPLOYEE HEALTH CARE FUND invest-
11 ment portfolio at fiscal year end. The information required
12 under this subdivision shall be reported both on an aggregate
13 basis and itemized by issuer and type of derivative instrument or
14 product.

15 (d) A statement indicating whether there are derivative
16 instruments or products in the local unit's pension AND PUBLIC
17 EMPLOYEE HEALTH CARE FUND investment portfolio at fiscal year
18 end. Investments of defined contribution plans and deferred com-
19 pensation plans that are chosen by the employee participating in
20 the plan shall be excluded from the information reported under
21 this subdivision.

22 (e) If the statement under subdivision (d) is affirmative,
23 an accurate schedule reporting the cost and fiscal year end
24 market value of derivative instruments or products in the local
25 unit's pension AND PUBLIC EMPLOYEE HEALTH CARE FUND investment
26 portfolio at fiscal year end. The information required under
27 this subdivision shall be reported both on an aggregate basis and

1 itemized by issuer and type of derivative instrument or product.
2 Investments of defined contribution plans and deferred compensa-
3 tion plans that are chosen by the employee participating in the
4 plan shall be excluded from the information reported under this
5 subdivision.

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

11 (4) One copy of the annual financial report required by sub-
12 section (1) shall be filed with the state treasurer within ~~120~~
13 ~~days~~ 6 MONTHS after the end of the fiscal year of the local
14 unit. The state treasurer shall prescribe the forms to be used
15 by local units for preparation of the financial reports. The
16 ~~governing body of a~~ local unit may request an extension of the
17 filing date from the state treasurer, and the state treasurer may
18 grant the request for reasonable cause. ~~The state treasurer~~
19 ~~shall grant a 60-day extension if the local unit presents evi-~~
20 ~~dence to the state treasurer that the audit is in progress, and~~
21 ~~will be completed within 180 days after the end of the fiscal~~
22 ~~year.~~

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

25 Sec. 7. (1) The state treasurer shall prescribe minimum
26 auditing procedures and standards and these shall conform as
27 nearly as practicable to generally accepted auditing standards

1 established by the American institute of certified public
2 accountants.

3 (2) A report of the auditing procedures applied in each
4 audit shall be prepared on a form provided for this purpose by
5 the state treasurer.

6 (3) One copy of every audit report and 1 copy of the report
7 of auditing procedures applied shall be filed with the state
8 treasurer.

9 (4) The copy of the audit report and the copy of the report
10 of auditing procedures applied required by subsection (3) shall
11 be filed with the state treasurer within ~~120 days~~ 6 MONTHS
12 after the end of the fiscal year of a local unit for which an
13 audit has been performed pursuant to section 5. The ~~governing~~
14 ~~body of a~~ local unit may request an extension of the filing date
15 from the state treasurer, and the state treasurer may grant the
16 request for reasonable cause. ~~The state treasurer shall grant a~~
17 ~~60-day extension if the local unit presents evidence to the state~~
18 ~~treasurer that the audit is in progress, and will be completed~~
19 ~~within 180 days after the end of the fiscal year.~~

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

21 (a) State that the audit has been conducted in accordance
22 with generally accepted auditing standards and with the standards
23 prescribed by the state treasurer.

24 (b) State that financial statements in such reports have
25 been prepared in accordance with generally accepted accounting
26 principles ~~applied on a consistent basis~~ and with applicable
27 rules and regulations of any state department or agency. Any

1 deviations from such principles, rules, or regulations shall be
2 described.

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

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

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

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

26 (3) The chief administrative officer shall transmit the
27 recommended budget to the legislative body according to an

1 appropriate time schedule developed by the local unit. The
2 schedule shall allow adequate time for review AND ADOPTION by the
3 legislative body before commencement of the budget year. The
4 recommended budget, when transmitted by the chief administrative
5 officer, shall be accompanied by a suggested general appropria-
6 tions act to implement the budget. The suggested general appro-
7 priations act shall fulfill the requirements of section 16.

8 (4) The recommended budget transmitted by the chief adminis-
9 trative officer shall be considered by the legislative body.

10 (5) The chief administrative officer shall furnish to the
11 legislative body information the legislative body requires for
12 proper consideration of the recommended budget. ~~This may~~
13 ~~include expenditure and revenue data on the local unit's most~~
14 ~~recently completed fiscal year.~~ Before final passage of a gen-
15 eral appropriations act by the legislative body, a public hearing
16 shall be held as required by ~~Act No. 43 of the Public Acts of~~
17 ~~the Second Extra Session of 1963, being sections 141.411 to~~
18 ~~141.415 of the Michigan Compiled Laws 1963 (2ND EX SESS) PA 43,~~
19 ~~MCL 141.411 TO 141.415, and Act No. 267 of the Public Acts of~~
20 ~~1976, as amended, being sections 15.261 to 15.275 of the Michigan~~
21 ~~Compiled Laws THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO~~
22 15.275.

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

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

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

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

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

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

12 (e) The amount of surplus or deficit that has accumulated
13 from prior fiscal years, together with an estimate of the amount
14 of surplus or deficit expected in the current fiscal year. The
15 inclusion of the amount of an authorized debt obligation to fund
16 a deficit shall be sufficient to satisfy the requirement of fund-
17 ing the amount of a deficit estimated under this subdivision.

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

22 ~~(g) The amount of proposed capital outlay expenditures,~~
23 ~~except those financed by enterprise, public improvement or build-~~
24 ~~ing and site, or special assessment funds, including the esti-~~
25 ~~mated total cost and proposed method of financing of each capital~~
26 ~~construction project and the projected additional annual~~
27 ~~operating cost and the method of financing the operating costs of~~

1 ~~each capital construction project for 3 years beyond the fiscal~~
 2 ~~year covered by the budget.~~

3 ~~(h) An informational summary of projected revenues and~~
 4 ~~expenditures of any special assessment funds, public improvement~~
 5 ~~or building and site funds, intragovernmental service funds, or~~
 6 ~~enterprise funds, including the estimated total cost and proposed~~
 7 ~~method of financing each capital construction project, and the~~
 8 ~~projected additional annual operating cost and the method of~~
 9 ~~financing the operating costs of each capital construction~~
 10 ~~project for 3 years beyond the fiscal year covered by the~~
 11 ~~budget.~~

12 (G) ~~(i)~~ Other data relating to fiscal conditions that the
 13 chief administrative officer ~~or, in local units which have not~~
 14 ~~elected or designated a chief administrative officer, the fiscal~~
 15 ~~officer~~ considers to be useful in considering the financial
 16 needs of the local unit.

17 (2) The total estimated expenditures, including an accrued
 18 deficit, in the budget shall not exceed the total estimated reve-
 19 nues, including an available unappropriated surplus and the pro-
 20 ceeds from bonds or other obligations issued under the fiscal
 21 stabilization act or the balance of the principal of these bonds
 22 or other obligations.

23 Sec. 16. (1) Unless another method for adopting a budget is
 24 provided by a charter provision in effect on April 1, 1980, the
 25 legislative body of each local unit shall pass a general appro-
 26 priations act for all funds except trust or agency,
 27 ~~intragovernmental~~ INTERNAL service, enterprise, ~~public~~

1 ~~improvement or building and site, or special assessment~~ DEBT
2 SERVICE OR CAPITAL PROJECT funds for which the legislative body
3 may pass a special appropriation act.

4 (2) The general appropriations act shall set forth the total
5 number of mills of ad valorem property taxes to be levied and the
6 purposes for which that millage is to be levied. The amendatory
7 act that added this subsection shall be known and may be cited as
8 "the truth in budgeting act".

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

14 (4) The general appropriations act shall be consistent with
15 uniform charts of accounts prescribed by the state treasurer or,
16 for local school districts and intermediate school districts, by
17 the state board of education.

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

21 (6) The legislative body shall determine the amount of money
22 to be raised by taxation necessary to defray the expenditures and
23 meet the liabilities of the local unit for the ensuing fiscal
24 year, shall order that money to be raised by taxation, within
25 statutory and charter limitations, and shall cause the money
26 raised by taxation to be paid into the funds of the local unit.

1 (7) Except as otherwise permitted by section 102 of the
2 state school aid act of 1979, ~~Act No. 94 of the Public Acts of~~
3 ~~1979, being section 388.1702 of the Michigan Compiled Laws 1979~~
4 PA 94, MCL 388.1702, or by other law, the legislative body shall
5 not adopt a general appropriations act or an amendment to that
6 act which causes estimated total expenditures, including an
7 accrued deficit, to exceed total estimated revenues, including an
8 available surplus and the proceeds from bonds or other obliga-
9 tions issued under the fiscal stabilization act, ~~Act No. 80 of~~
10 ~~the Public Acts of 1981, being sections 141.1001 to 141.1011 of~~
11 ~~the Michigan Compiled Laws 1981 PA 80, MCL 141.1001 TO 141.1011,~~
12 or the balance of the principal of these bonds or other
13 obligations.

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

26 (2) If, during a fiscal year, it appears to the chief
27 administrative officer ~~, or the fiscal officer in local units~~

1 ~~which have not elected or designated a chief administrative~~
2 ~~officer,~~ or to the legislative body that the actual and probable
3 revenues from taxes and other sources in a fund are less than the
4 estimated revenues, including an available surplus upon which
5 appropriations from the fund were based and the proceeds from
6 bonds or other obligations issued under the fiscal stabilization
7 act, ~~Act No. 80 of the Public Acts of 1981, being~~
8 ~~sections 141.1001 to 141.1011 of the Michigan Compiled Laws~~ 1981
9 PA 80, MCL 141.1001 TO 141.1011, or the balance of the principal
10 of these bonds or other obligations, the chief administrative
11 officer or fiscal officer shall present to the legislative body
12 recommendations which, if adopted, would prevent expenditures
13 from exceeding available revenues for that current fiscal year.
14 The recommendations shall include proposals for reducing appro-
15 priations from the fund for budgetary centers in a manner that
16 would cause the total of appropriations to not be greater than
17 the total of revised estimated revenues of the fund, or proposals
18 for measures necessary to provide revenues sufficient to meet
19 expenditures of the fund, or both. The recommendations shall
20 recognize the requirements of state law and the provisions of
21 collective bargaining agreements.

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

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

6 (3) Except as otherwise provided in section 19, an adminis-
7 trative officer of the local unit shall not incur expenditures
8 against an appropriation account in excess of the amount appro-
9 priated by the legislative body. The chief administrative offi-
10 cer, ~~the fiscal officer,~~ an administrative officer, or an
11 employee of the local unit shall not apply or divert money of the
12 local unit for purposes inconsistent with those specified in the
13 appropriations of the legislative body.

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

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

25 Sec. 20. A violation of sections 17 to 19 by the chief
26 administrative officer, ~~the fiscal officer,~~ an administrative
27 officer, employee, or member of the legislative body of the local

1 unit disclosed in an audit of the financial records and accounts
2 of the local unit in the absence of reasonable procedures in use
3 by the local unit to detect such violations shall be filed with
4 the state treasurer and reported by the state treasurer to the
5 attorney general. For local and intermediate school districts,
6 the report of a violation shall be filed with the state superin-
7 tendent of public instruction instead of the state treasurer.
8 The attorney general shall review the report and initiate appro-
9 priate action against the chief administrative officer, fiscal
10 officer, administrative officer, employee, or member of the leg-
11 islative body. For the use and benefit of the local unit, the
12 attorney general or prosecuting attorney may institute a civil
13 action in a court of competent jurisdiction for the recovery of
14 funds of a local unit, disclosed by an examination to have been
15 illegally expended or collected as a result of malfeasance and
16 not accounted for as provided in sections 17 to 19, and for the
17 recovery of public property disclosed to have been converted or
18 misappropriated.