

SENATE BILL No. 949

May 21, 2014, Introduced by Senators MARLEAU and KOWALL and referred to the Committee on Appropriations.

A bill to amend 1968 PA 2, entitled "Uniform budgeting and accounting act," by amending sections 1, 2c, 5, 14, 15, 16, 17, 18, 19, and 20a (MCL 141.421, 141.422c, 141.425, 141.434, 141.435, 141.436, 141.437, 141.438, 141.439, and 141.440a), sections 1, 2c, 14, 15, 17, and 19 as amended by 2000 PA 493, section 5 as amended by 1996 PA 146, and sections 16 and 18 as amended by 2013 PA 172, and by adding section 13a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

1 accounts shall conform as nearly as practicable to the uniform
2 standards as set forth by the governmental accounting standards
3 board or by a successor organization that establishes national
4 generally accepted accounting standards and is determined
5 acceptable to the state treasurer. The official who by law or
6 charter is charged with the responsibility for the financial
7 affairs of the local unit shall ~~insure~~ **ENSURE** that the local unit
8 accounts are maintained and kept in accordance with the **UNIFORM**
9 chart of accounts. **THE CHIEF ADMINISTRATIVE OFFICER FOR A LOCAL**
10 **UNIT SHALL PRESENT TO THE LEGISLATIVE BODY OF THE LOCAL UNIT A**
11 **RECOMMENDED BUDGET AND PROPOSED GENERAL APPROPRIATIONS ACT THAT**
12 **CONFORMS TO THE UNIFORM CHART OF ACCOUNTS.** The state treasurer may
13 ~~also~~ **SHALL** publish standard operating procedures and forms ~~for the~~
14 ~~guidance of~~ **APPLICABLE TO** local units in establishing and
15 maintaining uniform accounting **AND THE UNIFORM CHART OF ACCOUNTS IN**
16 **COMPLIANCE WITH THIS ACT.**

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

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

24 (a) Disclosure by the certified public accountant or the
25 department of treasury in an audit report required by section 5 or
26 6 that the local unit has failed to establish or maintain the
27 uniform chart of accounts required by subsection (1).

(b) Disclosure by the department of treasury in a special examination report that the local unit has failed to establish or maintain the uniform chart of accounts required by subsection (1).

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

(d) Disclosure from another state agency.

(e) Department of treasury records indicate that the audit required under section 5 has not been performed or filed and is delinquent, and that the local unit is subject to the provisions of section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921.

(F) INFORMATION PROVIDED BY THE CHIEF ADMINISTRATIVE OFFICER, MEMBER OF THE LEGISLATIVE BODY, OR OTHER OFFICER OF THE LOCAL UNIT.

(4) The state treasurer, in performing the services under subsection (2) or (3), may make a determination that the local unit cannot adequately establish or maintain the uniform chart of accounts without additional assistance, advice, or instruction from the state treasurer. ~~The~~ **IF THE STATE TREASURER MAKES THIS DETERMINATION, THE** state treasurer shall submit a written report of the findings and recommendations to the governing body of the local unit. The local unit shall retain, within 90 days after receipt of this report, the services of a certified public accountant or the state treasurer to perform the needed additional services and shall notify, by resolution of the governing body, the state treasurer of such action. Upon failure of the local unit to respond within the

1 90-day period, the state treasurer shall perform the necessary
2 services to adequately establish or maintain the uniform chart of
3 accounts.

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

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

15 (2) "General appropriations act" means the ~~budget as~~ **ORDINANCE**
16 **OR RESOLUTION** adopted **FOR A LOCAL UNIT** by the legislative body or
17 as otherwise given legal effect pursuant to a charter provision in
18 effect on the effective date of this section **THAT AUTHORIZES**
19 **EXPENDITURES BY THE LOCAL UNIT CONSISTENT WITH THE BUDGET.**

20 Sec. 5. ~~(1) A local unit having a population of less than~~
21 ~~4,000 shall obtain an audit of its financial records, accounts, and~~
22 ~~procedures not less frequently than biennially. However, if any~~
23 ~~audit under this subsection discloses a material deviation by the~~
24 ~~local unit from generally accepted accounting practices or from~~
25 ~~applicable rules and regulations of a state department or agency or~~
26 ~~discloses any fiscal irregularity, defalcation, misfeasance,~~
27 ~~nonfeasance, or malfeasance, the department of treasury may require~~

1 ~~an audit to be conducted in the next year.~~

2 (1) ~~(2) A~~ FOR A FISCAL YEAR OF A LOCAL UNIT ENDING AFTER JUNE
3 30, 2014, ~~A local unit having a population of 4,000 or more shall~~
4 obtain an annual audit of its financial records, accounts, and
5 procedures. AN AUDIT REQUIRED UNDER THIS SECTION SHALL BE COMPLETED
6 NOT LESS THAN 150 DAYS AFTER THE END OF THE FISCAL YEAR.

7 (2) IF A LOCAL UNIT FAILS TO COMPLY WITH SUBSECTION (1), THE
8 DEPARTMENT OF TREASURY SHALL PERFORM OR CONTRACT FOR THE NECESSARY
9 SERVICES TO COMPLETE THE AUDIT ON BEHALF OF THE LOCAL UNIT.

10 (3) THE DEPARTMENT OF TREASURY SHALL CHARGE THE LOCAL UNIT FOR
11 SERVICES PERFORMED AND RELATED EXPENSES INCURRED UNDER SUBSECTION
12 (2), AND THE LOCAL UNIT SHALL PAY THE STATE TREASURER FOR THESE
13 EXPENSES. THE STATE TREASURER MAY EXECUTE A CONTRACT WITH THE LOCAL
14 UNIT FOR THE PAYMENT OR, IF A CONTRACT IS NOT EXECUTED, PROVIDE
15 MONTHLY INVOICES TO THE LOCAL UNIT.

16 SEC. 13A. (1) FOR A FISCAL YEAR OF A LOCAL UNIT ENDING AFTER
17 JUNE 30, 2014, A LOCAL UNIT SHALL NOT ADOPT OR OPERATE UNDER A
18 DEFICIT BUDGET AND SHALL NOT INCUR AN OPERATING DEFICIT IN A FUND
19 DURING A FISCAL YEAR.

20 (2) IF A LOCAL UNIT HAS AN EXISTING DEFICIT FUND BALANCE,
21 INCURS A DEFICIT FUND BALANCE IN THE MOST RECENTLY COMPLETED FISCAL
22 YEAR, OR ADOPTS A BUDGET FOR A FISCAL YEAR THAT PROJECTS A DEFICIT
23 FUND BALANCE, THE LOCAL UNIT SHALL IMMEDIATELY NOTIFY THE STATE
24 TREASURER.

25 (3) WITHIN 90 DAYS AFTER NOTIFYING THE STATE TREASURER UNDER
26 SUBSECTION (2), THE LOCAL UNIT SHALL FORMULATE AND SUBMIT TO THE
27 STATE TREASURER, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT

1 OF TREASURY, A DEFICIT ELIMINATION PLAN FOR EVALUATION AND
 2 CERTIFICATION THAT THE PLAN WILL ASSURE ELIMINATION OF THE DEFICIT.
 3 IF REQUESTED BY A LOCAL UNIT, THE DEPARTMENT OF TREASURY MAY ASSIST
 4 THAT LOCAL UNIT IN THE FORMULATION AND IMPLEMENTATION OF THE PLAN.
 5 UPON CERTIFICATION BY THE STATE TREASURER, THE LOCAL UNIT SHALL
 6 IMPLEMENT THE PLAN.

7 (4) THE STATE TREASURER MAY RECOGNIZE A FINANCIAL PLAN TO
 8 CORRECT A DEFICIT CONDITION SUBMITTED UNDER SECTION 303 OF THE
 9 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2303, OR SECTION
 10 921 OF THE GLENN STEIL STATE REVENUE SHARING ACT OF 1971, 1971 PA
 11 140, MCL 141.921, AS SATISFYING THE REQUIREMENT FOR A DEFICIT
 12 ELIMINATION PLAN UNDER THIS SECTION.

13 (5) IF A LOCAL UNIT FAILS TO COMPLY WITH THIS SECTION, THE
 14 STATE TREASURER MAY WITHHOLD STATE FUNDS OTHERWISE PAYABLE TO THE
 15 LOCAL UNIT TO THE EXTENT THE STATE TREASURER DETERMINES NECESSARY
 16 TO ASSURE COMPLIANCE WITH THIS SECTION BY THE LOCAL UNIT.

17 Sec. 14. (1) Unless otherwise provided by law, charter,
 18 resolution, or ordinance, the chief administrative officer ~~shall~~
 19 ~~have~~ **IN EACH LOCAL UNIT HAS** final responsibility for budget
 20 preparation, presentation of ~~the~~ **A RECOMMENDED** budget to the
 21 legislative body, and the control of expenditures under the budget
 22 and the general appropriations act.

23 (2) Unless another person is designated by charter, the chief
 24 administrative officer in each local unit shall prepare the
 25 recommended annual budget for the ensuing fiscal year in the manner
 26 provided in sections 15 to 20a. The budgetary centers of the local
 27 unit shall provide to the chief administrative officer information

1 ~~which~~ the chief administrative officer considers necessary and
2 essential to the preparation of a budget for the ensuing fiscal
3 period for presentation to the local unit's legislative body. Each
4 administrative officer or employee of a budgetary center shall
5 comply promptly with a request for information ~~which~~ the chief
6 administrative officer makes.

7 (3) The chief administrative officer shall transmit the
8 recommended budget to the legislative body according to an
9 appropriate time schedule developed by the local unit. The schedule
10 shall allow adequate time for review and adoption by the
11 legislative body before commencement of the budget year. The
12 recommended budget, when transmitted by the chief administrative
13 officer, shall be accompanied by a ~~suggested~~ **PROPOSED** general
14 appropriations act to implement the budget. **THE CHIEF**

15 **ADMINISTRATIVE OFFICER FOR A LOCAL UNIT SUBJECT TO SECTION 1 SHALL**
16 **PRESENT A RECOMMENDED BUDGET AND PROPOSED GENERAL APPROPRIATIONS**
17 **ACT THAT CONFORMS TO THE UNIFORM CHART OF ACCOUNTS. THE CHIEF**
18 **ADMINISTRATIVE OFFICER FOR A LOCAL UNIT SUBJECT TO THE REQUIREMENTS**
19 **OF SECTION 622 OR 1281 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL**
20 **380.622 AND 380.1281, SHALL PRESENT A RECOMMENDED BUDGET AND**
21 **PROPOSED GENERAL APPROPRIATIONS ACT THAT CONFORMS TO THE BASIC**
22 **ACCOUNTING SYSTEM PRESCRIBED BY THE DEPARTMENT OF EDUCATION. The**
23 ~~suggested~~ **PROPOSED** general appropriations act shall fulfill the
24 requirements of section 16. **A PROPOSED GENERAL APPROPRIATIONS ACT**
25 **MAY NOT ADOPT A RECOMMENDED BUDGET BY REFERENCE.**

26 (4) The **LEGISLATIVE BODY SHALL CONSIDER THE** recommended budget
27 **AND PROPOSED GENERAL APPROPRIATIONS ACT** transmitted by the chief

1 administrative officer. ~~shall be considered by the legislative~~
2 ~~body.~~

3 (5) The chief administrative officer shall furnish to the
4 legislative body information the legislative body requires for
5 proper consideration of the recommended budget **AND PROPOSED GENERAL**
6 **APPROPRIATIONS ACT**. Before final passage of a general
7 appropriations act by the legislative body, **THE LEGISLATIVE BODY**
8 **SHALL HOLD** a public hearing ~~shall be held~~ as required by 1963 (2nd
9 Ex Sess) PA 43, MCL 141.411 to 141.415, and the open meetings act,
10 1976 PA 267, MCL 15.261 to 15.275.

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

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

15 (b) An estimate of the expenditure amounts required to
16 conduct, in the ensuing fiscal year, the government of the local
17 unit, including its budgetary centers.

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

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

22 (e) The amount of surplus or deficit that has accumulated from
23 prior fiscal years, together with an estimate of the amount of
24 surplus or deficit expected in the current fiscal year. The
25 inclusion of the amount of an authorized debt obligation to fund a
26 deficit shall be sufficient to satisfy the requirement of funding
27 the amount of a deficit estimated under this subdivision.

1 (f) An estimate of the amounts needed for deficiency,
2 contingent, or emergency purposes.

3 (g) Other data relating to fiscal conditions that the chief
4 administrative officer considers to be useful in considering the
5 financial needs of the local unit.

6 (H) FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
7 PUBLIC SCHOOL ACADEMY REQUIRED TO SUBMIT A PERIODIC FINANCIAL
8 STATUS REPORT UNDER SECTION 1219 OF THE REVISED SCHOOL CODE, 1976
9 PA 451, MCL 380.1219, OR AN ENHANCED DEFICIT ELIMINATION PLAN UNDER
10 SECTION 1220 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1220,
11 OTHER DATA RELATING TO FISCAL CONDITIONS THAT THE STATE TREASURER
12 CONSIDERS TO BE USEFUL IN CONSIDERING THE FINANCIAL NEEDS OF THE
13 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
14 ACADEMY IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF
15 TREASURY.

16 (I) FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, ALL OF THE
17 FOLLOWING:

18 (i) PUPIL COUNTS FOR PUPILS IN MEMBERSHIP IN THE SCHOOL
19 DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE CURRENT FISCAL YEAR AND
20 THE 2 PRIOR FISCAL YEARS, AS DETERMINED UNDER THE STATE SCHOOL AID
21 ACT OF 1979, 1979 PA 94, MCL 388.1601 TO 388.1896, AND PROJECTED
22 PUPIL COUNTS FOR PUPILS IN MEMBERSHIP IN THE SCHOOL DISTRICT OR
23 PUBLIC SCHOOL ACADEMY FOR THE NEXT 3 FISCAL YEARS.

24 (ii) PROJECTED CASH FLOW FOR THE SCHOOL DISTRICT OR PUBLIC
25 SCHOOL ACADEMY FOR THE REMAINDER OF THE CURRENT FISCAL YEAR AND
26 PROJECTED CASH FLOW FOR THE NEXT 3 FISCAL YEARS.

27 (iii) A CASH FLOW BORROWING RATIO FOR THE CURRENT FISCAL YEAR,

1 THE PRIOR 2 FISCAL YEARS, AND A PROJECTED CASH FLOW BORROWING RATIO
2 FOR THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBPARAGRAPH, "CASH
3 FLOW BORROWING RATIO" MEANS THE QUOTIENT OF THE SUM OF THE TOTAL
4 AMOUNT OF ANY TAX ANTICIPATION NOTES ISSUED BY THE SCHOOL DISTRICT
5 OR PUBLIC SCHOOL ACADEMY IN THE FISCAL YEAR AND THE TOTAL AMOUNT OF
6 ANY STATE SCHOOL AID ANTICIPATION NOTES ISSUED BY THE SCHOOL
7 DISTRICT OR PUBLIC SCHOOL ACADEMY IN THE FISCAL YEAR DIVIDED BY THE
8 TOTAL GENERAL FUND REVENUE FOR THE FISCAL YEAR.

9 (iv) AN OPERATING RESERVE RATIO FOR THE CURRENT FISCAL YEAR,
10 THE PRIOR 2 FISCAL YEARS, AND A PROJECTED OPERATING RESERVE RATIO
11 FOR THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBPARAGRAPH,
12 "OPERATING RESERVE RATIO" MEANS THE QUOTIENT OF THE GENERAL FUND
13 BALANCE DIVIDED BY THE TOTAL GENERAL FUND EXPENDITURES FOR A FISCAL
14 YEAR.

15 (v) AN OPERATING MARGIN RATIO FOR THE CURRENT FISCAL YEAR, THE
16 PRIOR 2 FISCAL YEARS, AND A PROJECTED OPERATING MARGIN RATIO FOR
17 THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBPARAGRAPH, "OPERATING
18 MARGIN RATIO" MEANS THE QUOTIENT OF THE DIFFERENCE BETWEEN THE
19 TOTAL GENERAL FUND REVENUE AND TOTAL GENERAL FUND EXPENDITURES FOR
20 A FISCAL YEAR DIVIDED BY THE TOTAL GENERAL FUND REVENUE FOR THE
21 FISCAL YEAR.

22 (vi) A FUND BALANCE CHANGE RATIO FOR THE CURRENT FISCAL YEAR,
23 THE PRIOR 2 FISCAL YEARS, AND A PROJECTED FUND BALANCE CHANGE RATIO
24 FOR THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBPARAGRAPH, "FUND
25 BALANCE CHANGE RATIO" MEANS THE QUOTIENT OF THE PRIOR FISCAL YEAR
26 GENERAL FUND BALANCE AND THE CURRENT FISCAL YEAR GENERAL FUND
27 BALANCE DIVIDED BY THE PRIOR FISCAL YEAR GENERAL FUND BALANCE.

(2) The total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act, 1981 PA 80, MCL 141.1001 TO 141.1011, AND THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942, or the balance of the principal of these bonds or other obligations.

Sec. 16. (1) Unless another method for adopting a budget is provided by a charter provision in effect on April 1, 1980, the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act.

(2) ~~The~~ **IF THE LOCAL UNIT IS AUTHORIZED TO LEVY AD VALOREM PROPERTY TAXES, THE** general appropriations act shall set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied. The amendatory act that added this subsection shall be known and may be cited as "the truth in budgeting act".

(3) The general appropriations act shall set forth the amounts appropriated by the legislative body to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year. **THE GENERAL APPROPRIATIONS ACT MAY NOT ADOPT A RECOMMENDED BUDGET BY REFERENCE. AN APPROPRIATION INCLUDED WITHIN A GENERAL APPROPRIATIONS ACT IS**

1 NOT A MANDATE TO SPEND.

2 (4) The general appropriations act shall be consistent with
3 **AND MAY NOT ALTER THE** uniform charts of accounts prescribed by the
4 state treasurer or, for local school districts and intermediate
5 school districts, by the ~~state board~~ **DEPARTMENT** of education.

6 (5) This act shall not be interpreted to mandate the
7 development or adoption by a local unit of a line-item budget or
8 line-item general appropriations act. **IF A SCHOOL DISTRICT,**
9 **INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IS SUBJECT**
10 **TO AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION 1220 OF THE**
11 **REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1220, THE ENHANCED**
12 **DEFICIT ELIMINATION PLAN MAY REQUIRE THE SCHOOL DISTRICT,**
13 **INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO DEVELOP**
14 **OR ADOPT A LINE-ITEM BUDGET OR LINE-ITEM GENERAL APPROPRIATIONS**
15 **ACT, OR BOTH.**

16 (6) ~~The~~ **IF THE LOCAL UNIT IS AUTHORIZED TO LEVY TAXES, THE**
17 legislative body shall determine the amount of money to be raised
18 by taxation necessary to defray the expenditures and meet the
19 liabilities of the local unit for the ensuing fiscal year ~~7~~ **UNDER**
20 **THE GENERAL APPROPRIATIONS ACT,** shall order that money to be raised
21 by taxation, within statutory and charter limitations, and shall
22 cause the money raised by taxation to be paid into the funds of the
23 local unit.

24 (7) Except as otherwise permitted by section 102 of the state
25 school aid act of 1979, 1979 PA 94, MCL 388.1702, or by other law,
26 the legislative body shall not adopt a general appropriations act
27 or an amendment to that act which causes estimated total

1 expenditures, including an accrued deficit, to exceed total
2 estimated revenues, including an available surplus and the proceeds
3 from bonds or other obligations issued under the fiscal
4 stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, **OR THE**
5 **EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942,**
6 or the balance of the principal of these bonds or other
7 obligations.

8 Sec. 17. (1) Except as otherwise provided in section 19, a
9 deviation from the original general appropriations act shall not be
10 made without amending the general appropriations act. Subject to
11 section 16(2), the legislative body of the local unit shall amend
12 the general appropriations act as soon as it becomes apparent that
13 a deviation from the ~~original~~ general appropriations act **THEN IN**
14 **EFFECT** is necessary and the amount of the deviation can be
15 determined. **FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR**
16 **PUBLIC SCHOOL ACADEMY SUBJECT TO AN ENHANCED DEFICIT ELIMINATION**
17 **PLAN UNDER SECTION 1220 OF THE REVISED SCHOOL CODE, 1976 PA 451,**
18 **MCL 380.1220, THE LEGISLATIVE BODY OF THE SCHOOL DISTRICT,**
19 **INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY SHALL AMEND**
20 **THE GENERAL APPROPRIATIONS ACT AS SOON AS THE STATE TREASURER**
21 **NOTIFIES THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR**
22 **PUBLIC SCHOOL ACADEMY THAT COMPLIANCE WITH THE ENHANCED DEFICIT**
23 **ELIMINATION PLAN REQUIRES A DEVIATION FROM THE GENERAL**
24 **APPROPRIATIONS ACT THEN IN EFFECT WITH THE AMOUNT OF THE DEVIATION**
25 **CONSISTENT WITH THE AMOUNT REQUESTED BY THE STATE TREASURER.** An
26 amendment shall indicate each intended alteration in the purpose of
27 each appropriation item affected by the amendment. The legislative

~~body may require that the chief administrative officer or fiscal officer~~ **OF A LOCAL UNIT SHALL** provide ~~it~~ **THE LEGISLATIVE BODY OF THE LOCAL UNIT** with periodic reports, **NOT LESS THAN QUARTERLY**, on the financial condition of the local unit.

(2) If, during a fiscal year, it appears to the chief administrative officer or to the legislative body that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including an available surplus upon which appropriations from the fund were based and the proceeds from bonds or other obligations issued under the fiscal stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, **OR THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942,** or the balance of the principal of these bonds or other obligations, the chief administrative officer or fiscal officer shall present to the legislative body recommendations which, if adopted, would prevent expenditures from exceeding available revenues for that current fiscal year. **FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, IF DURING A FISCAL YEAR IT APPEARS TO THE CHIEF ADMINISTRATIVE OFFICER OR LEGISLATIVE BODY OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY THAT ACTUAL PUPIL MEMBERSHIP WITHIN THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY DURING THE FISCAL YEAR WILL BE LESS THAN THE PROJECTED PUPIL MEMBERSHIP UPON WHICH THE GENERAL APPROPRIATIONS ACT THEN IN EFFECT WAS BASED, THE CHIEF ADMINISTRATIVE OFFICER SHALL PRESENT TO THE LEGISLATIVE BODY RECOMMENDATIONS THAT, IF ADOPTED, SHOULD PREVENT EXPENDITURES FROM EXCEEDING AVAILABLE**

1 **REVENUES FOR THE FISCAL YEAR.** The recommendations **UNDER THIS**
 2 **SUBSECTION** shall include proposals for reducing appropriations from
 3 the fund for budgetary centers in a manner that would cause the
 4 total of appropriations to not be greater than the total of revised
 5 estimated revenues of the fund, or proposals for measures necessary
 6 to provide revenues sufficient to meet expenditures of the fund, or
 7 both. The recommendations shall recognize the requirements of state
 8 law and the provisions of collective bargaining agreements.

9 Sec. 18. (1) A member of the legislative body, chief
 10 administrative officer, administrative officer, or employee **OR**
 11 **OTHER OFFICER** of the local unit shall not create a debt or incur a
 12 financial obligation on behalf of the local unit unless the debt or
 13 obligation is permitted by law.

14 (2) The chief administrative officer may cause the
 15 appropriations ~~made by the legislative body~~ **AUTHORIZED IN THE**
 16 **GENERAL APPROPRIATIONS ACT** for the local unit and its budgetary
 17 centers to be divided into allotments if the allotments are based
 18 upon the periodic requirements of the local unit and its budgetary
 19 centers **AND CONSISTENT WITH THE UNIFORM CHART OF ACCOUNTS FOR THE**
 20 **LOCAL UNIT. FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR**
 21 **PUBLIC SCHOOL ACADEMY SUBJECT TO AN ENHANCED DEFICIT ELIMINATION**
 22 **PLAN UNDER SECTION 1220 OF THE REVISED SCHOOL CODE, 1976 PA 451,**
 23 **MCL 380.1220, THE STATE TREASURER MAY REQUIRE THE CHIEF**
 24 **ADMINISTRATIVE OFFICER OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL**
 25 **DISTRICT, OR PUBLIC SCHOOL ACADEMY TO CAUSE APPROPRIATIONS**
 26 **AUTHORIZED IN THE GENERAL APPROPRIATIONS ACT FOR THE SCHOOL**
 27 **DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO**

1 BE DIVIDED INTO ALLOTMENTS.

2 (3) Except as otherwise provided in section 19, **THE CHIEF**
 3 **ADMINISTRATIVE OFFICER**, an administrative officer, **OR AN EMPLOYEE**
 4 **OR OTHER OFFICER** of the local unit shall not incur expenditures
 5 against an appropriation account in excess of the amount
 6 appropriated by the legislative body. ~~The~~ **EXCEPT FOR TRANSFERS**
 7 **AUTHORIZED UNDER SECTION 19(2) OR BY CHARTER OR LAW, THE** chief
 8 administrative officer, an administrative officer, or an employee
 9 **OR OTHER OFFICER** of the local unit shall not apply or divert money
 10 of the local unit for purposes inconsistent with those specified in
 11 the ~~appropriations of the legislative body.~~ **GENERAL APPROPRIATIONS**
 12 **ACT.**

13 (4) No duties shall be delegated to the chief administrative
 14 officer that diminish any charter or statutory responsibilities of
 15 an elected or appointed official. **NO DUTIES OF A CHIEF**
 16 **ADMINISTRATIVE OFFICER UNDER THIS ACT OR ANY CHARTER PROVISION OR**
 17 **LAW MAY BE DIMINISHED OR TRANSFERRED EXCEPT AS EXPRESSLY AUTHORIZED**
 18 **BY CHARTER OR LAW.**

19 Sec. 19. (1) ~~A~~ **EXCEPT FOR TRANSFERS AUTHORIZED UNDER**
 20 **SUBSECTION (2) OR BY CHARTER OR LAW, A** member of the legislative
 21 body, the chief administrative officer, an administrative officer,
 22 or an employee **OR OTHER OFFICER** of a local unit shall not authorize
 23 or participate in the expenditure of funds except as authorized by
 24 a general appropriations act. ~~An~~ **EXCEPT FOR TRANSFERS AUTHORIZED**
 25 **UNDER SUBSECTION (2) OR BY CHARTER OR LAW, AN** expenditure shall not
 26 be incurred except in pursuance of the ~~authority and appropriations~~
 27 ~~of the legislative body of the local unit.~~ **GENERAL APPROPRIATIONS**

1 **ACT THEN IN EFFECT.**

2 (2) The legislative body in a general appropriations act may
3 permit the chief administrative officer to execute transfers within
4 limits stated in the act between appropriations **OR BUDGETARY**
5 **CENTERS WITHIN THE LOCAL UNIT** without the prior approval of the
6 legislative body.

7 Sec. 20a. (1) The department of treasury shall publish
8 ~~suggested manuals, forms, and operating procedures which may~~ **THAT**
9 **SHALL** be used by local units in complying with this act. These
10 manuals, forms, and procedures shall be designed to account for the
11 various kinds and sizes of local units, except that the suggested
12 manuals, forms, and operating procedures which may be used by
13 intermediate school districts and local school districts shall be
14 developed by the superintendent of public instruction and shall be
15 promulgated by the superintendent of public instruction pursuant to
16 ~~Act No. 306 of the Public Acts of 1969, as amended, being sections~~
17 ~~24.201 to 24.315 of the Michigan Compiled Laws.~~ **THE ADMINISTRATIVE**
18 **PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328.**

19 (2) The ~~suggested~~ manuals, forms, and operating procedures
20 described in subsection (1) shall be developed **AND MAY BE**
21 **PERIODICALLY UPDATED** by an advisory committee selected by the
22 department of treasury composed of persons from the department of
23 education, other interested state agencies, local units,
24 associations of local units, and other interested or concerned
25 groups.

26 (3) The department of treasury shall provide, ~~or~~ **AND SHALL**
27 cooperate in the provision of, training and educational programs to

1 assist local units to comply with this act. THE DEPARTMENT OF
2 EDUCATION SHALL PROVIDE, AND SHALL COOPERATE IN THE PROVISION OF,
3 TRAINING AND EDUCATIONAL PROGRAMS TO ASSIST SCHOOL DISTRICTS,
4 INTERMEDIATE SCHOOL DISTRICTS, AND PUBLIC SCHOOL ACADEMIES TO
5 COMPLY WITH THIS ACT.

6 Enacting section 1. This amendatory act does not take effect
7 unless all of the following bills of the 97th Legislature are
8 enacted into law:

9 (a) Senate Bill No. ____ or House Bill No. ____ (request no.
10 04995'14 *).

11 (b) Senate Bill No. ____ or House Bill No. ____ (request no.
12 04996'14 *).