

Navigating Treasury's New Electronic Filing Requirements

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- ▶ Michigan Department of Treasury
- ▶ Michigan.gov/MunicipalFinance
- ▶ For Questions Contact:
 - ▶ Treas_MunicipalFinance@Michigan.gov
 - ▶ (517) 373-3227 (option 0)

Bulletins, Instructions, Document Search & File Reports

▶ Michigan.gov/MunicipalFinance

▶ Bulletins

- ▶ See Bulletins 6, 8-10

▶ Municipal Finance Forms

- ▶ See Instructions for Numbers 1428, 1432, 1435, and 5047
- ▶ Selecting form number takes you to the Electronic Filing System.

▶ File and Search Reports

The screenshot displays the Michigan Department of Treasury website. The main navigation bar includes links for TAXES, UNCLAIMED PROPERTY, LOCAL GOVERNMENT, STATE AND AUTHORITY FINANCE, and REPORTS & LEGAL. The 'LOCAL GOVERNMENT' section is expanded to show 'Local Government Financial Services'. Within this section, the 'File and Search Reports' button is highlighted with a red box. Below this, the 'Municipal Finance' section is also highlighted with a red box, listing various resources such as 'Municipal Finance Forms', 'Borrowing Process Flowchart', 'Qualifying Statement', 'Bonded Construction Fund and Sinking Fund Audits', 'School Audit Reports', 'Bulletins', 'Michigan Finance Authority (MFA)', 'Deficit Elimination Plan', and 'Deficit Elimination Plan Upload'. Other sections visible include 'Accounting and Auditing' and 'Related Statutes'. The footer contains information about the Treasurer, communications, other resources, and state web sites.

Document Search Site & File Online Reports

▶ Document Search

- ▶ Qualifying Statements
- ▶ Qualifying Statement Reconsiderations
- ▶ Prior Approval Applications
- ▶ Link to MDE Website for School Audits

▶ File Online Reports

- ▶ Request Access New User
 - ▶ Complete form
 - ▶ You will be emailed a temporary password.
 - ▶ After logging in, you will be required to create a new password.
- ▶ Forgot Password
 - ▶ Enter UserID & Email Address to reset password
- ▶ Forgot UserID &/or Password
 - ▶ Must contact the Community Engagement Finance Division at (517) 373-3227 (option 4)

Electronic Filing

▶ **Qualifying Statements (since 2013)**

- ▶ Series of 13 questions to determine if the municipality complies with certain requirements of statute
- ▶ First step before issuing debt.

▶ **Prior Approval (since 2016)**

- ▶ Denied Qualified Status, Issuing a Line of Credit, or Exemption request
- ▶ Benefits
 - ▶ Complete filings
 - ▶ Only provide information pertinent to type of borrowing
 - ▶ Quicker approval times

▶ **Security Reports (coming in future)**

- ▶ Certain documents required by statute that reports issuance of municipal securities to the State.
- ▶ Refer to Public Act 34 of 2001 MCL 141.2319
- ▶ Refer to Public Act 470 of 2002 MCL 129.177

Qualifying Statement - Common Errors

- ▶ Qualifying Statement
 - ▶ Read each question carefully
 - ▶ #2a Enter the total fund balance remaining in all unlimited tax levy funded debt retirement funds at the end of the FY for which this QS is being submitted.
 - ▶ #2b Enter the total amount of principal and interest payments due the FY immediately following the fiscal year for which this QS is being submitted for all outstanding municipal securities funded from an unlimited tax levy.
 - ▶ Unlimited tax levy only.
 - ▶ #7a Enter the total dollar amount of the property taxes levied by the municipality that became delinquent as of the most recent March 1.
 - ▶ Delinquent taxes do not include amount made whole by county.
 - ▶ #7b Enter the total dollar amount of property taxes that were levied by the municipality in the calendar year related to the delinquencies.
 - ▶ Delinquent taxes on top, total tax levy on bottom.

Qualifying Statement - Common Errors (Continued)

- ▶ #10 If the municipality ended the fiscal year for which this qualifying statement is being submitted with a deficit in any fund, has a deficit elimination plan been certified by the Department of Treasury (or by the Department of Education as applicable)?
 - ▶ If no deficits, answer N/A.
- ▶ #12 Has the municipality been in compliance of the provisions of Public Act 34 of 2001, including the timely filing of a security report, filing fee and any other required documents for each municipal security issued during the fiscal year for which this qualified statement has been submitted.
 - ▶ Read carefully.

Prior Approval Applications

- ▶ Short-Term (≤ 1 year)
- ▶ Long-Term (> 1 year)
- ▶ Exemptions (NPV loss, discount $> 10\%$, no rating $> \$5M$)

Prior Approval - Required Documents and Common Errors

- ▶ Short Term – Required Documents :
 - ▶ Authorizing Resolution.
 - ▶ Cash Flow.
 - ▶ Compliance Letter.
 - ▶ If resolution approved at a special meeting, and members absent - Proof of Call/Waiver of Notice.
- ▶ Short Term – Common Errors:
 - ▶ Incomplete or unsigned Authorizing Resolution.
 - ▶ Negative Cash Flow with inclusion of the borrowing through the repayment of the borrowing.
 - ▶ Amount of Total Principal is inconsistent.
 - ▶ Borrowing Against Fiscal Year Question.
 - ▶ If your application was not approved, you will need to submit an amended application.

Prior Approval - Required Documents and Common Errors (Continued)

- ▶ Long Term – Required Documents:
 - ▶ Authorizing Resolution.
 - ▶ Maturity Schedule.
 - ▶ Compliance Letter.
 - ▶ If resolution approved at a special meeting, and members absent - Proof of Call/Waiver of Notice.
- ▶ Long-Term – Common Errors
 - ▶ Incomplete or unsigned Authorizing Resolution.
 - ▶ Maturity Schedule lacking in details.
 - ▶ Amount of Total Principal is inconsistent.
 - ▶ Read the following application questions carefully:
 - ▶ Does the first principal payment occur within five years after the date of issuance?
 - ▶ Are all principal payments in any year beyond four years from the date of issuance greater than 20% of the principal payments in any subsequent year?
 - ▶ If your application was not approved, you will need to submit an amended application.

5:1 Ratio Example

- ▶ Every year after the fourth year from the issue date, the principal must be 20% or greater than the largest subsequent principal.
- ▶ Refer to Public Act 34 of 2001, MCL 141.2503.

EXHIBIT A

Limited Tax General Obligation Bonds
(Sanitary Sewer Project), Series 2006

Due March 1

Series 2006A Bond

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2007	\$31,000	2027	\$ 77,000
2008	33,000	2028	80,000
2009	35,000	2029	84,000
2010	36,000	2030	88,000
2011	38,000	2031	91,000
2012	40,000	2032	96,000
2013	41,000	2033	100,000
2014	43,000	2034	104,000
2015	45,000	2035	109,000
2016	47,000	2036	114,000
2017	49,000	2037	119,000
2018	52,000	2038	124,000
2019	54,000	2039	130,000
2020	56,000	2040	136,000
2021	59,000	2041	142,000
2022	62,000	2042	148,000
2023	64,000	2043	155,000
2024	67,000	2044	162,000
2025	70,000	2045	169,000
2026	73,000	2046	177,000

$$177,000 \div 5 = 35,400$$

Prior Approval - Helpful Tips

- ▶ Have bond counsel review application before submitting.
 - ▶ Fill out except for one question and save.
 - ▶ Send copy to bond counsel.
 - ▶ Finish filling out and save.
- ▶ Bond counsel obtain user ID and password.
 - ▶ Create application to look at dynamic options.
 - ▶ Do not submit application (unless submitting on behalf of school).
- ▶ If looking for State Aid Note approval by end of third week of July, submit applications prior to July 1st.
- ▶ Contact your Chief Administrative Officer or check the document search site for determination letters.

Borrowing Process Flowchart

Michigan Department of Treasury
Municipal Finance Section
Borrowing Process Flowchart

Michigan.gov/MunicipalFinance
Treas_MunicipalFinance@Michigan.gov
(517) 373-3227

