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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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# Bulletin 6

## Public Act 34 of 2001, Revised Municipal Finance Act

### Qualifying Statement Revisions; Changes to Filing Process

**Issued By:** Local Audit and Finance Division, Bureau of Local Government Services

**Effective Date: May 1, 2013**

Section 303(2) of Public Act 34 of 2001, the Revised Municipal Finance Act, requires each municipality to file an annual Qualifying Statement with the Department of Treasury within six months of the end of its fiscal year, or as otherwise provided by law. The Department is required to determine, within 30 business days of receiving the Qualifying Statement, whether the municipality should be granted or denied qualifying status. If the Department grants qualified status, or fails to notify the municipality of its determination within 30 business days, the municipality then is authorized to issue municipal securities under the Act without further approval from the Department until 30 business days after the next Qualifying Statement is due, or until a new determination is made by the Department, whichever occurs first.

1. The purpose of this bulletin is threefold: 1) it introduces a revised Qualifying Statement, now Form 5047; 2) it addresses a new method to electronically file the Qualifying Statement, and; 3) it addresses a new process to submit a reconsideration request.

2. Qualifying Statement Form: The online Qualifying Statement form has undergone minor revisions in an effort to clarify certain questions, add some new questions to better mirror the statutory qualification criteria, and overall, become more user-friendly. Some of the specific changes include:

    a. Information buttons added to form to provide interactive instruction.
    b. Added a question asking for the municipal code (municode) under which the audit is filed, i.e., an authority included in the primary unit's audit.
    c. Eliminated the requirement to enter state equalized value (SEV) and population.
    d. Separated compound questions.
    e. Added a question that specifically asks about debt limitation compliance as authorized by Section 303(3)(f) of the Revised Municipal Finance Act.
    f. Added a question that asks about security report and other post-issuance filing compliance stemming from the authorization granted in Section 303(3)(o).
    g. Eliminated questions or statements in which the Department already has the answer such as the timely filing of an audit report and operating under a local government fiscal responsibility act.

The revised Qualifying Statement will be the official Qualifying Statement form effective May 1, 2013. The new form and a link to the on-line filing are available on the Department of Treasury's website at www.michigan.gov/municipalfinance. Starting May 1, 2013, Qualifying Statements will not be accepted in any other manner than stated below.

3. Electronic Filing: The manner and form in which a Qualifying Statement is submitted is changed in the following ways:

    a. The Qualifying Statement form is a portable document form (PDF) that can be downloaded and saved. The form is fillable so once it is completed it can be saved with all the data intact.
    b. Starting May 1, 2013, the Qualifying Statement will no longer be completed online and submitted. Instead, the completed PDF is to be uploaded through the Department of Treasury website in a manner similar to filing an audit report. The upload page can be found at www.michigan.gov/municipalfinance. Choose the Online Qualifying Statement link.
    c. **Each uploaded file must use the appropriate naming convention**, which is the municipality's six digit municode + fiscal year + QStmt (Example: 7830402012QStmt). The system will only accept one Qualifying Statement per fiscal year per municipality.
    d. The username and password used for the Qualifying Statement system prior to May 1, 2013 **cannot** be used for this new system. Please call the Local Audit and Finance Division at 517-373-3227 to obtain a new username and password.

The purpose for the change in the way the Qualifying Statement is filed is to utilize one system for all forms filed with the Local Audit and Finance Division. It is our intention to convert forms such as the prior approval application and security report to a similar electronic filing process in the near future.

The benefit of this system is that it gives you the ability to save a copy of the Qualifying Statement as submitted. The new system allows us to determine qualified status within a 48 hour period in most cases. Status letters will be posted in the same manner as they are now.

Although Public Act 34 of 2001 requires the Chief Administrative Officer (CAO) to file the Qualifying Statement, we will allow that responsibility to be designated to a different individual as long as the CAO is aware of and takes responsibility for the filing. For instance, the filing may be more efficiently accomplished by your audit firm, which likely already uploads your audit report (this might also ensure a timelier filing of the Qualifying Statement.) The filer will be required to indicate on the Qualifying Statement form if they are the CAO or the designee. Should the municipality choose to use its CPA, it is not necessary for the municipality to obtain a username and password. It is likely the CPA already has a username and password for filing audits and the same can be used to file the Qualifying Statement.

4. Reconsideration Request: Public Act 34 of 2001 allows a municipality to file a reconsideration request to correct noncompliance issues identified in the original Qualifying Statement filing. This process will change as well. A municipality will submit a reconsideration using the same PDF form completing it in its entirety with the correct or amended information with a statement in the comment area to indicate why the information was changed. The reconsideration request will be filed in the same manner as the Qualifying Statement. However, the file naming convention will be different. In the case of a Reconsideration Request, the file must be named using the following: six digit municode + fiscal year + QSrecon (Example: 7830402012QSrecon). The system will only accept one reconsideration request per fiscal year.

5. This bulletin is issued pursuant to Section 201(b) of the Revised Municipal Finance Act which authorizes the Department to issue bulletins or adopt rules to carry out the purposes of the Act.

For questions or to obtain a username/password, please contact the Local Audit and Finance Division at 517-373-3227.