Municipal Finance Borrowing Process Flowchart

Michigan Department of Treasury

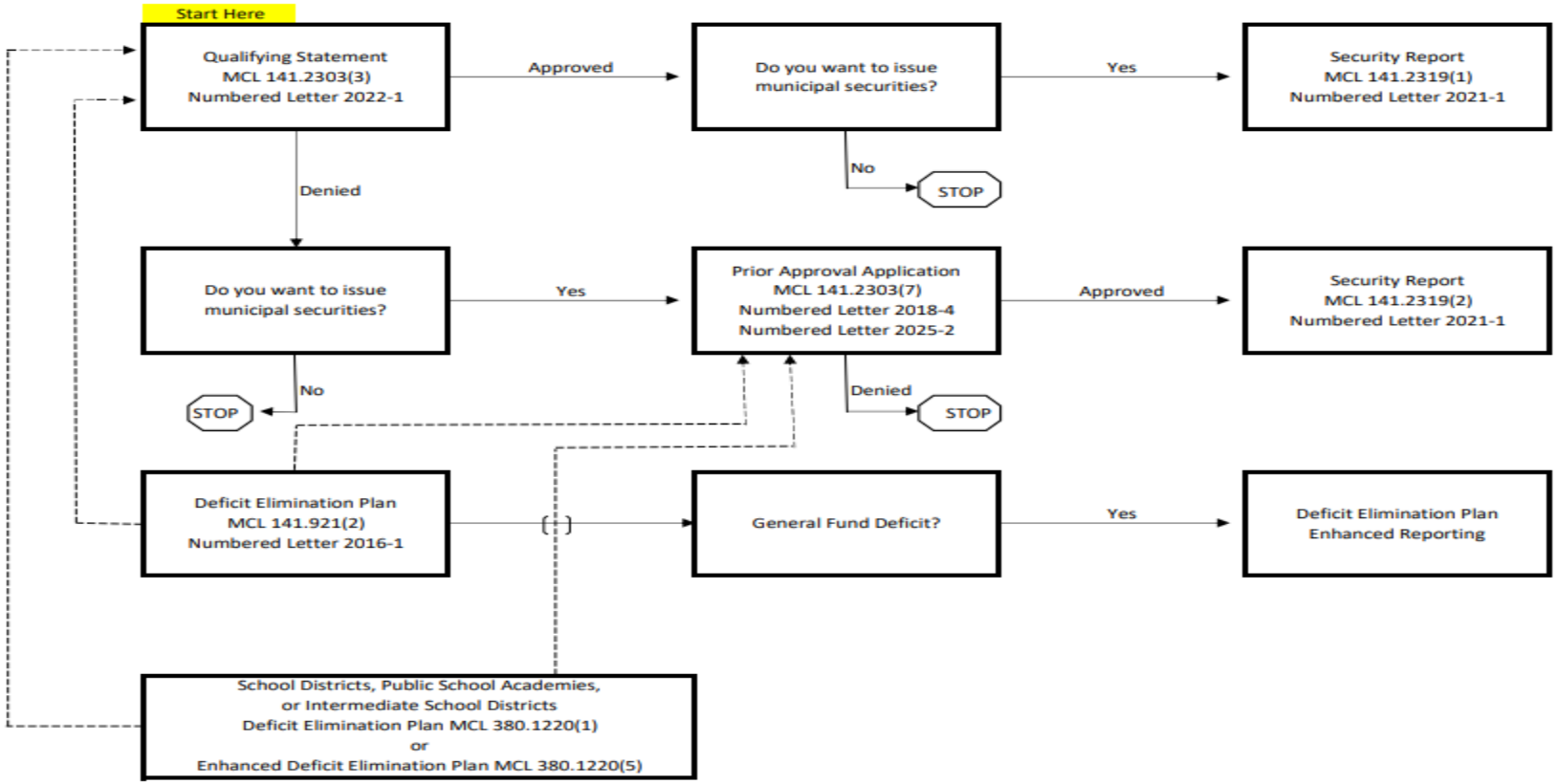
Last Updated December 12, 2025

The flowchart outlines the decision-making and reporting steps required for Michigan municipalities and school districts when considering the issuance of municipal securities such as bonds or notes. It begins with a general starting point and branches based on whether the entity is approved or denied at various stages.

Key components include:

1. **Decision Points**:
    - At each stage, approval leads to the next step, while denial results in an alternative approval path or a termination of the process.
2. **Qualifying Statement**:
    - Required under MCL 141.2303(3), as referenced in Numbered Letter 2022-1.
3. **Prior Approval Application**:
    - If the entity wants to issue municipal securities and its Qualifying Statement was denied, it must submit a prior approval application under MCL 141.2303(7), with guidance from Numbered Letters 2018-4 and 2025-2.
4. **Deficit Considerations**:

- If the entity has a general fund deficit, it must follow either:
  - For municipalities a **Deficit Elimination Plan** under MCL 141.921(2), or
  - For school districts a **Deficit Elimination Plan** or **Enhanced Deficit Elimination Plan** under MCL 380.1220(1) or (5).

5. **Security Report**:

- Required under MCL 141.2319(1) or (2), depending on the situation, with guidance from Numbered Letter 2021-1.