

Act No. 127
Public Acts of 2001
Approved by the Governor
October 11, 2001
Filed with the Secretary of State
October 15, 2001
EFFECTIVE DATE: October 15, 2001

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2001**

Introduced by Rep. Kuipers

ENROLLED HOUSE BILL No. 4384

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, and intermediate school districts; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, and intermediate school districts; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending section 622 (MCL 380.622), as amended by 1997 PA 47.

The People of the State of Michigan enact:

Sec. 622. (1) The intermediate school board shall select financial institutions for the deposit of school funds. The intermediate school board shall keep a set of coded accounts to be approved by the superintendent of public instruction and shall have its books audited at least annually by a certified public accountant. General operating funds, building and site funds, cooperative education funds, special education funds, vocational-technical education funds, and debt retirement funds shall be maintained separately and shall not be commingled, except that the intermediate school board, by resolution, may authorize the treasurer to combine money from more than 1 fund for the purpose of making an investment authorized by subsection (2)(g).

(2) The treasurer of an intermediate school district, if authorized by resolution of the intermediate school board, may invest general operating funds, special education funds, area vocational-technical education funds, building and site funds, cooperative education funds, and debt retirement funds of the district. Investments shall be made subject to subsection (4) and shall be restricted to any of the following:

- (a) Bonds, bills, or notes of the United States or obligations of this state.
- (b) Certificates of deposit issued by a financial institution.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- (e) United States government or federal agency obligation repurchase agreements.
- (f) Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.

(g) Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by an intermediate school district.

(h) Mutual funds composed entirely of investment vehicles that are legal for direct investment by an intermediate school district.

(3) The earnings of an investment shall become a part of the fund from which the investment was made. When money of more than 1 fund of a single intermediate school district or money of more than 1 intermediate school district are combined for an investment pool authorized by subsection (2)(g), the money shall be accounted for separately, and the earnings from the investment shall be separately and individually computed, recorded, and credited to the fund or intermediate school district, as the case may be, for which the investment was acquired.

(4) Notwithstanding subsection (2), additional funds of an intermediate school district shall not be deposited or invested in a financial institution that is not eligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.

(5) Assets acceptable for pledging to secure deposits of funds under this act are limited to any of the following:

(a) Assets considered acceptable to the state treasurer under section 3 of 1855 PA 105, MCL 21.143, to secure deposits of state surplus funds.

(b) Any of the following:

(i) Securities issued by the federal home loan mortgage corporation.

(ii) Securities issued by the federal national mortgage association.

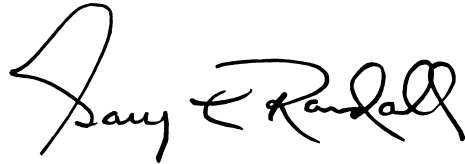
(iii) Securities issued by the government national mortgage association.

(c) Securities considered acceptable to the intermediate school board and the financial institution.

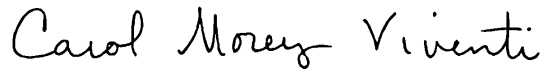
(6) As used in this section, "deposit" includes purchases of or investment in shares of a credit union.

(7) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.