

# HOUSE BILL No. 4384

February 28, 2001, Introduced by Rep. Kuipers and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending section 622 (MCL 380.622), as amended by 1997 PA 47.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 622. (1) The intermediate school board shall select  
2 financial institutions for the deposit of school funds. ~~It~~ THE  
3 INTERMEDIATE SCHOOL BOARD shall keep a set of coded accounts to  
4 be approved by the ~~state board~~ SUPERINTENDENT OF PUBLIC  
5 INSTRUCTION and shall have its books audited at least annually by  
6 a certified public accountant. General operating funds, building  
7 and site funds, cooperative education funds, special education  
8 funds, vocational-technical education funds, and debt retirement  
9 funds shall be maintained separately and shall not be commingled,  
10 except that the ~~board of an~~ intermediate school ~~district~~  
11 BOARD, by resolution, may authorize the treasurer to combine

1 money from more than 1 fund for the purpose of making an  
2 investment authorized by subsection (2)(g).

3 (2) The treasurer of an intermediate school district, if  
4 authorized by resolution of the intermediate school board, may  
5 invest general operating funds, special education funds, area  
6 vocational-technical education funds, building and site funds,  
7 cooperative education funds, and debt retirement funds of the  
8 district. Investments shall be made ~~under~~ SUBJECT TO subsec-  
9 tion (4) and shall be restricted to ANY OF the following:

10 (a) Bonds, bills, or notes of the United States or obliga-  
11 tions of ~~the~~ THIS state.

12 (b) Certificates of deposit issued by a financial  
13 institution.

14 (c) Commercial paper rated prime at the time of purchase and  
15 maturing not more than 270 days after the date of purchase.

16 (d) Securities issued or guaranteed by agencies or instru-  
17 mentalities of the United States government.

18 (e) United States government or federal agency obligation  
19 repurchase agreements.

20 (f) Bankers' acceptances issued by a bank that is a member  
21 of the federal deposit insurance corporation.

22 (g) Investment pools, as authorized by the surplus funds  
23 investment pool act, 1982 PA 367, MCL 129.111 to 129.118, com-  
24 posed entirely of instruments that are legal for direct invest-  
25 ment by an intermediate school district.

1 (H) MUTUAL FUNDS COMPOSED ENTIRELY OF INVESTMENT VEHICLES  
2 THAT ARE LEGAL FOR DIRECT INVESTMENT BY AN INTERMEDIATE SCHOOL  
3 DISTRICT.

4 (3) The earnings of an investment shall become a part of the  
5 fund from which the investment was made. When money of more than  
6 1 fund of a single intermediate school district or money of more  
7 than 1 intermediate school district are combined for an invest-  
8 ment pool authorized by subsection (2)(g), the money shall be  
9 accounted for separately, and the earnings from the investment  
10 shall be separately and individually computed, recorded, and  
11 credited to the fund or INTERMEDIATE SCHOOL district, as the case  
12 may be, for which the investment was acquired.

13 (4) Notwithstanding subsection (2), additional funds of an  
14 intermediate school district shall not be deposited or invested  
15 in a financial institution ~~which~~ THAT is not eligible to be a  
16 depository of surplus funds belonging to this state under section  
17 6 of 1855 PA 105, MCL 21.146.

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

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

23 (b) Any of the following:

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

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

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

3       (c) Securities considered acceptable to the INTERMEDIATE  
4 SCHOOL board and the financial institution.

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

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