



Top Five Things to Know About: Financial Reporting & Audit Report

1. Annual Debt Statement

- Due 30 days after close of the fiscal year
- Debt limit shall not exceed 3.5% of three-year average equalized valuation
- To exceed the debt limit the governing body must apply to the Local Finance Board
- School districts can absorb "unused" municipal capacity if they exceed their own limit (which varies by type of district - maximum of 4%)
- Self-liquidating utilities do not affect the net debt

2. Annual Financial Statement

- Due 40 days after close of the fiscal year
- Annual Financial Statement presents the financial position of the municipality as of the close of the fiscal year. It provides closing amounts of surplus, tax collection rate, results of operations, and outstanding debt and required maturities. Also includes municipal utilities.
- Vital for preparation, introduction and adoption of annual municipal budget

3. Audit Report

- Due six months after close of fiscal year
- Filed by a Registered Municipal Accountant (RMA) appointed by the governing body
- Governing body is required to review and sign Group Affidavit within 45 days of receipt of audit

4. Audit Opinions and Management Letter

- Governing body should meet with the auditor to discuss findings and recommendations

5. Corrective Action Plan

- Due 60 days after the filing of the Audit Report with the governing body
- Requires the Chief Financial Officer to file and describe how the local unit will correct the problems identified in the Audit
- The governing body should follow up with appropriate officials

For more information contact:

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