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RUSSELL A. OLSON
AUDITOR GENERAL

December 31, 2023

TO: Finance Officers of Small Municipalities

FROM: Rod Fortin, Director of Local Government Assistance

RE: 2023 Municipal Annual Report Forms

Annual report forms and related instructions for use in completing your 2023 annual financial report can be found on DLA's website at <http://legislativeaudit.sd.gov/resources/resources.aspx>. These forms are to be completed by municipalities that receive less than \$600,000 in total revenue AND are not engaging in continuous audits (an internal control review is not an audit.)

Complete the original forms and make copies for distribution. Exhibits 1 and 2 are the only forms required to be published.

SDCL 9-22-21 requires the annual financial report to be **submitted to the governing body** no later than the first regular meeting of May of each year and that the report be **published** in the official newspaper, or any other newspaper as the governing body may direct within thirty days after the report is made to the governing body or on completion of an annual audit. SDCL 9-22-21 also requires that by the last day of May each year the financial officer shall **file** a copy of the report with the Department of Legislative Audit.

SDCL 4-11-4 authorizes the auditor general to accept an annual report in lieu of a formal audit of the records of a municipality that receives less than \$600,000 in revenue in any one year. The failure to file an annual report places a city in noncompliance and subject to the ramifications thereof. However, if your municipality has **spent \$750,000** or more of federal financial assistance in 2023, that year may be required to be audited. If you have any questions, contact me at 367-5810.

File by E-mail: sheri.doolittle@state.sd.us OR rod.fortin@state.sd.us

File by Fax: 1-844-509-6554

File by Mail: Department of Legislative Audit
427 S. Chapelle
C/O 500 E. Capitol Avenue
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MUNICIPAL ANNUAL REPORT INSTRUCTIONS

Small Municipalities

The municipal annual report forms for municipalities of the third class are designed to be a simplified financial report. The statements are not intended to be presented in conformity with generally accepted accounting principles. The annual report forms consist of the following:

- (a) Exhibit 1 - Statement of Fund Cash Balances -- All Funds
- (b) Exhibit 2 - Statement of Receipts, Disbursements and Changes in Fund Cash Balance -- All Funds
- (c) Exhibit 3 - Statement of Changes in Long-Term Debt

STATEMENT DISTRIBUTION

Copies of each statement should be prepared, and the report forms should be distributed as follows:

- (a) Original of all statements - to the Department of Legislative Audit
- (b) Copy of Exhibit 1 and Exhibit 2 - to the official newspapers
- (c) Copy of all statements - retained by municipality

If your city is to receive an audit of the year 2023, then both the audit report and the annual report should eventually be filed with the Department of Legislative Audit.

STATEMENT PREPARATION

Exhibit 1 - Statement of Fund Cash Balances - All Funds

This statement will show the fund cash balances for all individual funds as of December 31. The total cash assets for each fund must equal the fund cash balance for each fund (bottom line of Exhibit 2, page 3).

Exhibit 2 - Statements of Receipts, Disbursements and Changes in Fund Cash Balances -- All Funds

This statement will show beginning cash balances, receipts, transfers in, disbursements, transfers out and ending cash balances for all individual funds for the period January 1 through December 31. The ending fund cash balance of each individual fund on page 3 of this statement must agree with the fund cash balance of each fund as reported on Exhibit 1. Receipts and disbursements should be classified as to their nature in the manner which the records have them classified. Transfers in must equal transfers out.

Exhibit 3 - Statement of Changes in Long-Term Debt

This statement will show the beginning balances of all debt payable by type as of January 1, the new debt acquired, and debt retired during the year and the debt payable as of December 31. Interest payments should not be reported (principal only).