

CR 84-66

CERTIFICATE OF RULE ADOPTION

STATE OF WISCONSIN)
DEPARTMENT OF REVENUE) SS

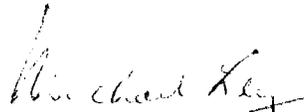
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JAN 14 1985
1:45 pm
Revisor of Statutes
Bureau

I, Michael Ley, Secretary of the Department of Revenue and custodian of the official records of said department do hereby certify that the annexed rules relating to financial reports to be filed by certain municipalities and counties were duly approved and adopted by this department on January 8, 1985.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY, WHEREOF, I have hereunto set my hand at 125 South Webster Street in the City of Madison, this 8th day of January, 1985.



Michael Ley
Secretary of Revenue

3-1-85

ORDER OF THE DEPARTMENT OF REVENUE
CREATING RULES

.....
IN THE MATTER creating Chapter Tax 16 relating .
to financial reports to be filed by certain .
municipalities and counties. .
.....

Analysis Prepared by the Department of Revenue

This rule requires all municipalities and counties with a population of 25,000 or more to annually file with the department, audited financial statements prepared in accordance with generally accepted accounting principles beginning with financial statements for the year ending December 31, 1986. In addition, forms for schedules that relate to those financial statements are prescribed to assist the department in administering local aids programs and for other reporting purposes. Filing dates are established and penalties are provided for noncompliance.

Statement of Statutory Authority

Pursuant to the authority vested in the department of revenue by s. 73.10(2)(b), Stats., the department hereby creates Chapter Tax 16 interpreting s. 73.10(2)(a), (2)(b), (3), (4) & (6) as follows:

SECTION 1. Chapter Tax 16 is created to read:

Tax 16.01 PURPOSE. The purpose of this chapter is to establish standards and procedures for the collection of financial information from towns, villages, cities and counties.

Tax 16.02 SCOPE. This chapter is applicable to all towns, villages, cities and counties with a population of 25,000 or more according to the latest population estimate made by the state department of administration pursuant to s. 16.96, Stats. Any town, village, city or county whose population declines below 25,000 after December 31, 1986 shall continue to be governed by this chapter.

Tax 16.03 DEFINITIONS. (1) "General purpose financial statements" are those financial statements, including disclosure notes, necessary to fairly present financial position and operating results and changes in financial position of the proprietary fund types in conformity with generally accepted accounting principles. They are listed as follows:

- (a) Combined balance sheet - all fund types and account groups.
- (b) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and similar trust funds.

(c) Combined statement of revenues, expenditures and changes in fund balances - budget and actual - general and special revenue fund types and similar governmental fund types for which annual budgets have been legally adopted.

(d) Combined statement of revenues, expenses and changes in retained earnings or equity - all proprietary fund types and similar trust funds.

(e) Combined statement of changes in financial position - all proprietary fund types and similar trust funds.

(f) Notes to the financial statements.

(2) "Generally accepted accounting principles" means those governmental accounting and financial reporting principles promulgated by the national council on governmental accounting.

(3) "Generally accepted auditing standards" means those standards approved and adopted by the membership of the American Institute of Certified Public Accountants.

(4) "Local aid programs" means the following:

(a) State shared revenues.

(b) Federal revenue sharing.

(c) Local transportation aids.

(d) State payments for municipal services.

(5) "Local government" means a town, village, city or county.

(6) "Schedules" means a financial presentation used to provide detailed information supporting general purpose financial statements in conformity with the provisions of this chapter.

Tax 16.04 SCHEDULES. (1) The governing body of each local government subject to this chapter shall provide for and cause to be prepared the following schedules required by the department for administration of local aid programs and other reporting purposes.

(a) A schedule of revenues and expenditures - all governmental fund types and expendable trust funds.

(b) A schedule of revenues and expenses - all proprietary fund types and similar trust funds.

(c) A schedule of specified receipt, disbursement and other data.

(d) A schedule of allocations.

(e) A schedule of indebtedness.

(2) The required schedules shall be prepared on the forms provided by the department and in accordance with instructions issued by the department. Local governments may elect to submit the required schedules on their own forms so long as those forms meet the specifications established by the department. Local governments electing to submit their own forms shall submit an example of their forms for review and approval by the department prior to December 31 of the year for which the schedules are to be prepared.

(3) The required schedules shall be filed with the department within the time specified under s. 86.303(5)(c) or (d), Stats. Information in the schedules shall be complete and accurate.

(4) The expense of preparing the required schedules shall be the obligation of the local government for which the schedules were prepared.

(5) Upon failure, refusal or neglect of any local government to file the required schedules in compliance with the provisions of this chapter, the department may prepare or cause to be prepared the required schedules at the expense of the local government. The department shall notify the local government of the daily charge for preparing the required schedules prior to the commencement of any work.

(6) Receipt of an audited financial report and schedules submitted pursuant to s. Tax 16.05(4)(e) prior to the due date established by sub. (3) of this section will satisfy the requirements of this section.

Tax 16.05 AUDITED FINANCIAL REPORT AND SCHEDULES. (1) The governing body of each local government subject to this chapter shall provide for and cause to be prepared an audited financial report of the financial status and activities of all funds of the local government and the schedules enumerated in s. Tax 16.04(1) accompanied by an auditor's report.

(2) The audited financial report shall include the following:

(a) Table of contents.

(b) Auditor's report.

(c) The general purpose financial statements.

(d) Combining statements by fund type for all fund types for which more than one fund is reported.

(3) Schedules enumerated in s. Tax 16.04(1) shall be accompanied by an auditor's report on the supplemental information contained in those schedules. Certain amounts shown on the schedules enumerated in s. Tax 16.04(1) shall agree with or be reconciled to certain amounts reported in the general purpose financial statements, par. (2)(c) in accordance with instructions issued by the department.

(4) (a) The governing body of each local government subject to this chapter shall provide for and cause to be conducted an annual audit of all the funds and account groups of the local government.

(b) The annual audit shall be conducted in accordance with generally accepted auditing standards by either a certified public accountant licensed to practice in the state of Wisconsin; or by a licensed public accountant, licensed on or before December 31, 1970 by the Wisconsin accounting examining board.

(c) The auditor's report in the financial report required by s. Tax 16.05(2) shall contain an unqualified opinion with respect to the combined financial statements taken as a whole, or if an unqualified opinion cannot be expressed, a qualified opinion, adverse opinion or a disclaimer of opinion together with an explanation of the reasons therefore. The auditor's report accompanying the schedules required by s. Tax 16.05(3) shall contain an opinion as to whether the supplemental information submitted as schedules is fairly stated in all material respects in relation to the financial report's combined financial statements taken as a whole. The auditor's opinion, unqualified, qualified, adverse or a disclaimer, with respect to the supplemental information in the schedules shall be at least the equivalent of the auditor's opinion with respect to the combined financial statements in the financial report.

(d) The expense of audits required by sub. (4)(a) shall be the obligation of the local government for which the audit is made.

(e) The local government shall submit together one copy of its audited financial report and schedules to the department within 30 days after its completion, but not later than July 31 of the year following the year for which the report and schedules were prepared.

(5) Upon failure, refusal or neglect of any local government to file the required financial report and schedules in compliance with the provisions of this chapter, the department may prepare or cause to be prepared the required financial report and schedules at the expense of the local government. The department shall notify the local government of the daily charge for preparing the required financial report and schedules prior to the commencement of any work.

Tax 16.06 COMPLIANCE. (1) Compliance with provisions of this chapter will release the unit of local government from any obligation to file the current financial report form authorized under s. 73.10(2)(a), Stats. Reports prescribed by this chapter should be prepared from accounting records maintained by the local government and should relate directly to those records.

(2) The department shall review schedules and financial reports filed pursuant to this chapter to determine compliance with standards and procedures prescribed by this chapter.

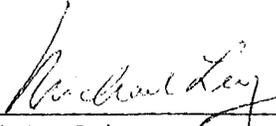
(3) The department may inspect and examine or cause an inspection and examination of the records of local government filing schedules or financial reports under this chapter.

(4) The department may review the auditor's workpapers prepared during audits conducted pursuant to this chapter to determine compliance.

The rules contained in this proposed order shall first apply to schedules and financial reports covering the fiscal year ending December 31, 1986.

Dated: Jan 2, 1985

DEPARTMENT OF REVENUE



Michael Ley
Secretary of Revenue

Note 1: Copies of the draft schedules required by s. Tax 16.04(1) and the specifications referenced in s. Tax 16.04(2) may be obtained from:

Wisconsin Department of Revenue
Division of State/Local Finance
125 South Webster Street
P.O. Box 8933
Madison, WI 53708

Telephone: (608) 266-1611

These schedules are new forms that substitute for the current annual financial report form filed by governmental units with the department of revenue.

Note 2: Generally accepted accounting principles and generally accepted auditing standards may be examined at the office of the administrator, division of state/local finance, 2nd floor, 125 South Webster Street, Madison. Generally accepted accounting principles may be obtained from:

National Council on Governmental Accounting
180 North Michigan Avenue
Chicago, IL 60601-7476

Generally accepted auditing standards may be obtained from:

American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036

Note 3: The financial report referenced in s. Tax 16.05 represents the audited financial statements of local governmental units commonly referred to as an audit report or a comprehensive annual financial report and may include other statements, schedules and statistical information presented at the discretion of the local governmental unit.



State of Wisconsin \ DEPARTMENT OF REVENUE

January 8, 1985

Anthony S. Earl
Governor

Michael Ley
Secretary

125 SOUTH WEBSTER STREET
P.O. BOX 8933
MADISON, WISCONSIN 53708

Mr. Douglas LaFollette
Secretary of State
244 West Washington
Madison, WI 53702

Mr. Orlan L. Prestegard
Revisor of Statutes
411 West, State Capitol
Madison, WI 53702

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JAN 14 1985

Revisor of Statutes
Bureau

Dear Secretary LaFollette and Mr. Prestegard:

Enclosed is a certified copy of the administrative rule Tax 16 adopted by the Department of Revenue and an Order of the Department of Revenue Adopting Rules.

These materials are filed with you pursuant to s. 227.023(1), Stats. Please return the proof copy to Thomas Birrenkott before publication.

Sincerely,

Michael Ley
Secretary of Revenue

ML:1mm
Enclosure

cc: Prentice-Hall, Inc.
Commerce Clearing House, Inc.