

Reporting the Results of the Audit

**Municipal Assistance Center
Vermont League of Cities and Towns**

Sarah Jarvis, Staff Attorney II
William Hall, Senior Financial Consultant



MARCH 2016

Session Topics

Legal Requirements of the Auditors Report
Distribution of the Report
Practical Considerations
Examples



MARCH 2016

Contents of the Report

Auditors' Report \neq Town Report



MARCH 2016

Contents of the Report

The contents of the annual audit report must comply with the requirements of Vermont Statutes.

“The report shall show a detailed statement of the financial condition of such town for its fiscal year.”

24 V.S.A. § 1683



MARCH 2016

Contents of the Report

The report must contain all of the following:

- **Summary of receipts and expenditures**
- **List of all outstanding orders and payables more than 30 days past due**
- **Deficit, if one exists**

All towns, even those that otherwise operate on a cash basis, must report their deficit using the accrual method

- **Condition of all trust funds**
- **Bonds and notes outstanding**

24 V.S.A. § 1683



Contents of the Report

Deficit: “the excess of the current liabilities and liability reserves of the fund over its current assets; or, where the fund has also other resources and obligations, the excess of its obligations over its resources.”

- Current assets are those which are available or can be made readily available to meet the cost of operations.
- Current liabilities are those liabilities which are payable within a relatively short period of time, usually no longer than a year.
- A fund is a sum of money or other resource set aside for the purpose of carrying on specific activities or attaining certain objectives...and constituting an independent fiscal and accounting...



24 V.S.A. § 1523

MARCH 2016

Contents of the Report

If the audit is conducted by a professional accountant, there are additional reporting obligations under 24 V.S.A. § 1690.

Report from the professional accountant is often combined with the report from the elected auditors or inserted into the Town Report.



Report of Professional Auditor

Under 24 V.S.A. § 1690 a professional accountant must:

- Issue a report on internal control over financial reporting; and
- When there are material weaknesses or significant deficiencies found in the internal control over financial reporting or the auditor's or public accountant's opinion is qualified, adverse, or disclaimed, must take additional steps:



Report of Professional Auditor

Additional steps for a professional accountant under 24 V.S.A. § 1690:

- (1) the auditor or public accountant shall present the findings or opinion to the legislative body of the town and explain those material weaknesses or significant deficiencies or his or her opinion at a meeting duly warned for the purpose;
- (2) after the audit report is delivered to the legislative body of a municipality, the notice for the next meeting of the legislative body shall also notify the voters of the availability of the audit report and the accompanying report on internal control over financial reporting;

Report of Professional Auditor

Additional steps for a professional accountant under 24 V.S.A. § 1690:

- (3) the next published annual report of the town shall include a summary of material weaknesses or significant deficiencies found in the internal controls over financial reporting or a statement that the audit report sets forth an opinion that is qualified, adverse, or disclaimed; and
- (4) the legislative body shall post the audit report and the accompanying report on internal control over financial reporting on the municipality's website, if the municipality has a website.



Distribution of the Report

- **Auditors shall mail or otherwise distribute the report to the voters of the town at least 10 days before the annual meeting. 24 VSA 1682**
- **Auditors shall provide municipal clerk with copies to fulfill clerk's distribution requirements of 24 VSA 1173**



Distribution of the Report

- **Voters may vote to provide notice of the availability of the report to voters in lieu of mailing or otherwise distributing the report itself.**
 - Must specify how notice shall be given
 - Such notice must be given 30 days before the annual meeting
 - Shall mail a copy of the full report to a voter or resident who requests one

24 V.S.A. § 1682



MARCH 2016

Questions

