

Instructions for Form 1432 Application for Exemption

General Instructions

Local Unit Basic Information

This area is pre-populated at login. If the fiscal year-end month is incorrect, please contact the Local Audit and Finance Division at 517-373-3227. If you have changed your fiscal year-end month, you will now be required to submit a formal statement of change. The statement must be from the Chief Administrative Officer (CAO) of the municipality authorizing the new fiscal month-end, the effective date, and the time period covered by the next financial audit. This statement of change may be submitted via email to LAFD_Audits@michigan.gov.

It is important that you provide the municode of the municipality under which your audit is filed, i.e., an authority that is included in the audit of a primary unit. If you do not file a separate audit and do not provide this information, your Exemption will be denied due to a delinquent audit.

Other Filing Information

Although Public Act 34 of 2001 requires the CAO to file the Application for Exemption Form, that responsibility may be designated to a different individual. The filer will be required to certify that the authority has been designated by the CAO and both parties take responsibility for an accurate filing.

All required questions on the form are noted with a red asterisk and must be completed in order to submit the form. Once submitted, the user will be taken to the "Form

Submission" page where a print option is available.

Upon successful submission, the Application for Exemption will be reviewed and the Department of Treasury's (Department) determination will be posted at [Local Audit and Finance Division - Document Search](#).

If the status has been denied, a municipality may file another application to correct noncompliance issues identified in the denial letter. Any new application must be completed in its entirety with the correct or amended information.

Line by Line Instructions

New Entity. A new entity is a local unit that has had one year or less of operations and has not been required to file an audit.

If Yes, indicate date when established.

Title of Security. Provide the designated name of the security.

Type of Bond. Select whether the type is a General Obligation or Revenue Bond.

A General Obligation bond includes a pledge to levy a property tax to meet debt service requirements.

A Revenue bond guarantees repayment solely from revenues generated by a specified fund associated with the purpose of the bond.

Amount of Security. Indicate the amount of issuance requesting exemption. This should match or be less than the amount authorized in the resolution.

Type of Exemption. Select one of the following types of exemptions the municipality is requesting. If more than one exemption is desired, a separate application will be needed for each request.

Refunding Net Present Value (NPV)

Exception: A municipality may obtain an exception from the requirements of MCL 141.2611(1) if the Department determines a reasonable basis for that exception exists. Select the applicable condition and attach the supporting documentation as required. The supporting documentation should explain the municipality's need to do a refunding at an NPV loss, including the perceived consequences of not refunding at an NPV loss, and should also include the NPV loss calculation.

Enter the NPV Loss as a dollar amount.

Enter the NPV Loss as a percentage of Refunded Par. This is calculated by dividing the loss amount by the balance of the principle due being refunded.

Rating: An exemption may be obtained if the municipality has purchased insurance for payment of the principal and interest on the municipal security to the holders, or has enhanced the creditworthiness of the municipal security. If the municipality has an outstanding rating more than 365 days old, the application will be denied.

Select whether or not the municipality has an outstanding rating. If yes, indicate the date obtained and select the rating.

Select if this issuance is a private placement.

If yes, select with whom.

Indicate the cost to obtain a rating.

Select an action that has been taken.

A draft investment certificate shall be attached. The Department's approval will be contingent on an Investment Certificate being executed in the form of the draft attached with no material changes.

Discount Exceeding 10%: A municipal security may be sold at a discount if one (1) or more specific conditions apply. Select the applicable condition and attach supporting documentation as required. The supporting documentation should explain the municipality's need to issue at a discount exceeding 10%, including the perceived consequences of not issuing at a discount exceeding 10%, and also the calculation of the discount rate.

Authorizing Resolution. A certified copy of the resolution, adopted by the governing body, which authorizes both the request for an exemption and the issuance of the security, shall be attached for all exemptions.

Resolution Adopted at a Special Meeting.

A regular meeting is one which you have regularly, like a monthly meeting held on a specific date or day each month. A special meeting is a board meeting outside of the regular timetable.

If held at a special meeting, indicate if any members of the governing body were absent.

If any members were absent, a notarized waiver of notice or proof of call for each absent member must be attached.

A waiver of notice is a document that waives the right to formal notification.

A proof of call is a document indicating the member was made aware of the meeting before it took place.

Certification. Provide the CAO name and email address. If applicable, provide the name and email address of the bond attorney, financial consultant, and certified public accountant. Select that the application is complete and accurate in all respects.