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GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

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## NUMBERED LETTER 2001-1 (REVISED)

**Issued By:** Community Engagement and Finance Division (CEFD)  
Bureau of Local Government and School Services

**Effective Date:** January 12, 2001 (Revised: June 21, 2021)

**2001-1 Revised** Filing Extensions

**Intended Audience:** Any local government employee, including clerks, treasurers, elected officials, finance directors, city, township, or village managers, auditors and accounting staff, among others

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**Summary:** Revised Numbered Letter 2001-01 provides an updated process for local governments requesting an extension for filing an audit or annual financial report (Form F65). This includes the requirements for the extension requests themselves and the penalties for late filings.

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### Extension Request Requirements

Beginning immediately, (for local unit fiscal years ending September 30, 2000 and thereafter) the following procedures and requirements for audit and annual financial report (F-65) filing extension requests will be followed:

1. *Requests for extensions must come from the chief administrative officer of the municipality.* When an audit report cannot be completed within 6 months after the end of the fiscal year, the chief administrative officer may request an extension of the filing deadline.
2. *Submitting Requests.* Requests by the CAO of a community must be submitted online at Treasury's [document filing site](#). Choose form, *Extension Requests*. Emailed requests will not be accepted.
3. *Requests must be made within 6 months from the end of the fiscal year.* The request for a filing extension must be made before the audit or F65 is actually delinquent (within 6 months of the end of the fiscal year).
4. *Requests for an extension must be complete.* A complete request for the extension for filing of an audit will include the following from the chief administrative officer indicating:
  - a. that the audit is currently in progress;
  - b. when the audit is expected to be completed;
  - c. an explanation of the existence of extraordinary circumstances beyond the control of the local unit and the audit cannot be completed and filed timely (the reasonable cause).
  - d. In addition, requests for extension of the filing requirement for the annual financial

report (F-65) must be accompanied by unadjusted year end trial balance reports. The Department of Treasury will post these unadjusted year end trial balance reports on the Department's internet website if the extension is granted.

5. *A written response to each audit extension request will be sent to the local unit.* The Department of Treasury will respond by email to each request for an audit extension received.
6. *Requests for an extension will be denied absent the existence of an extraordinary circumstance beyond the control of the unit of government justifying the extension.*

*(NOTE: This request for extension of the filing date for an audit with the Michigan Department of Treasury does not relieve the local unit from filing the continuing disclosure information required to comply with an undertaking Agreement in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.)*

### **Statutory Requirements Regarding Audit and F65 Filing**

Public Act 493 of 2000 amended certain sections of the Uniform Budgeting and Accounting Act and was given immediate effect.

Section 7 (4) (MCL 141.427[4]) of the Uniform Budgeting and Accounting Act requires:

(4) The copy of the audit report and the copy of the report of auditing procedures applied required by subsection (3) shall be filed with the state treasurer within six months after the end of the fiscal year of a local unit for which an audit has been performed pursuant to section 5. The chief administrative officer of a local unit may request an extension of the filing date from the state treasurer, and the state treasurer may grant the request for reasonable cause. A chief administrative officer who requests an extension under this subsection shall, within 10 days of making the request, inform the governing body in writing of the requested extension.

Section 4 (2) (MCL 141.424[2]) of the Uniform Budgeting and Accounting Act requires:

One copy of the annual financial report required by subsection (1) shall be filed with the state treasurer within six months after the end of the fiscal year of the local unit. The state treasurer shall prescribe the forms to be used by local units for preparation of the financial reports. The chief administrative officer of a local unit may request an extension of the filing date from the state treasurer, and the state treasurer may grant the request for reasonable cause. If the local unit of government requests an extension of the filing deadline, then the local unit of government must provide to the department of treasury the unadjusted year end trial balance reports, in a form and manner as prescribed by the department of treasury, to the department of treasury at the time the local unit of government requests the extension. The department of treasury shall post these unadjusted year end trial reports on the department's internet website if the extension is granted.

### **Penalties for Delinquency**

Penalties for late audit filing may be initiated. The Department of Treasury will notify the local unit that their audit is delinquent as follows:

The first notice to the local unit will inform them of the delinquency, indicate 30 days for them to file the audit, encourage them to respond to the letter, and indicate that failure to respond to this letter will result in imposition of the penalties listed below.

As is currently the case, upon notification that an audit report is delinquent, the Department of Treasury may initiate the following penalties upon the local unit:

1. An audit of the local unit's financial records will be conducted by audit staff from the Department of Treasury or by a Certified Public Accountant appointed by the state treasurer and will be billed to the local unit (MCL 141.426).
2. The Department of Treasury will withhold all or a portion of state shared revenues until an acceptable audit report is received (MCL 141.921(1)).
3. Borrowing requests will be denied or held until an acceptable audit report is received (MCL 133.11(1)(c) and MCL 133.5).
4. Public Act 436 of 2012 (MCL 141.1541 – 141.1575) provides that failure to file a required audit report is a condition that may authorize the State Treasurer to conduct a preliminary review to determine the existence of a local government financial problem.

If you have questions or need further assistance, please call (517) 335-7469.

If you have any questions, email our office at [LAFD\\_audits@michigan.gov](mailto:LAFD_audits@michigan.gov).

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<sup>i</sup> Revisions of June 2, 2021, include:

- Elimination of submission by email.
- Elimination of submission of a letter.
- Other minor changes such as order of document and change of division name.