

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass the A-Engrossed Measure
Vote: 3 - 0 - 2
Yeas: Ferrioli, Monnes Anderson, Brown
Nays: 0
Exc.: Avakian, Kruse
Prepared By: Marjorie Taylor, Administrator
Meeting Dates: 6/13

WHAT THE MEASURE DOES: Modifies threshold amounts municipal corporation may spend before municipal corporation must obtain annual audit or review. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Legislative history of the concept
- Threshold for annual audit or review
- Expense of conducting an audit

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Under current law, cities and other municipal corporations must have their accounts audited once per year, either by accountants under contract with the governing body, or by the Secretary of State (SOS). The SOS Audits Division is responsible for reviewing audits of municipal corporations. Exceptions are provided for municipal corporations with total receipts and expenditures of less than \$150,000 that submit financial statements within 90 days of the end of each year and meet certain bonding requirements, and for municipal corporations with total receipts and expenditures between \$150,000 and \$500,000 that submit financial statements and meet a separate set of bonding requirements. HB 3126-A effectively raises the threshold—for triggering audits—by eliminating receipts in the formula.