

STAFF MEASURE SUMMARY

CARRIER:

House Committee on Government Accountability and Information Technology

REVENUE: No revenue impact**FISCAL: Minimal fiscal impact, no statement issued**

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Elections, Ethics and Rules
Vote:	4 - 0 - 1
Yeas:	Beyer, Girod, Thatcher, Riley
Nays:	0
Exc.:	Edwards C.
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	4/26

WHAT THE MEASURE DOES: Sets conditions for conducting an audit or review of accounts and fiscal affairs of municipal corporations. Increases the threshold amounts that municipal corporations may spend before obtaining an annual audit or review from \$150,000 to \$250,000. Declares an emergency and takes effect upon passage.

ISSUES DISCUSSED:

- Referral to Committee on Revenue

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Under current law, cities and other municipal corporations must have their accounts audited once per calendar or fiscal year, either by accountants under contract with the governing body, or by the Secretary of State (SOS) pursuant to an ordinance or resolution. 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.

House Bill 3126 provides that municipal corporations may be audited or reviewed on an annual basis. The measure directs the SOS to establish by rule definitions for the terms “audit” and “review”, and stipulates that the definitions should take into account the definitions given by recognized authoritative bodies such as the American Institute of Certified Public Accountants. In addition, House Bill 3126 increases the threshold for exemption from review from \$150,000 to \$250,000.

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This summary has not been adopted or officially endorsed by action of the committee.