

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 90

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO INDEPENDENT FINANCIAL AUDITS OF LOCAL GOVERNMENTAL ENTITIES;
2 AMENDING SECTION 67-450B, IDAHO CODE, TO REVISE REQUIREMENTS FOR IN-
3 DEPENDENT FINANCIAL AUDITS OF LOCAL GOVERNMENTAL ENTITIES AND FILING
4 REQUIREMENTS; AND AMENDING SECTION 67-450D, IDAHO CODE, TO REVISE AUDIT
5 REQUIREMENTS FOR INDEPENDENT FINANCIAL AUDITS OF DESIGNATED ENTITIES
6 AND TO MAKE A TECHNICAL CORRECTION.
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 67-450B, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 67-450B. INDEPENDENT FINANCIAL AUDITS ~~BY~~ OF LOCAL GOVERNMENTAL ENTI-
12 TIES -- FILING REQUIREMENTS. (1) The requirements set forth in this section
13 are minimum audit requirements for all local governmental entities, and
14 include, without limitation, all cities, counties, authorities and dis-
15 tricts organized as separate legal and reporting entities under Idaho law,
16 and include the councils, commissions and boards as appointed or elected and
17 charged with fiscal management responsibilities of the local governmental
18 entity.

19 Audits under these requirements are to be performed by independent
20 auditors in accordance with generally accepted governmental auditing stan-
21 dards, as defined by the United States general accounting office. The
22 auditor shall be employed on written contract.

23 The entity's governing body shall be required to include in its annual
24 budget all necessary expenses for carrying out the provisions of this sec-
25 tion.

26 The entity shall file one (1) copy of each completed audit report with
27 the legislative services office within nine (9) months after the end of the
28 audit period.

29 (2) The minimum requirements for any audit performed under the provi-
30 sions of this section are:

31 (a) The governing body of a local governmental entity whose annual ex-
32 penditures (from all sources) exceed two hundred fifty thousand dollars
33 (\$250,000) shall cause a full and complete audit of its financial state-
34 ments to be made each fiscal year.

35 (b) The governing body of a local governmental entity whose annual
36 expenditures (from all sources) exceed one hundred thousand dollars
37 (\$100,000), but do not exceed two hundred fifty thousand dollars
38 (\$250,000) in the current year shall have an annual audit or may elect
39 to have its financial statements audited on a biennial basis and.
40 The first year that expenditures exceed one hundred thousand dollars
41 (\$100,000) is the first year of the biennial audit period. The local
42 government entity may continue the biennial auditing cycles in sub-

1 sequent years as long as the entity's annual expenditures during the
 2 first year of the biennial audit period do not exceed two hundred fifty
 3 thousand dollars (\$250,000) during either year of any biennial period.
 4 ~~Biennial audits shall include an audit of each fiscal year since the~~
 5 ~~previous audit~~ In the event that annual expenditures exceed two hun-
 6 dred fifty thousand dollars (\$250,000) in the current year following
 7 a year in which a biennial audit was completed, the local government
 8 entity shall complete an annual audit. In the event that annual expen-
 9 ditures in the current year do not exceed one hundred thousand dollars
 10 (\$100,000) following a year in which an annual or biennial audit was
 11 completed, the local government entity has no minimum audit require-
 12 ment.

13 (c) The governing body of a local governmental entity whose annual ex-
 14 penditures (from all sources) do not exceed one hundred thousand dol-
 15 lars (\$100,000) has no minimum audit requirements under this section.

16 (d) Federal audit requirements applicable because of expenditure of
 17 federal assistance supersede the minimum audit requirements provided
 18 in this section.

19 SECTION 2. That Section 67-450D, Idaho Code, be, and the same is hereby
 20 amended to read as follows:

21 67-450D. INDEPENDENT FINANCIAL AUDITS -- DESIGNATED ENTI-
 22 TIES. (1) Notwithstanding any other provisions of the Idaho Code relating
 23 to audit requirements regarding the entities hereinafter designated,
 24 beginning on July 1, 2010, the requirements set forth in this section shall
 25 constitute the minimum audit requirements for the following entities:

26 Alfalfa and clover seed commission;
 27 Idaho apple commission;
 28 Idaho aquaculture commission;
 29 Idaho barley commission;
 30 Idaho bean commission;
 31 Idaho beef council;
 32 Idaho cherry commission;
 33 Idaho dairy products commission;
 34 Idaho food quality assurance institute;
 35 Idaho forest products commission;
 36 Idaho grape growers and wine producers commission;
 37 Idaho honey advertising commission;
 38 Idaho hop grower's commission;
 39 Idaho mint commission;
 40 Idaho oilseed commission;
 41 Idaho pea and lentil commission;
 42 Commission on pesticide management;
 43 Idaho potato commission;
 44 Idaho rangeland resources commission;
 45 Soil and water conservation commission;
 46 Idaho wheat commission.

47 (2) The minimum requirements for any audit performed under the provi-
 48 sions of this section are:

1 (a) Any entity whose annual expenditures (from all sources) exceed two
2 hundred fifty thousand dollars (\$250,000) shall cause a full and com-
3 plete audit of its financial statements to be made each fiscal year.

4 (b) Any entity whose annual expenditures (from all sources) exceed
5 one hundred thousand dollars (\$100,000), but do not exceed two hundred
6 fifty thousand dollars (\$250,000), in the current year shall have an
7 annual audit or may elect to have its financial statements audited on a
8 biennial basis and. The first year that expenditures exceed one hundred
9 thousand dollars (\$100,000) is the first year of the biennial audit pe-
10 riod. The designated entity may continue the biennial auditing cycles
11 in subsequent years as long as the entity's annual expenditures during
12 the first year of the biennial audit period do not exceed two hundred
13 fifty thousand dollars (\$250,000) during either year of any biennial
14 period. Biennial audits shall include an audit of each fiscal year
15 since the previous audit. In the event that annual expenditures exceed
16 two hundred fifty thousand dollars (\$250,000) in the current year fol-
17 lowing a year in which a biennial audit was completed, the designated
18 entity shall complete an annual audit. In the event that annual expen-
19 ditures in the current year do not exceed one hundred thousand dollars
20 (\$100,000) following a year in which an annual or biennial audit was
21 completed, the designated entity has no minimum audit requirement.

22 (c) Any entity whose annual expenditures (from all sources) do not ex-
23 ceed one hundred thousand dollars (\$100,000) has no minimum audit re-
24 quirements under the provisions of this section.

25 (d) Federal audit requirements applicable because of expenditure of
26 federal assistance supersede the minimum audit requirements provided
27 in this section.

28 (3) All moneys received or expended by the entities identified in sub-
29 section (1) of this section shall be audited as specified in subsection (2)
30 of this section by a certified public accountant designated by the entity,
31 who shall furnish a copy of such audit to the director of the legislative ser-
32 vices office and to the senate agricultural affairs committee and the house
33 agricultural affairs committee. The audit shall be completed within ninety
34 (90) days following the close of the commission's fiscal year.

35 (4) Any entity identified in subsection (1) of this section that is not
36 audited pursuant to the provisions of this section shall submit an unaudited
37 annual statement of revenues, expenditures and fund balances to the director
38 of the legislative services office, to the senate agricultural affairs com-
39 mittee and the house agricultural affairs committee, to the state controller
40 and to the division of financial management.

41 (5) The right is reserved to the state of Idaho to audit the funds of the
42 entities identified in this section at any time.