

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.