



Date: March 17, 2015

To: House Local Government Committee

From: Larry R. Baer
Legal Counsel

Re: SB 247, as Amended
Testimony in Support

Thank you for allowing me to appear before you today and present testimony on behalf of the League of Kansas Municipalities and our member cities in support of Senate Bill 247, as amended.

Senate Bill 247, as amended, would amend current law to increase the annual revenue threshold for required preparation of city audits from \$275,000 to \$500,000. Increasing the revenue amount to \$500,000 would give our smallest cities more latitude in determining whether or not to undergo an audit.

For these small cities, an audit is a significant financial cost. The cost is occurred both in the professional preparation and in staff time to provide documents and assistance. A quick, and non-scientific survey of our cities, showed that it was not uncommon for audits in small cities to run in the \$3,000 to \$5,000 range. In other words, cities would be required to spend 1 to 2 percent of their annual revenue just to have the audit performed.

This is not to say that audits of municipalities are not important – because they are. The League has always stressed to its member cities that audits and monitoring of its fiscal matters are important. In this regard, the Senate Committee amended SB 247 to add the requirement that cities in \$275,000 to \$500,000 range of gross receipts or outstanding debt have their accounts examined by a CPA using agreed upon procedures at least once each year and by using enhanced agreed upon procedures at least once every three years.

For these reasons, the League stands in support of SB 247, as amended. We ask that you consider it favorably and pass it out of committee.

Thank you. I will stand for questions.